

# Public Document Pack



Hinckley & Bosworth  
Borough Council

**Bill Cullen** MBA (ISM), BA(Hons) MRTPI  
*Chief Executive*

**Date: 23 September 2025**

**To: Members of the Audit Committee**

|                                  |                   |
|----------------------------------|-------------------|
| Cllr DS Cope (Chair)             | Cllr C Lambert    |
| Cllr R Webber-Jones (Vice-Chair) | Cllr A Pendlebury |
| Cllr CM Allen                    | Cllr MJ Surtees   |
| Cllr REH Flemming                | Cllr BE Sutton    |
| Cllr SM Gibbens                  | Cllr P Williams   |
| Cllr E Hollick                   |                   |

Copy to all other Members of the Council

(other recipients for information)

Dear member,

There will be a meeting of the **AUDIT COMMITTEE** in the De Montfort Suite, Hinckley Hub on **WEDNESDAY, 1 OCTOBER 2025 at 6.30 pm** and your attendance is required.

The agenda for the meeting is set out overleaf.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Owen'.

Rebecca Owen  
Democratic Services Manager

## Fire Evacuation Procedures

- On hearing the fire alarm, leave the building **at once** quickly and calmly by the nearest escape route (indicated by green signs).
- *There are two escape routes from the Council Chamber – at the side and rear. Leave via the door closest to you.*
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- **Do not** use the lifts.
- **Do not** stop to collect belongings.

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Thank you

## AUDIT COMMITTEE - 1 OCTOBER 2025

### A G E N D A

1. APOLOGIES AND SUBSTITUTIONS

2. MINUTES OF PREVIOUS MEETING (Pages 1 - 4)

To confirm the minutes of the previous meeting.

3. ADDITIONAL URGENT BUSINESS BY REASON OF SPECIAL CIRCUMSTANCES

To be advised of any additional items of business which the Chair decides by reason of special circumstances shall be taken as matters of urgency at this meeting (to be taken at the end of the agenda)

4. DECLARATIONS OF INTEREST

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. QUESTIONS

To hear any questions received in accordance with Council Procedure Rule 12.

6. FRAUD RISK ASSESSMENT - STRATEGY ACTION PLAN

Presentation from Grant Thornton

7. INTERNAL AUDIT FINAL REPORT - HOMELESSNESS 2024/25 (Pages 5 - 22)

Report of the Internal Auditor

8. INTERNAL AUDIT FINAL REPORT - FIRE SAFETY 2024/25 (Pages 23 - 42)

Report of the Internal Auditor

9. INTERNAL AUDIT PROGRESS REPORT (Pages 43 - 52)

Report of the Internal Auditor

10. UNAUDITED STATEMENT OF ACCOUNTS 2024/25 (Pages 53 - 192)

To present to members the financial settlement for 2024/25 and Annual Governance Statement for 2024/25

11. AUDIT COMMITTEE ANNUAL SELF ASSESSMENT - UPDATE PROPOSAL 2025 (Pages 193 - 198)

Members to note the content of the report and consider actions needed

12. ITEMS TO BE REFERRED TO COUNCIL

Members to consider if any items are required to be referred to council

13. ANY OTHER ITEMS OF BUSINESS WHICH THE CHAIR DECIDES HAVE TO BE DEALT WITH AS MATTERS OF URGENCY

As announced under item 3 above.

14. MATTERS FROM WHICH THE PUBLIC MAY BE EXCLUDED

To consider the passing of a resolution under Section 100A(4) of the Local Government Act 1972 excluding the public from the undermentioned item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 and 10 of Schedule 12A of the 1972 Act.

## HINCKLEY AND BOSWORTH BOROUGH COUNCIL

### AUDIT COMMITTEE

25 JUNE 2025 AT 6.30 PM

PRESENT: Cllr DS Cope - Chair  
Cllr R Webber-Jones – Vice-Chair  
Cllr CM Allen, Cllr REH Flemming, Cllr E Hollick, Cllr C Lambert,  
Cllr A Pendlebury, Cllr MJ Surtees, Cllr P Williams and Cllr RG Allen

Also in attendance:

Officers in attendance: Julie Kenny, Sarah Knowles (Mazars), John Palmer,  
Rebecca Valentine-Wilkinson and Ashley Wilson

#### 63. **Apologies and substitutions**

Apologies for absence were submitted on behalf of Councillors Sutton and S Gibbens with the following substitutions authorised in accordance with procedure rule 10:

Councillor R Allen for Councillor Sutton.

#### 64. **Minutes of previous meeting**

It was moved by Councillor Pendlebury, seconded by Councillor Flemming and

RESOLVED – the minutes of the meeting held on 5 March be confirmed as a correct record.

#### 65. **Declarations of interest**

There were no interests declared at this meeting.

#### 66. **External Audit Plan 2024/25**

Members were presented with the External Audit plan for the year ending 31 March 2025 that set out the strategy for the external audit of HBBC for 2024/25. This included the approach to building back assurance following the disclaimed audit opinions issued in 2020/21, 2021/22 , 2022/23 and 2023/24.

The report highlighted that External Audit would not be able to build back all the missing assurances from previous years during 2024/25 and therefore there remained an ongoing risk that the audit opinion would need to be disclaimed. The plan proposed how assurance would be built back by our external auditors over the new few years.

In response to a question regarding the Local Government Re-organisation and how this may impact this timetable, it was confirmed that the 2027/28 audit opinion would move forward as part of this transfer of the opening balances to the new Authority. Therefore it was hoped to return to an un-modified opinion for that year.

In response to additional questions from members, officers confirmed that:

- External funding (£20k) had been received to support the fee costs for this work;
- The VFM work hadn't been completed yet, so there wouldn't be any results available;
- Internal audit looked at some of the risk work on a sample basis, so assurance was there that the necessary controls and procedures were in place;
- There was a possibility that the External Auditors might be able to give a modified opinion on the accounts for 2026/27 if the build back work went as anticipated, which would be an improvement on disclaimed opinions.

It was proposed by Councillor Webber-Jones, seconded by Councillor Williams and

RESOLVED – the report be noted.

**67. Leisure Centre - Internal Audit final report**

Members received the final Internal Audit report for the Leisure Centre for 2024/25 that provided assurance on the adequacy and effectiveness of the key controls in place.

One medium priority recommendation had been found due to a lack of verification of the finance data reported by Places Leisure. Officers confirmed that the leisure centre performance was reviewed regularly, and this was felt to be a one-off error and there was no financial impact on the Council as the same management fee would be received from the operator. In addition it was confirmed that the data had since been rectified.

It was proposed by Councillor Webber-Jones, seconded by Councillor Flemming and

RESOLVED – the report be noted.

**68. IT Asset Management Leicestershire ICT Partnership 23/24 - Internal Audit final report**

Members were presented with the final internal audit report for IT Asset Management for the Leicestershire ICT Partnership for 2023/24.

The Internal Auditor confirmed that this report finalised in March was last year's audit opinion with two recommendations.

Members confirmed it was a challenging report and asked how these actions were monitored.

Officers confirmed that the ICT Partnership Strategy Group, along with the Steering Group that included three Directors from each of the Partnership

Authorities managed any outstanding actions from internal audits as a standing item on the agenda and challenges were made by the group on a regular basis.

In response to questions from members, officers confirmed that:

- The main risk was the management of assets, as currently they had several lists in place, but a more holistic view needed to be in place so the data was all kept together;
- The physical security controls were all in place, but internal audit had picked up that another level of security was required so there was some finalisation work required on this piece of work with regards to access and egress controls that needed further reconfiguration.
- The actions required were all listed on page 57 of the report.
- Blaby District Council leaving the Partnership left no significant impact on the report.
- Cyber risk remained high because of the significant risk corporately.

Members highlighted the high priorities within this report and Internal Audit confirmed that a report would come back to this committee in October of this year with all the follow up recommendations.

It was proposed by Councillor Williams, seconded by Councillor Hollick and

RESOLVED – the report be noted.

**69. Waste Management 2024/25 - Internal Audit final report**

Members were presented with the Waste Management final internal audit report for 2024/25.

Although the Auditors highlighted inconsistencies in evidence around documenting procedures, members confirmed they felt happy that the assurances were in place.

It was proposed by Councillor Flemming, seconded by Councillor Pendlebury and

RESOLVED – the report be noted.

**70. Internal Audit Progress report**

Members were presented with an update on the current position of the delivery of the 2024/25 Internal Audit plan.

It was proposed by Councillor Allen, seconded by Councillor Flemming and

RESOLVED – the report be noted.

**71. Audit Committee Self-Assessment Action Plan - update**

Members were presented with the progress and support for actions required on the Action Plan.

In response to questions from members, it was confirmed that:

- Additional informal training sessions would be organised around members' needs;
- The decision to have an independent person as part of the committee would be reviewed at a later date in agreement with members' views;
- An informal session would be organised to discuss the final accounts to support members feeling comfortable with their responsibilities.

It was proposed by Councillor Webber-Jones, seconded by Councillor C Allen and

RESOLVED –

- (i) that members noted the report and considered any actions needed; and
- (ii) re-assessed the scores given as part of an updated self-assessment to be reported at the next meeting.

## 72. **Audit Committee forward plan**

Members were presented with a forward plan programme of work for 2025/26 that covered the key aspects of the committee's terms of reference outlined in the constitution.

Members agreed this would manage the work of this committee in an effective way.

It was moved by Councillor Webber-Jones, seconded by Councillor C Allen and

RESOLVED – the forward plan be approved as a working document.

## 73. **Items to be referred to council**

There were no items to be referred to Council.

(The Meeting closed at 8.00 pm)

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CHAIR





# Hinckley and Bosworth Borough Council

## Internal Audit Final Report

### Homelessness (2024/25)

**Audit Sponsor:** Julie Kenny, Director (Corporate & Streetscene Services)

**Audit Contacts:** Jo Wykes (Housing Options Manager), Ashleigh Brightmore (Housing Options Team Leader)

August 2025

#### Reporting Timetable

Debrief Meeting: 13/05/2025

Draft Report Issued: 30/05/2025

Comments Received:  
01/08/2025

Final Report Issued: 14/08/2025

**forv/s**  
**mazars**

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### Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## Your One Page Summary

**Audit Objective:** To ascertain the adequacy and effectiveness of the key controls in place in relation to Homelessness.

### Audit rationale

#### Why the Audit is in Your 2024/25 Plan

To review the arrangements in place to reduce the level of homelessness and use of temporary accommodation

#### Your Strategic Risk

Increased homelessness presentations and temporary accommodation requirements.

#### Your Strategic / Tactical Objective

Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents

### Summary of our opinion

#### Moderate Opinion

See Appendix A1 for definitions

### Summary of Recommendations

#### High Priority

-

#### Medium Priority

1

#### Low Priority

4

#### Actions agreed by you

100%

#### High Priority completion

N/A

#### Overall completion

January 2026

### Summary of findings

#### Examples of good practice

- ✓ Homelessness and Rough Sleeping Strategy in place that was readily available for staff members on the intranet.
- ✓ A range of ways in which customers can approach the Council for support e.g. via email, customer services, Council's website, and visiting the Council Hub.
- ✓ The Housing Options team follows set criteria when establishing who is eligible for temporary accommodation.

#### Medium Priority Findings

- Long time periods in between communications and Personalised Housing Plan (PHP) reviews not recorded.

#### Key root causes

- Delays caused by third parties and cases not reallocated in a timely manner due to team workloads.

## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

| Ref | Recommendation                                                                                                                                                                                                                                                                                                                                                                       | Priority | Responsible Person                   | Due Date         |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------|------------------|
| 1   | <ol style="list-style-type: none"> <li>The Council should arrange with customers when the PHP reviews will be taking place to prevent communications being postponed.</li> <li>The Housing Options team should record the PHP reviews in the meetings section of the case management system, and any important changes arising from these must be recorded on the system.</li> </ol> | Medium   | Joanne Wykes Housing Options Manager | 30 November 2025 |
| 2   | The Housing Options Team should implement a clear internal service standard for completing Housing Assessments (e.g. within 10 working days of initial triage) and assess performance against this.                                                                                                                                                                                  | Low      | Joanne Wykes Housing Options Manager | 31 October 2025  |
| 3   | The Council should implement six monthly meetings that evaluate the progress against the priorities in the Action Plan and ensure key actions arising from the meetings are documented.                                                                                                                                                                                              | Low      | Madeline Shellard Head of Housing    | 31 October 2025  |
| 4   | <p>The Housing Options team should update the Temporary Accommodation Procedures to:</p> <ul style="list-style-type: none"> <li>Outline to staff that the cheapest third-party provider that meets the needs of the customer should be used.</li> <li>Include a hierarchy of preferred providers based on cost, quality, location and customers' needs.</li> </ul>                   | Low      | Joanne Wykes Housing Options Manager | 31 October 2025  |

|   |                                                                                                                                                                                                                                                                                                                             |     |                                   |                 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------|-----------------|
| 5 | <p>Introduce a regular reporting cycle to SLT and establish the information that will be reported on.</p> <p>This may include:</p> <ul style="list-style-type: none"> <li>• Key movement in KPIs</li> <li>• The number of individuals in Temporary Accommodation</li> <li>• Costs of the Temporary Accommodation</li> </ul> | Low | Madeline Shellard Head of Housing | 31 January 2026 |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------|-----------------|

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

| Value for Money                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Sector Comparison                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div data-bbox="219 467 383 632"> </div> <p>One way of achieving efficiency in managing homelessness cases is by using a case management system as it can provide improved workflow management and a single record for all cases, making them easily accessible. Hinckley uses a homelessness management software called MRI Agora Gateway which allows tracking of all cases, as well as highlighting urgent actions on the dashboard front page to allow these to be prioritised.</p> <p>Accuracy of data and early intervention are essential facets of correctly managing cases of homelessness to prevent the requirement for temporary accommodation. The Council Triage Officers conduct a Homelessness Needs Initial Assessment (triage) on potential applicant cases, which evaluates what level of help will be required. In analysing a sample of homelessness intervention cases over the period April 2024 to April 2025, we found that for all ten samples, a triage had been completed for the Council to assess the level of intervention that would be required. This demonstrates value for money practice as the level of intervention required is assessed early in the process allowing the Council to use resources on those that need it the most.</p> | <div data-bbox="1839 464 2002 624"> </div> <p>The NAO's Report<sup>1</sup> (June 2024) on the effectiveness of government in tackling homelessness noted the challenges facing the government and local authorities to tackle homelessness, demonstrating the importance of a robust control framework.</p> <p>Day-to-day work by case officers is most effective when it works in harmony with a robust framework, in the form of a Homelessness Strategy. We typically expect to see a medium to long term strategy which guides the management of homelessness intervention. The Council has a Homeless and Rough Sleeping Strategy for 2022-2025, which they have planned to update towards the end of the year.</p> <p>A core tenet of homelessness reduction and support in any Council is effective case management. Councils are facing financial constraints to administrate this area, and decreasing resource hours to manage complex requirements can lead to a slide in quality of administration, which has knock-on effects on quality of work. While Councils cannot unilaterally increase budgets or reduce the number of individuals becoming homeless, a key mitigation strategy is effective data and case management. Improvements in these areas can alleviate some of the pressure and improve quality of service. Throughout our audit we established that cases in our sample were managed in line with the Homelessness Procedures with supporting documentations for decisions held on file.</p> |

<sup>1</sup> The effectiveness of government in tackling homelessness - NAO report

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

| 1. Long time periods in between communications and Personalised Housing Plan (PHP) reviews not recorded.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finding(s) and Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Recommendation(s)                                                                                                                                                                                                                                                                                                                                                                    |
| <p>Communication between the Council and customers should be consistent to ensure that changes in circumstances are reviewed and actioned by the Council in a timely manner.</p> <p>We found that there was no automatic way for the Council to identify if there have been any changes in customers' circumstances. The Housing Options Manager explained that changes in circumstances would be identified via the Housing Officers regularly communicating with customers through the personalised housing plan (PHP) reviews which should take place biweekly. The PHP review calls between the Council and customers allow the Council to recognise where circumstances have changed and establish the duty of care to the customer. However,</p> <p>We reviewed a sample of five cases out of 118, from April 2024 to April 2025 from the Bed and Breakfast (BB) sheet, which is maintained by the Housing Options Team Leader, where the Council has a duty to provide temporary accommodation and identified:</p> <ul style="list-style-type: none"> <li>In one case (1098661), there was a communication gap between the Housing Officer and Customer of three weeks and then six weeks. Communication had been postponed due to difficulties in arranging a time to meet with the customer for the PHP review meeting. The Housing Options Manager informed us that this was due to fluctuating officer workloads, and higher risk cases being given priority.</li> <li>In one case (1003813), while there were regular communications between the Housing Officer and Customer to discuss PHP actions, the PHP review meetings were not recorded for the duration of the accommodation provision.</li> </ul> | <ol style="list-style-type: none"> <li>The Council should arrange with customers when the PHP reviews will be taking place to prevent communications being postponed.</li> <li>The Housing Options team should record the PHP reviews in the meetings section of the case management system, and any important changes arising from these must be recorded on the system.</li> </ol> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Root Cause(s)                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>The Housing Options team use personal outlook calendars to arrange PHP meetings with customers, and dates are not recorded on the case management system.</p> <p>Cases that are higher risk are prioritised, so communications are temporarily postponed.</p>                                                                                                                     |

The Housing Options Manager stated that the PHP reviews occur, but they were not marked as complete on the meetings section of the system. This case had closed at the time of the audit fieldwork.

**Risk and Impact:** Where the Council is not maintaining regular and timely communication with customers, there is a risk that individual needs and changes in circumstances are not identified promptly, leading to delays in support of provision of temporary accommodation.

Where the Council is not consistently recording PHP reviews in the system, there is a risk that they cannot evidence compliance with statutory duties, which could lead to legal challenges and reputational damage.

#### Management Comments / Agreed Actions

Directives to the team regarding case recording and PHP to customers to be implemented.

|                    |                                      |                 |                  |
|--------------------|--------------------------------------|-----------------|------------------|
| Responsible Person | Joanne Wykes Housing Options Manager | Action Due Date | 30 November 2025 |
|                    |                                      | Priority Level  | Medium           |



## 2. Delays in completing the Housing Assessment after the initial triage.

### Finding(s) and Risk

The HRA 2017 National Practitioner Support Service Flow Chart stated that the first stage of processing a Homelessness Application is the initial triage, which is completed by the Triage Officers, and the second stage is the Housing Assessment, completed by the Housing Officers. Upon initial triage, the Housing Officers will distinguish the level of support from the Council required at the point in time. The Housing Assessment identifies the duty, and level of intervention required.

The Homelessness Reduction Act (HRA) 2017 outlines the following three duties:

- Prevention Duty (Section 195): this duty applies to anyone at risk of homelessness in the next 56 days.
- Relief Duty (Section 188): this applies once a person is already homeless.
- Main Duty (Section 193): this is the duty to secure settled accommodation for applicants who are unintentionally homeless

From our sample of ten cases<sup>2</sup> from the BB Sheet (April 2024 to April 2025) ' in one case (1035632) (in Relief Duty<sup>3</sup> at the time of the audit), we found that the Housing Assessment was completed 22 days after the initial triage. We were informed, by the Housing Options Manager that the delay was due to the Housing Officer waiting nine days for confirmation of homelessness from a third party. Additionally, the assigned Housing Officer had a bereavement, therefore the case was reassigned to a new member of staff who works part time. We were advised that there is not an internal service standard for completing Homelessness Assessments

**Risk and Impact:** Where the Housing Assessment is not completed in a timely manner after the initial triage, there is a risk that there are delays in the Council

### Recommendation(s)

The Housing Options Team should implement a clear internal service standard for completing Housing Assessments (e.g. within 10 working days of initial triage) and assess performance against this.

### Root Cause(s)

The Housing Officers were waiting for confirmation of homelessness from a third party and once received the allocated Housing Officer had a bereavement, therefore the case was reallocated.

<sup>2</sup> A separate sample of cases where the Council has established a Relief Duty.

<sup>3</sup> Section 189 the 'relief duty' – requires housing authorities to help people who are homeless to secure accommodation.

establishing if they have a duty to the individual leading to increased homelessness across the borough.

#### Management Comments / Agreed Actions

Procedures to reflect timeframes around expectations to be circulated to all officers. Performance against this target to be introduced once staffing pressures have been addressed.

|                    |                                      |                 |                 |
|--------------------|--------------------------------------|-----------------|-----------------|
| Responsible Person | Joanne Wykes Housing Options Manager | Action Due Date | 31 October 2025 |
|                    |                                      | Priority Level  | Low             |

### 3. No set review cycle to track progress against the Homelessness Strategy Action Plan.

#### Finding(s) and Risk

To ensure that the Council takes proactive action to prevent homelessness in the Borough, it is best practice for the Homelessness Strategy Action Plan, to align to the Homelessness and Rough Sleeping Strategy. The Action Plan should include clear goals, clear tasks, assigned responsibilities, realistic timelines, and performance measures to evaluate the progress against the actions.

We reviewed the Action Plan included in the Homelessness Strategy, and found that it outlined the priority, action, achievements and gaps/opportunities as well as timescales for the actions

The Team Leader advised that the Manager, Team Leader and Head of Service meet on an ongoing basis to review the Action Plan, however there was not a set cycle for formal review of the Action Plan, and meeting minutes/key actions arising from the meetings were not documented.

**Risk and Impact:** Where a regular review cycle is not in place for the Action Plan, and where key actions from the meetings are not documented, there is a risk that key strategic objectives may not be met which results in an ineffective or stagnant strategy.

#### Recommendation(s)

The Council should implement six monthly meetings that evaluate the progress against the priorities in the Action Plan and ensure key actions arising from the meetings are documented.

#### Root Cause(s)

Actions plans are informally discussed, but updates are not formally documented.

#### Management Comments / Agreed Actions

Formal meetings against the action plan to be completed every 6 months.

|                    |                                   |                 |                 |
|--------------------|-----------------------------------|-----------------|-----------------|
| Responsible Person | Madeline Shellard Head of Housing | Action Due Date | 31 October 2025 |
|                    |                                   | Priority Level  | Low             |

#### 4. No guidance around prices and costs for the Housing Options team when booking third party accommodation.

##### Finding(s) and Risk

Staff responsible for placing households in temporary accommodation should follow clear, cost-conscious procedures that prioritise customer welfare and cost to the Council.

The Housing Options Manager informed us that where third-party providers are used, staff must always consider the lowest cost option while simultaneously considering the customers' needs.

The 'Temporary Accommodation Procedures' (January 2025) included guidance on price and on preferred hotels for the team to follow, however, costs for third party temporary accommodation were not outlined. We were advised that this was due to costs of spot purchases varying dependent on the demand in the local area as well as the needs of the customers.

**Risk and Impact:** Where the Council does not define clear cost thresholds for temporary accommodation there is a risk that inconsistent and high-cost decision will be made, leading to budget inefficiencies and potentially placing clients in unsuitable or inappropriate accommodation.

##### Recommendation(s)

The Housing Options team should update the Temporary Accommodation Procedures to:

- Outline to staff that the cheapest third-party provider that meets the needs of the customer should be used.
- Include a hierarchy of preferred providers based on cost, quality, location and customers' needs.

##### Root Cause(s)

There is an understanding in the Housing Options team, however this has not been documented as guidance.

##### Management Comments / Agreed Actions

To reiterate and formalise arrangements to staff regarding preferred options, subject to availability of TA provision.

|                           |                                      |                        |                 |
|---------------------------|--------------------------------------|------------------------|-----------------|
| <b>Responsible Person</b> | Joanne Wykes Housing Options Manager | <b>Action Due Date</b> | 31 October 2025 |
|                           |                                      | <b>Priority Level</b>  | Low             |

## 5. Irregular reporting to SLT.

### Finding(s) and Risk

Reporting on homelessness services to SLT should be regular to ensure that SLT is informed of current situation information, key challenges and progress updates.

Whilst homelessness updates were presented at the February 2024 and November 2024 SLT meetings, we could not confirm that regular reporting to SLT occurs.

**Risk and Impact:** Where there is not regular reporting to SLT, there is a risk that SLT are not informed of emerging issues leading to delayed decision making.

### Recommendation(s)

Introduce a regular reporting cycle to SLT and establish the information that will be reported on.

This may include:

- Key movement in KPIs
- The number of individuals in Temporary Accommodation
- Costs of the Temporary Accommodation

### Root Cause(s)

No set reporting cycle to SLT, with reporting occurring on an Ad Hoc basis.

### Management Comments / Agreed Actions

Quarterly performance updates to be provided to SLT.

|                           |                                   |                        |                 |
|---------------------------|-----------------------------------|------------------------|-----------------|
| <b>Responsible Person</b> | Madeline Shellard Head of Housing | <b>Action Due Date</b> | 31 January 2026 |
|                           |                                   | <b>Priority Level</b>  | Low             |

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Homelessness with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

#### Strategic Approach

- There is a lack of strategic approach to reducing homelessness.

#### Proactive Action

- The Council does not proactively take action to prevent homelessness in the Borough.

#### Guidance

- Residents are not aware of how to make a homelessness referral.

#### Assessments

- Assessments are not performed timely and decision making is not clear, documented and approved.
- Accommodation is allocated to people who are not homeless and are therefore not entitled to accommodation.

#### Change of circumstance

- Changes in circumstance are not actioned / reviewed, resulting in people who are no longer in need being provided accommodation.

#### Use of temporary accommodation

- There is an inconsistent application of criteria during the management of the temporary accommodation process.
- The Council does not have the right levels of supply of temporary accommodation to meet the increasing demand.
- Temporary accommodation costs are disproportionately high (for any category of temporary accommodation).
- Individuals may not be placed in temporary accommodation in a timely manner, resulting in an increase in homelessness.

#### Payments

- Inaccurate/ incorrect payments to Non-Council Temporary Accommodation Providers or payments made for services not provided.

#### Management Information

- Management information is inaccurate or untimely resulting in inappropriate decision making.

## Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Work was delivered by our core Internal Audit team and does not entail specialist review. Testing sought to confirm that the Councils follow their expected control processes and considered alignment to the requirements of the HRA 2017 but does not provide an absolute view over compliance with this.

We were unable to select a sample of ten individuals/families in third party temporary accommodation to ensure that costs are not disproportionately high, as the Council did not monitor the costs per individual/ family, rather they were monitored monthly, the Housing Options Team Leader was able to evidence this on the 'Overall Monthly and Quarterly figures' spreadsheet.

We were unable to confirm that data reported to SLT in the Options Appraisal and Cost of Living report was correct, as the raw data had not been kept by the Council. This was due to the data in the report, such as the number of families in B&B, number of singles in B&B, Total cases in B&B, and Numbers in Hostels being pulled from a live working document at the time of creating the Options Appraisal and Cost of Living report, causing a time lag between the figures in the spreadsheet and the reporting in the report.

## Definitions of Assurance Levels and Recommendation Priority Levels

| Definitions of Assurance Levels |                                                                                                                                                                |  |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Substantial Assurance           | The framework of governance, risk management and control is adequate and effective.                                                                            |  |
| Moderate Assurance              | Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.                          |  |
| Limited Assurance               | There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective. |  |
| Unsatisfactory Assurance        | There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.  |  |

| Definitions of Recommendations |                                                                                                                                                                      |                                                                                             |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| High (Priority 1)              | Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.               | Remedial action must be taken urgently and within an agreed timescale.                      |
| Medium (Priority 2)            | Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.                                     | Remedial action should be taken at the earliest opportunity and within an agreed timescale. |
| Low (Priority 3)               | Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. | Remedial action should be prioritised and undertaken within an agreed timescale.            |



## Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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# Hinckley and Bosworth Borough Council Internal Audit Final Report **Fire Safety (24/25)**

**Audit Sponsor:** Sharon Stacey (Director - Community & Development Services)

**Audit Contacts:** Sophia Hands (Corporate Health and Safety Officer)

July 2025  
**Reporting Timetable**

Debrief Meeting: 20/03/25

Last evidence received: 21/03/2025

Draft Report Issued: 17/04/2025 /  
12/06/25

Comments Received: 07/05/2025, 20/06/2025, 15/07/2025

Final Report Issued: 18/07/2025

**forv/s  
mazars**

## Contents

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### Disclaimer

This report ("Report") was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## Your One Page Summary

**Audit Objective:** To assess the design and effectiveness of the control framework in relation to Fire Safety.

### Audit rationale

#### Why the Audit is in Your 2024/25 Plan

To assess the controls in place to ensure compliance with the relevant fire safety legislation for commercial premises.

#### Your Strategic Risk

S.16: Failure to adhere to Health and Safety legislation and regulations.

#### Your Strategic / Tactical Objective

No specific strategic or tactical objective

### Summary of our opinion

#### Moderate Opinion

See Appendix A1 for definitions



### Summary of Recommendations

|                 |   |
|-----------------|---|
| High Priority   | - |
| Medium Priority | 4 |
| Low Priority    | 1 |

|                          |            |
|--------------------------|------------|
| Actions agreed by you    | 100%       |
| High Priority completion | N/A        |
| Overall completion       | 30.09.2026 |

### Summary of findings

#### Examples of good practice

- ✓ Clear and readily accessible Fire Safety Policy signed off by the Chief Executive.
- ✓ Roles and responsibilities for fire safety are clearly detailed within the Fire Safety Policy.
- ✓ Value for money achieved by using two in house fire risk assessors who are members of the Institute of the Fire Safety and Fire Safety Management and Fire Risk Assessment respectively.

#### Medium Priority Findings

- Routine servicing not occurring in line with Policy requirements.
- Fire Risk Assessment reviews completed late.
- Incorrect dates and missing actions within remedial action tracker.
- Performance reporting not in line with best practice.

#### Key root causes

- Human error in the setup of scheduling equipment inspections and servicing
- No centralised tracking for community centres as the Housing Assets and Support Team do not currently use TrackPlan to schedule FRAs
- Data entry issues due to manual process.
- Inconsistent approach to reporting as the two stock types are monitored on separate systems.

## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

| Ref | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Priority | Responsible Person                                  | Due Date   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------|------------|
| 1   | Hinckley should identify and complete any tests which are not currently compliant with the agreed timescales in the policy or update the policy accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Medium   | Sophia Hands<br>Corporate Health and Safety Officer | 31.07.2025 |
| 2   | <p>The Council should consider incorporating community centres into the TrackPlan system to reduce the risk of manual inputting errors.</p> <p>Should this not be possible the council should:</p> <ol style="list-style-type: none"> <li>1. Ensure all completed remedial actions are clearly and appropriately documented within the tracker.</li> <li>2. This may involve the implementation of regular checks to ensure the information documented within the FRA matches that within the spreadsheet tracker.</li> </ol> <p>Additionally, within TrackPlan, the Council should investigate these discrepancies and ensure future remedials are scheduled in line with the priority timescales within the Building Maintenance Plan. Where possible, this should include automation of setting completion targets based on priority gradings.</p> | Medium   | Sophia Hands<br>Corporate Health and Safety Officer | 30.09.2025 |
| 3   | The Council should introduce a formalised approach for following up on outstanding training e.g., issuing reminders and escalating to line managers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Medium   | Sophia Hands<br>Corporate Health and Safety Officer | 30.09.2025 |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |        |                                                     |            |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------|------------|
| 4 | <p>The Council should:</p> <ol style="list-style-type: none"> <li>1. Standardise their fire safety reporting across the Facilities and Housing Assets and Support team;</li> <li>2. Introduce the suggested KPIs for both teams; and</li> <li>3. Retain copies of raw data used to calculate KPIs for 12 months, in order to enable retrospective access.</li> </ol>                                                                                                                                                  | Medium | Sophia Hands<br>Corporate Health and Safety Officer | 30.06.2025 |
| 5 | <p>The Council should:</p> <ol style="list-style-type: none"> <li>1. Ensure that the three yearly FRAs review are scheduled far enough in advance to account for disruptions due to centre activities</li> <li>2. Ensure that contingencies are in place in the form of backup assessors are in place to address any absences and ensure FRA reviews are completed timely.</li> <li>3. Introduce a centralised record outlining the completion date and due date for Community Centre FRAs and FRA reviews</li> </ol> | Low    | Sophia Hands<br>Corporate Health and Safety Officer | 30.06.2025 |



## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money



In the context of landlord health and safety considerations, achieving economic value for money (VfM) from the delivery of fire safety activities should always be secondary to ensuring tenant safety. However, there are steps organisations can take to increase the value for money without reducing the quality or effectiveness of the service.

We note that the council use in house staff to complete fire risk assessments, the Facilities Manager and the Corporate Head of Health and Safety. We confirmed that these individuals are certified with Tier 2 Competent Fire Risk Assessor (Institute of Fire Safety Managers) and Fire Safety Management and Fire Safety Management and Fire Risk Assessment (Fire Service College) respectively. Conducting assessments brings about a cost saving associated in hiring external contractors but also allows for more flexibility in scheduling assessments should any material changes arise that need subsequent re-assessments.

It is beneficial for Councils to consider and assess efficiencies when evaluating operational performance. In this review, we identified gaps and inconsistencies in the council's Fire Safety reporting framework (**Recommendation 3**) as well as potential data inputting errors within the tracking spreadsheet maintained by the Housing Assets and Communities Manager (**Recommendation 5**).

During our review, we noted Lower priority, and easily achievable remedial actions are primarily completed by internal staff members coordinated by Scheme managers, and larger, more complex remedial actions are often completed by external contractors or in house qualified electricians where appropriate. By reserving external contractors for more complex actions, the Council helps to ensure specialised, costly resources are only used when required.

### Sector Comparison



Oversight of the completion of FRAs and remedial actions is crucial in ensuring compliance with regulation and the provision of high-quality services and safe properties. The Council splits the management of those properties in scope of this audit into two categories in which they are managed separately by the Facilities team, which includes The Akins Building, The Hinckley Hub and The Jubilee Building, and the Housing Assets and Support Team, which includes community centres. Facilities properties are managed within TrackPlan, the Councils Health and Safety Compliance and scheduling software and the Housing Assets and Support Team properties within a spreadsheet.

As each category operates within a separate team, performance reporting is different across these teams. As noted in **Recommendation 4** this reporting could be enhanced to include additional KPIs to bring the council in line with best practice, to allow for more transparent reporting on the programme's performance.

The accuracy and completeness of data is the bedrock of landlord health and safety and is a key area of focus within the social housing sector and local government sector. We have seen many well performing peers move towards the use of systems that can automatically extract FRA remedial actions into a 'tracker' or programme. The system can then provide prompts for actions nearing target dates, and reports on performance automatically. We confirmed that the Facilities team's use of TrackPlan allows for the automatic pull through of remedial actions, however the Housing Assets and Support team's spreadsheet requires manual input, as such, we noted within **Recommendation 3** we identified input issues which lead to mistakes within this tracking spreadsheet.



### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

| 1. Routine servicing not occurring in line with Policy requirements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finding(s) and Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Recommendation(s)                                                                                                                                                   |
| <p>The Council's Fire Safety Policy (July 2024) outlines the requirements for routine servicing of equipment and the frequencies for completion.</p> <p>We conducted data analysis on an export of TrackPlan, and Orchard, the systems used by the Facilities Team and Housing Assets &amp; Support Team to manage activities respectively. We noted the following discrepancies:</p> <ul style="list-style-type: none"> <li>The Fire Safety Policy outlines portable firefighting equipment is to be tested by a competent employee monthly and by a competent contractor on an annual basis. We note that lighting is only tested monthly by an in-house electrician. From our data analysis of facilities properties testing schedule, we found that portable firefighting equipment testing is conducted as part of a quarterly inspection schedule. We were advised by the Facilities Manager that this will be fixed to be scheduled monthly off the back of this audit.</li> <li>The Fire Safety policy outlines portable electrical equipment testing should be conducted "periodically". We were advised that the frequency of portable appliance testing is determined by the risk assessment, some items are tested on a three yearly basis whereas others are tested annually.</li> <li>The Council's Fire Safety Policy outlines fire doors are to be inspected monthly by a designated employee. We reviewed an export from TrackPlan and noted that facilities properties fire doors are currently being inspected on a quarterly basis. We were advised this will be updated in TrackPlan to monthly as per the policy.</li> </ul> <p><b>Risk and Impact:</b></p> <p>Non-compliance with the Council's approved Fire Safety Policy may lead to potential non-compliance with regulation leading to higher liability and increased safety risks.</p> | <p>Hinckley should identify and complete any tests which are not currently compliant with the agreed timescales in the policy or update the policy accordingly.</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Root Cause(s)                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Human error in the setup of scheduling equipment inspections and servicing                                                                                          |
| Management Comments / Agreed Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                     |

Frequency of testing for all fire safety equipment has been checked by the Health and Safety Officer and complies with the Fire Safety Policy. The Policy has been reviewed and will be submitted to SLT for approval alongside the Apr-Jun 2025 quarterly report.

|                    |                                                   |                 |            |
|--------------------|---------------------------------------------------|-----------------|------------|
| Responsible Person | Sophia Hands, Corporate Health and Safety Officer | Action Due Date | 31.07.2025 |
|                    |                                                   | Priority Level  | Medium     |

## 2. Housing Assets and Support Team: Incorrect dates and missing actions within remedial action tracker

| Finding(s) and Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Recommendation(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Fire risk assessment (FRA) remedial actions are steps taken to address identified fire hazards and reduce the risk of fire in a building.</p> <p>While the Facilities Team coordinates FRA remedial actions within the system TrackPlan, the Housing Assets and Support Team coordinate the remedial action across the Council's community centres through the use of a spreadsheet tracker.</p> <p>We selected a sample of 14 remedial actions across three community centres and sought to confirm that they were accurately recorded on the tracker spreadsheet. We noted that:</p> <ul style="list-style-type: none"><li>Two medium and one low priority remedial action target dates were incorrectly recorded within the tracking spreadsheet.</li><li>One medium priority was incorrectly omitted from the remedial action tracker. However, we were provided with evidence this remedial action had been completed as we were advised it was being monitored within the physical risk assessment.</li></ul> <p>We were advised by the Housing Assets and Support Teams Manager that these mistakes were likely typos due to the heavily manual process of adding actions to the tracker.</p> <p>Additionally, we conducted data analysis on an export of the FRA remedial action trackers maintained by the Facilities team.</p> <p>Of the 37 remedial actions raised against the Facilities Team managed properties, we note that all of these had due date in excess of what is outlined within the Councils Building Maintenance Plan 2023-2028. The plan outlines the following categories:</p> <ul style="list-style-type: none"><li>P3 – 10 days</li><li>P4 – 30 days</li><li>P5 – one year</li></ul> <p>We found that:</p> | <p>The Council should consider incorporating community centres into the TrackPlan system to reduce the risk of manual inputting errors.</p> <p>Should this not be possible the council should:</p> <ol style="list-style-type: none"><li>1. Ensure all completed remedial actions are clearly and appropriately documented within the tracker.</li><li>2. This may involve the implementation of regular checks to ensure the information documented within the FRA matches that within the spreadsheet tracker.</li></ol> <p>Additionally, within TrackPlan, the Council should investigate these discrepancies and ensure future remedials are scheduled in line with the priority timescales within the Building Maintenance Plan. Where possible, this should include automation of setting completion targets based on priority gradings.</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Root Cause(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Data entry issues due to manual process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

- Two P3 remedial actions that were due on average 42 days after they were raised.
- 11 P4 remedial actions due on average 88 working days after they were raised

**Risk and Impact:**

Errors in remedial actions trackers may result in inaccurate reporting to those charged with governance. As actions are being monitored on the physical risk assessment this results in a single point of failure should the risk assessment be misplaced. Remedial actions may either not be completed in a timely manner or may be missed entirely as these are not included within the tracking spreadsheet.

**Management Comments / Agreed Actions**

Community centres have been added to TrackPlan for the purpose of recording actions raised by Health and Safety Officer (HSO) when carrying out fire risk assessments. The responsible person is notified as soon as actions are raised and the HSO will monitor and report to SLT quarterly.

TrackPlan is preset to action completion dates automatically based on the priority given to each job or action, however this was set to not include weekends thus giving a longer completion date. This has been rectified so that automatic completion dates reflect the priority timescales as laid out in the Building Maintenance Plan.

|                           |                                                   |                        |               |
|---------------------------|---------------------------------------------------|------------------------|---------------|
| <b>Responsible Person</b> | Sophia Hands, Corporate Health and Safety Officer | <b>Action Due Date</b> | 30.09.2025    |
|                           |                                                   | <b>Priority Level</b>  | <b>Medium</b> |

### 3. Training compliance behind expectation

| Finding(s) and Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                   | Recommendation(s)                                                                                                                                                                                   |            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <p>Staff who are based at the Jubilee Hub are required to complete</p> <ul style="list-style-type: none"><li>Jubilee Induction which included an element on fire safety, and the</li><li>Street Scene Jubilee Fire Safety training.</li></ul> <p>We reviewed the completion data for the training and noted issues whereby managers and supervisors are not recording completion of training, resulting in individuals being overdue for completion or refreshers. We noted the following issues:</p> <p><b>Jubilee induction (required to be refreshed annually):</b></p> <p>139 staff are assigned this training.</p> <p>19 staff do not have a completed date next to their name</p> <p>4 staff completed this over 1 year ago.</p> <p><b>Street Scene Jubilee Fire Safety:</b></p> <p>36 staff are assigned this training.</p> <p>9 staff do not have a completed date next to their name</p> <p>2 staff completed this over 1 year ago.</p> <p><b>Risk and Impact:</b></p> <p>Increased Risk of staff Injury or Fatalities due to fire</p> |                                                   | <p>The Council should introduce a formalised approach for following up on outstanding training e.g., issuing reminders and escalating to line managers.</p>                                         |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   | Root Cause(s)                                                                                                                                                                                       |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   | <p>No formal process in place for chasing overdue training.</p> <p>Lack of accountability as managers and supervisors are meant to update the training spreadsheets in relation to their staff.</p> |            |
| Management Comments / Agreed Actions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |                                                                                                                                                                                                     |            |
| <p>Employees that have outstanding training delivered by Skillgate are reminded by automatically generated emails, which are also sent to their line manager.</p> <p>Procedures for following up on outstanding training not delivered by eLearning platform will be drawn up and implemented. This will be tracked using the departmental centralised spreadsheet and reported to SLT quarterly.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                   |                                                                                                                                                                                                     |            |
| Responsible Person                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Sophia Hands, Corporate Health and Safety Officer | Action Due Date                                                                                                                                                                                     | 30.09.2025 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   | Priority Level                                                                                                                                                                                      | Medium     |

#### 4. Performance reporting not in line with best practice

##### Finding(s) and Risk

We reviewed the current nature of the framework and while we note that quarterly reports are shared with the Senior Leadership Team and Statutory Safety Committee, we note that KPIs are being separately and inconsistently reported for Facilities managed properties and Community Centres within these reports.

Upon reviewing the reports from Q2 and Q3 2024, we noted the following KPIs are not currently in place in line with best practice:

##### Facilities:

- % of FRAs overdue for renewal
- % of remedial actions outstanding are overdue for completion (by priority)
- % of fire safety equipment which is maintained within policy timescales (currently only Fire Alarm servicing is outlined)

##### Housing Assets and Support Team:

- % of remedial actions outstanding are overdue for completion (by priority)
- % of fire safety equipment which is maintained within policy timescales

Additionally, we were unable to recalculate KPIs from Q2 and Q3 2024 due to the KPI raw data being overwritten whenever updated and copies not being retained.

##### Risk and Impact:

Reduced visibility of fire safety performance may lead to inappropriate decisions which may jeopardise the safety within council owned properties, putting staff, tenants and members of the public in danger.

##### Recommendation(s)

The Council should:

1. Standardise their fire safety reporting across the Facilities and Housing Assets and Support team;
2. Introduce the suggested KPIs for both teams; and
3. Retain copies of raw data used to calculate KPIs for 12 months, in order to enable retrospective access.

##### Root Cause(s)

Inconsistent approach to reporting as the two stock types are monitored on separate systems.

The suggested KPIs have not previously been considered for reporting.

##### Management Comments / Agreed Actions

The quarterly SLT report has been reformatted to standardise and introduce fire safety figures as recommended. The new format will be presented to SLT in time for the April – June 2025 report.

|                    |                                                   |                 |            |
|--------------------|---------------------------------------------------|-----------------|------------|
| Responsible Person | Sophia Hands, Corporate Health and Safety Officer | Action Due Date | 30.09.2025 |
|                    |                                                   | Priority Level  | Medium     |

## 5. Fire Risk Assessment reviews completed late

### Finding(s) and Risk

The Council's Fire Safety Policy outlines fire risk assessments (FRAs) should be conducted at properties on a three yearly basis with reviews being conducted at the end of years one and two.

- We conducted data analysis on an export of all facilities managed properties within TrackPlan and identified the Atkins Building's FRA review was completed five months after the date it was due. We were advised by the Head of Facilities this was due to workload pressured with regards to the introduction of TrackPlan

We were unable to conduct data analysis on the whole population for Community Centres because there is no centralised tracker with the due date and completed date of FRAs. We therefore selected a sample of three of the eight properties and requested evidence of the most recent two FRAs, and reviews taken place between. We noted that Meadows Community centre's 2025 risk assessment was conducted four months after the date it was due. We were advised by the Housing Assets & Support Teams Manager that this was due the availability of the centre due to weekly activities.

#### Risk and Impact:

Increased risk of fire hazards and potential non-compliance with safety regulations, leading to higher liability and safety risks.

### Recommendation(s)

The Council should:

1. Ensure that the three yearly FRAs review are scheduled far enough in advance to account for disruptions due to centre activities
2. Ensure that contingencies are in place in the form of backup assessors are in place to address any absences and ensure FRA reviews are completed timely.
3. Introduce a centralised record outlining the completion date and due date for Community Centre FRAs and FRA reviews.

### Root Cause(s)

No centralised tracking for community centres as the Housing Assets and Support Team do not currently use TrackPlan to schedule FRA review.

### Management Comments / Agreed Actions

1. The fire risk assessments and reviews for years 2 and 3 for community centres will be scheduled into TrackPlan similar as for FM sites. Responsible persons will receive automatic notifications 30 days before due for completion.
2. In the short term, a procedure will be introduced whereby if the review cannot be completed the Responsible Person, within the set timescale, it will be undertaken by the Health and Safety Officer. In the long term and to build resilience, another appropriate team member will be trained to carry out this duty.
3. There is a centralised record for all the council's FRAs within the Fire Safety section of the Health and Safety Intranet. However, once community centre FRAs and reviews have been logged into TrackPlan, this will produce an electronic record.

|                           |  |                        |            |
|---------------------------|--|------------------------|------------|
| <b>Responsible Person</b> |  | <b>Action Due Date</b> | 30.06.2026 |
|---------------------------|--|------------------------|------------|



|  |                                                   |                |     |
|--|---------------------------------------------------|----------------|-----|
|  | Sophia Hands, Corporate Health and Safety Officer | Priority Level | Low |
|--|---------------------------------------------------|----------------|-----|

## A1 Audit Information

### Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Fire Safety with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

#### Roles and Responsibilities

- Staff are unaware of their roles and responsibilities in relation to health and safety.

#### Policies and Procedures

- Outdated policies and procedures lead to inappropriate health and safety measures in the workplace.

#### Training

- Health and safety induction training is not delivered to all the new starters.
- Council does not provide health and safety training to all employees on a regular basis and training is not specialised to target the health and safety risks specific to each service.
- Lack of management accountability to monitor the completion of training.

#### Risk Identification

- Failure to identify health and safety risks exposing staff and stakeholders to potential hazards.

#### Monitoring

- Ineffective process for reporting and recording accidents, incidents and near misses.
- Accidents, incidents and near misses were not investigated to prevent similar events from occurring in the future.

#### Management Reporting

- Poor governance arrangements in place for reviewing, scrutinising and managing health and safety incidents.
- Poor decision making due to lack of management information being reported.

### Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

Our work is limited by the information that was provided to us at the time of our fieldwork. The records maintained by third parties to the organisation will not be reviewed and are outside of the scope of this audit. The audit will be completed by a general internal auditor and not a fire safety specialist, for example.

We were unable to recalculate KPIs from Q2 and Q3 2024 due to the KPI raw data being overwritten whenever updated.

The audit only considered the following commercial properties within the scope of this review:

**Those managed by the Housing Assets and Support Team:**

- The Meadows Community Centre;
- 50 Gwendoline Avenue;
- Herford Way Community Centre;
- Groby Community Centre;
- Meadow Road Community Centre;
- 43 Bradgate Road;
- Peggs Close Community Centre;
- Barlestone Community Centre.

**Those managed by the Facilities Team:**

- Atkins Building, Lower Bond Street;
- Jubilee Building, Fleming Road; and
- Hinckley Hub, Rugby Road.

## Definitions of Assurance Levels and Recommendation Priority Levels

| Definitions of Assurance Levels |                                                                                                                                                                      |                                                                                             |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Substantial Assurance           | The framework of governance, risk management and control is adequate and effective.                                                                                  |                                                                                             |
| Moderate Assurance              | Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.                                |                                                                                             |
| Limited Assurance               | There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.       |                                                                                             |
| Unsatisfactory Assurance        | There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.        |                                                                                             |
|                                 |                                                                                                                                                                      |                                                                                             |
| Definitions of Recommendations  |                                                                                                                                                                      |                                                                                             |
| High (Priority 1)               | Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.               | Remedial action must be taken urgently and within an agreed timescale.                      |
| Medium (Priority 2)             | Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.                                     | Remedial action should be taken at the earliest opportunity and within an agreed timescale. |
| Low (Priority 3)                | Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk. | Remedial action should be prioritised and undertaken within an agreed timescale.            |

## Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

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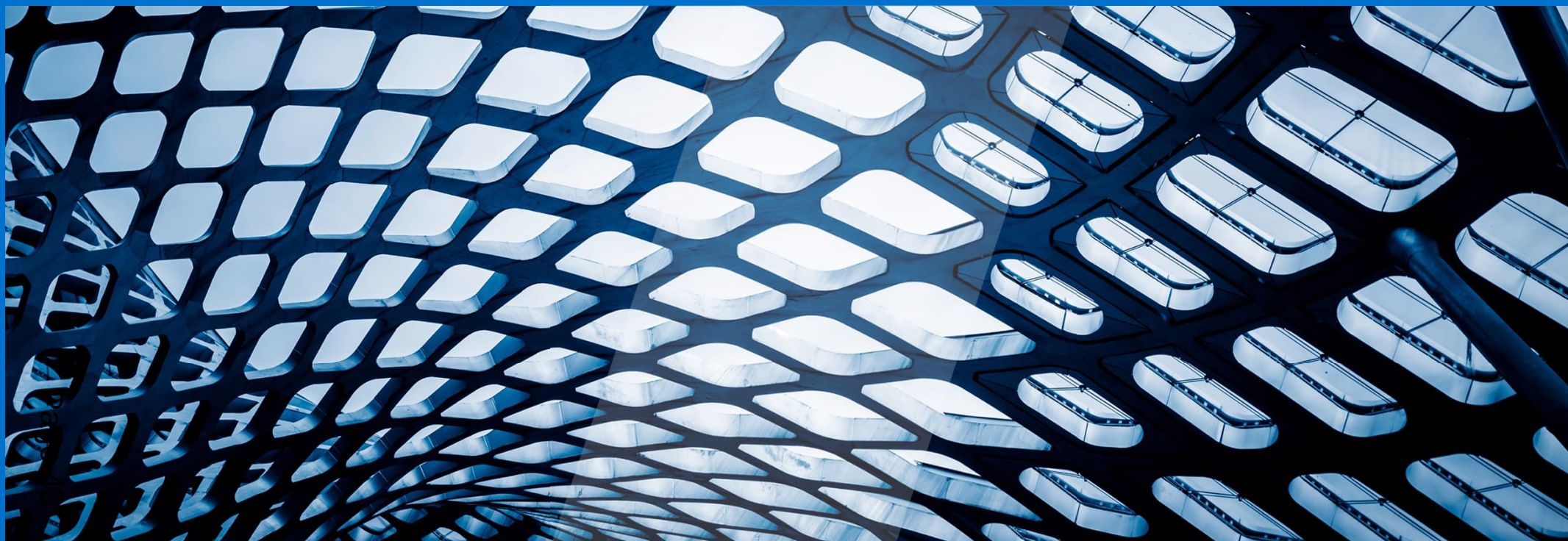
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# **Hinckley & Bosworth Borough Council**

## **Audit Committee – 1 October 2025**

### **Internal Audit Progress Report**

Date Prepared: September 2025

Strictly private and confidential

for  
mazar

# Contents

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| 01 | Snapshot of Internal Audit Activity         |
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| 03 | Overview of Internal Audit Plan 2024/25     |
| 04 | Overview of the Internal Audit Plan 2025/26 |
| 05 | Thought Leadership – Public Sector in Focus |

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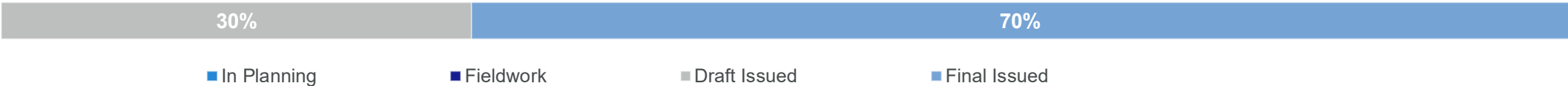
This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.



# 1. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2024/25 Internal Audit Plan.



AC decisions needed

- Note the progress being reported and consider final reports included separately in the paper pack,

RAG status of delivery of plan to revised timetable

On Track

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Key updates

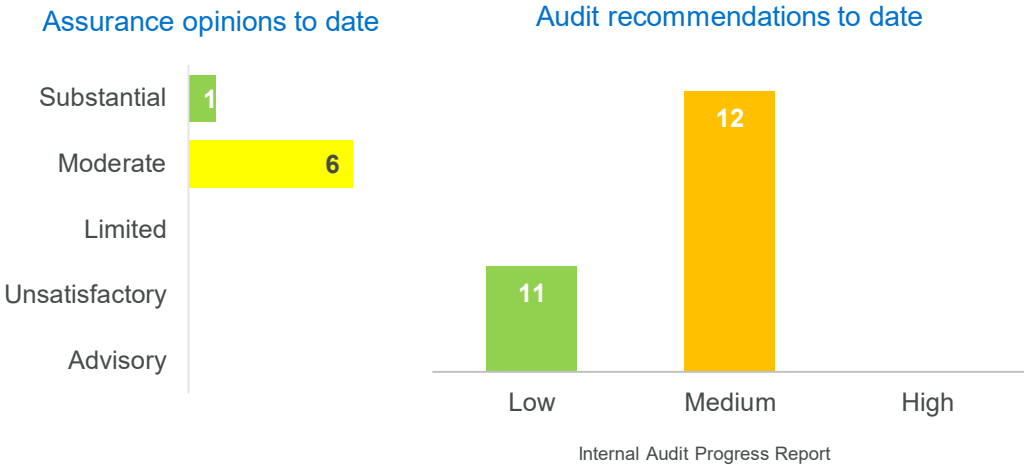
Since the last Audit Committee meeting in June 2025, we have issued and finalised the report for the Homelessness and Fire Safety audits which were given a Moderate opinion. [A summary of the audit findings can be found in section 2.](#) The Capital Programme and IT Vulnerability Management reports have been issued in draft, and we are awaiting the management responses.

As a result of the Leisure Centre, and Capital Programme audits being rearranged at the request of management, there has been a slight delay in the completion of the 2024/25 Internal Audit plan.

The fieldwork for the 2025/26 Partnership Governance is underway and terms of references have been issued for Service Level Budget Monitoring, Licensing and Revenues and Benefits audits with fieldwork expected to begin in October 2025.

[An overview of the Internal Audit Plans can be found in Section 3 and Section 4.](#)

[Thought Leadership – Public Sector in Focus, can be found in Section 5.](#)



## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Homelessness, which AC is asked to review separately. A summary of our most significant findings and the root cause(s) of issues is included below.

**Audit Objective:** To ascertain the adequacy and effectiveness of the key controls in place in relation to Homelessness..

| Audit rationale                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                   |                                                                                                                                                 |                                   |                                                                                                                                                                                                                        |              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Why the Audit is in Your 2024/25 Plan</b><br><br>To review the arrangements in place to reduce the level of homelessness and use of temporary accommodation.                                                                                                                                                                                                                                                                                     |                                                                                   | <b>Your Strategic Risk</b><br><br>Increased homelessness presentations and temporary accommodation requirements.                                |                                   | <b>Your Strategic / Tactical Objective</b><br><br>Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents. |              |
| Summary of our opinion                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                   |                                                                                                                                                 |                                   |                                                                                                                                                                                                                        |              |
| Page 46                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Moderate Opinion</b><br>See Appendix A1 for definitions                        |                                                                                                                                                 | <b>Summary of Recommendations</b> |                                                                                                                                                                                                                        |              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  | <b>High Priority</b>                                                                                                                            | -                                 | <b>Actions agreed by you</b>                                                                                                                                                                                           | <b>100%</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                   | <b>Medium Priority</b>                                                                                                                          | 1                                 | High Priority completion                                                                                                                                                                                               | N/A          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                   | <b>Low Priority</b>                                                                                                                             | 4                                 | Overall completion                                                                                                                                                                                                     | January 2026 |
| Summary of findings                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                   |                                                                                                                                                 |                                   |                                                                                                                                                                                                                        |              |
| <b>Examples of good practice</b><br><br>✓ Homelessness and Rough Sleeping Strategy in place that was readily available for staff members on the intranet.<br><br>✓ A range of ways in which customers can approach the Council for support e.g. Via email, customer services, Council's website and visiting the Council Hub.<br><br>✓ The Housing Options team follows set criteria when establishing who is eligible for temporary accommodation. |                                                                                   | <b>Highest Priority Findings</b><br><br>• Long time periods in between communications and Personalised Housing Plan (PHP) reviews not recorded. |                                   | <b>Key root causes</b><br><br>• Delays caused by third parties and cases not reallocated in a timely manner due to team workloads.                                                                                     |              |

## 2. Latest Reports Issued – Summary of Findings

Since our last update, we have issued our final report relating to our review of Fire Safety, which AC is asked to review separately. A summary of our most significant findings and the root cause(s) of issues is included below.

**Audit Objective:** To assess the design and effectiveness of the control framework in relation to Fire Safety.

| Audit rationale                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---|-----------------|---|--------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------|--------------------------|-----|--------------------|-------------------|
| <b>Why the Audit is in Your 2024/25 Plan</b><br><br>To assess the controls in place to ensure compliance with the relevant fire safety legislation for commercial premises..                                                                                                                                                                                                                                                           |                                                                                                                          | <b>Your Strategic Risk</b><br><br>S.16: Failure to adhere to Health and Safety legislation and regulations.                                                                                                                                                                                                   |                                                                                                                                                                                   | <b>Your Strategic / Tactical Objective</b><br><br>No specific strategic or tactical objective.                                                                                                                                                                                                                                                                                                                     |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
| Summary of our opinion                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
| Page 47                                                                                                                                                                                                                                                                                                                                                                                                                                | <div>Moderate Opinion<br/>See Appendix A1 for definitions</div> <div><div></div><div>X</div><div></div><div></div></div> |                                                                                                                                                                                                                                                                                                               | <div>Summary of Recommendations</div> <table><tr><td>High Priority</td><td>-</td></tr><tr><td>Medium Priority</td><td>4</td></tr><tr><td>Low Priority</td><td>1</td></tr></table> |                                                                                                                                                                                                                                                                                                                                                                                                                    | High Priority | - | Medium Priority | 4 | Low Priority | 1 | <table><tr><td>Actions agreed by you</td><td>100%</td></tr><tr><td>High Priority completion</td><td>N/A</td></tr><tr><td>Overall completion</td><td>30 September 2026</td></tr></table> | Actions agreed by you | 100% | High Priority completion | N/A | Overall completion | 30 September 2026 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                        | High Priority                                                                                                            | -                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                        | Medium Priority                                                                                                          | 4                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                        | Low Priority                                                                                                             | 1                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                        | Actions agreed by you                                                                                                    | 100%                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                        | High Priority completion                                                                                                 | N/A                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
| Overall completion                                                                                                                                                                                                                                                                                                                                                                                                                     | 30 September 2026                                                                                                        |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
| Summary of findings                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                          |                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                    |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |
| <b>Examples of good practice</b><br><br>✓ Clear and readily accessible Fire Safety Policy signed off by the Chief Executive.<br><br>✓ Roles and responsibilities for fire safety are clearly detailed within the Fire Safety Policy.<br><br>✓ Value for money achieved by using two in house fire risk assessors who are members of the Institute of the Fire Safety and Fire Safety Management and Fire Risk Assessment respectively. |                                                                                                                          | <b>Highest Priority Findings</b><br><br>• Routine servicing not occurring in line with Policy requirements.<br><br>• Fire Risk Assessment reviews completed late.<br><br>• Incorrect dates and missing actions within remedial action tracker.<br><br>• Performance reporting not in line with best practice. |                                                                                                                                                                                   | <b>Key root causes</b><br><br>• Human error in the setup of scheduling equipment inspections and servicing.<br><br>• No centralised tracking for community centres as the Housing Assets and Support Team do not currently use TrackPlan to schedule FRAs.<br><br>• Data entry issues due to manual process.<br><br>• Inconsistent approach to reporting as the two stock types are monitored on separate systems. |               |   |                 |   |              |   |                                                                                                                                                                                         |                       |      |                          |     |                    |                   |

### 3. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan.

| Review                              | Original Days | Actual Days | Audit Sponsor     | Status | Start Date                        | AC             | Assurance Level | Total | High | Medium | Low |
|-------------------------------------|---------------|-------------|-------------------|--------|-----------------------------------|----------------|-----------------|-------|------|--------|-----|
| Council Tax & NNDR                  | 12            | 12          | Storme Coop       | Final  | September 2024                    | April 2025     | Moderate        | 4     | -    | 2      | 2   |
| Sickness Management                 | 10            | 10          | Julie Stay        | Final  | September 2024                    | January 2025   | Substantial     | 2     | -    | 1      | 1   |
| Treasury Management                 | 10            | 10          | Ashley Wilson     | Final  | October 2024                      | January 2025   | Moderate        | 4     | -    | 1      | 3   |
| Waste Management                    | 10            | 10          | Caroline Roffey   | Final  | January 2025                      | June 2025      | Moderate        | 2     | -    | 2      | -   |
| Capital Programme                   | 12            | 15*         | Ashley Wilson     | Draft  | March 2024                        | June 2025      | -               | -     | -    | -      | -   |
| Homelessness                        | 12            | 12          | Madeline Shellard | Final  | April 2025                        | September 2025 | Moderate        | 5     | -    | 1      | 4   |
| Fire Safety                         | 10            | 10          | Julie Stay        | Final  | February 2025                     | September 2025 | Moderate        | 5     | -    | 4      | 1   |
| Leisure Services                    | 12            | 12          | Simon Jones       | Final  | March 2025                        | June 2025      | Moderate        | 1     | -    | 1      | -   |
| IT Audit – Vulnerability Management | 10            | 10          | John Palmer       | Draft  | March 2025                        | September 2025 | -               | -     | -    | -      | -   |
| Follow up                           | 5             | 5           | Ashley Wilson     |        | Carried forward into 2025/26 plan |                | -               | -     | -    | -      | -   |
| Management and reporting            | 15            | 15          | -                 | -      | -                                 | -              | -               | -     | -    | -      | -   |
| Totals                              | 118           | 123         |                   |        |                                   |                | Totals          | 23    |      | 12     | 11  |

\*Additional days due to delays in starting the audit.

### 3. Overview of Internal Audit Plan 2025/26

The table below lists the status of all reviews within the 2025/26 Plan.

| Review                          | Original Days | Actual Days | Audit Sponsor                                  | Status    | Start Date     | AC | Assurance Level | Total | High | Medium | Low |
|---------------------------------|---------------|-------------|------------------------------------------------|-----------|----------------|----|-----------------|-------|------|--------|-----|
| Partnership Governance          | 10            | 10          | Director of Corporate and Streetscene Services | Fieldwork | September 2025 | -  | -               | -     | -    | -      | -   |
| Corporate Governance            | 10            | 10          | TBC                                            | Allocated | TBC            | -  | -               | -     | -    | -      | -   |
| Service Level Budget Monitoring | 10            | 10          | S151 Officer                                   | Draft ToR | September 2025 | -  | -               | -     | -    | -      | -   |
| Council Tax and NNDR            | 10            | 10          | S151 Officer                                   | Draft ToR | October 2025   | -  | -               | -     | -    | -      | -   |
| Licensing                       | 10            | 10          | TBC                                            | Draft ToR | October 2025   | -  | -               | -     | -    | -      | -   |
| Workforce Capacity              | 10            | 10          | TBC                                            | Allocated | November 2025  | -  | -               | -     | -    | -      | -   |
| Business Continuity             | 10            | 10          | TBC                                            | Allocated | January 2026   | -  | -               | -     | -    | -      | -   |
| Enforcement Actions             | 10            | 10          | TBC                                            | Allocated | February 2026  | -  | -               | -     | -    | -      | -   |
| IT Audit                        | 12            | 12          | TBC                                            | Allocated | TBC            | -  | -               | -     | -    | -      | -   |
| Follow up                       | 5             | 5           | S151 Officer                                   | Allocated | March 2026     | -  | -               | -     | -    | -      | -   |
| Management and reporting        | 15            | 15          | -                                              | -         | -              | -  | -               | -     | -    | -      | -   |
| Totals                          | 112           | 112         |                                                |           |                |    | Totals          | -     | -    | -      | -   |

# 05 Thought Leadership – Public Sector in Focus

## Current priorities in 2025



[Click here for the full article](#)

Recognising the need for change, senior decision-makers are already shifting their focus. Right now, the key focus is on tackling immediate challenges, with employee wellbeing and development, a top priority. Organisations in the sector are having to abandon long-term plans in favour of addressing immediate concerns like budget cuts, technology gaps, technology implementation, and enhancing the employee experience.

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We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or reply for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Audit Committee

1 October 2025

Wards affected:

All Wards

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### UNAUDITED STATEMENT OF ACCOUNTS 2024/25

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Report of Section 151 Officer

#### **1. Purpose of report**

- 1.1 To present to the Audit Committee the Financial Statements for 2024/25 and Annual Governance Statement for 2024/25 that are currently subject to external audit.

#### **2. Recommendation**

- 2.1 The draft Financial Statements and Annual Governance Statement for 2024/25 is approved.

#### **3. Background to the report**

- 3.1 In accordance with Accounts and Audit regulations, draft Financial Statements must be signed off by the Council's Responsible Finance Officer (S151 Officer) by the 31 July 2025. After publication there was a formal inspection period that allows for members of the public to review the financial statements and make objections to the External Auditor. No additional requests were received by the Council.

The Head of Finance as the Responsible Finance Officer is required, on behalf of the authority, to re-confirm that they are satisfied that the Statement of Accounts presents a 'true and fair' view. The authority must then consider the Statement of Accounts, which at HBBC is the responsibility of the Audit Committee on behalf of the Council. At that meeting the Audit Committee will need to approve the accounts by a resolution of that committee and ensure that they are signed and dated by the person presiding at the committee as

chair at which that approval is given. The Unaudited accounts are presented to help in the process.

The overall content of the financial statements is explained in Table 1 below.

| Table 1                                                      | Information included within the financial statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Comprehensive Income and Expenditure Statement (CIES)</b> | <p>This covers the sources of all income received and the cost of providing services in the year based on International Financial Reporting Standards and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), rather than the amount funded from Council Tax, and other Government grants.</p> <p>The amount funded from Council Tax and Government grants differ from the information in CIES by a series of amendments made in accordance with regulations, these amendments are reflected through the Movement in Reserves Statement.</p>                                                                                                               |
| <b>Movement in Reserves Statement (MIRS)</b>                 | <p>The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required.</p> <p>They include the general fund, earmarked reserves and the capital receipts reserve.</p> <p>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.</p> |
| <b>Expenditure &amp; Funding Analysis</b>                    | <p>This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.</p>                                                                                                                                                                                                                                                                                                                                                    |
| <b>Balance Sheet</b>                                         | <p>The Balance sheet gives the value of the Council's assets and liabilities at the financial year end, referred to as the Balance Sheet date. The net position of the total assets less total liabilities are matched by the overall level of reserves held.</p>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Cash Flow Statement</b>                                   | <p>The cash flow statement discloses movements in cash flows of the authority during the financial year. The cash flow statement shows movements in the authority's cash and cash equivalents. Cash equivalents include short term investments that are easily changeable into cash and only have an insignificant risk of changes in value.</p>                                                                                                                                                                                                                                                                                                                                             |
| <b>Notes to the financial statements</b>                     | <p>These include a summary of significant accounting policies that guide our basis for the way items are accounted for, notes that give further information on items included in the main financial statements and other explanatory information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Supplementary Statements: Housing Revenue Accounts, and Collection Fund</b> | These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing; this has to be shown separately and has its own set of notes giving more detailed information. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for Central Government, Leicestershire County Council, Leicestershire Police & Crime Commissioner, Leicester, Leicestershire and Rutland Combined Fire Authority and on behalf of Town & Parish Councils. |
| <b>Annual Governance Statement</b>                                             | The Council has approved and adopted a code of corporate governance, which is consistent with the national requirements on good governance in local government. The Annual Governance Statement provide a summary of how the Council has reviewed compliance with this code, the role of the governance structures involved, such as the Audit Committee and other Committees as relevant to governance, and any issues, if any are identified and proposed action needed.                                                                                                                                 |
| <b>Critical Judgment and Major Sources of Estimation Uncertainty</b>           | Critical Judgment and Major Sources of Estimation Uncertainty are also used in the preparation of the accounts. More information is in appendix 1                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

- 3.2 The Audited final Statement must be approved by 28<sup>th</sup> February 2026. This is in line with the revised backstop regulations published by central government in August 2024 . Draft statements have been supplied to our External Auditor (Azets) for them to complete their audit. Azets will be giving a progress update at today's meeting.
- 3.3 Once audit work has been finalised and adjustments agreed, the Statements will require sign off by The Chair of the Audit Committee. To ensure that the agreed backstop date can be met, it is proposed that the committee approve that the Chair of the Audit Committee be given delegated authority to sign off the Accounts.

### **Audit Backlog**

- 3.4 As reported previously, there is a national backlog in the delivery and sign off of Audited financial statements. This has been caused by many challenges facing the audit of local government nationally, which have been highlighted by the Local Government Association, the Redmond Review, the NAO, PSAA Ltd, External Audit firms and Parliament Committee hearing. The critical factors leading to these delays can be attributed to
- shortages in specialist audit resources,
  - increasing regulatory requirements, adding demands at a time of this shortage
  - emerging national accounting issues for Infrastructure Assets and more recently Pension Liability valuation matters placing more demands on audit firms, while staff shortages are in place.
  - In addition there have been, in some cases, but not for HBBC, a shortage of resources in finance teams across local authorities, and

- specific governance or technical matters at some audited bodies,

3.5 On 9 September 2024, the Government laid in Parliament a Statutory Instrument, 'The Accounts and Audit (Amendment) Regulations 2024', to introduce backstop dates by which point local bodies must publish audited accounts. To achieve this the backlog must be dealt with and processes put in place to avoid it reoccurring. The Government's approach to clear the backlog of local audits and embed timely audit consists of two parts:

- Reset measures involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 13 December 2024, which led to our outgoing auditors (EY) issuing disclaimed opinions for 2020/21, 2021/22 and 2022/23.
- Recovery period after the Reset Measures that reduces the likelihood of the backlog re-emerging by using backstop dates to allow assurance to be rebuilt over one or more audit cycles.

3.6 Unfortunately due to the lack of assurance given by Ernst and Young (EY) over opening balances resulting from disclaimed opinions, Azets cannot place full assurance on opening balances. Therefore Azets are due to issue a disclaimed audit option for financial year 2024/25 and will continue to give a disclaimed option in 2025/26.

3.7 The following table gives the most best case scenario impact over the next two years created by the backlog position, although we will be working with Azets to develop a realistic and achievable recovery plan as part of the 2024/25 audit.

| Audit Year     | Opinion                                                                                                                                                                                                                                                                                                              |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2024/25</b> | Disclaimer The auditor does not have assurance over brought forward balances that were deprioritised on the 2023/24 audit. This means they do not have assurance over all in-year movements. They also do not have assurance over the comparative prior year movements.                                              |
| <b>2025/26</b> | Disclaimer The auditor does not have assurance over brought forward balances that were deprioritised on the 2023/24 audit. This means they do not have assurance over opening balances for 2024/25, and therefore in year movements in 20204/25                                                                      |
| <b>2026/27</b> | Qualified (Except for) - The auditor does not have assurance over the comparative figures. The auditor judges that this means there could be material but not pervasive misstatement and will need to qualify their opinion for 2025/26 by limiting its scope to not provide assurance over the comparative figures. |
| <b>2027/28</b> | Unmodified                                                                                                                                                                                                                                                                                                           |

## **Review of the System of Internal Control**

- 3.8 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. Its role is to provide independent assurance to the council that systems are in place and operating effectively. Their opinion will be included within the final AGS that will be presented to this committee for approval. The final Statement is signed by the Leader and Chief Executive and ultimately forms part of the Statement of Accounts. The Annual Governance Statement can be updated up to the date of the signing of the Statement of Accounts.

## **Annual Governance Statement**

- 3.9 The Council is responsible for ensuring that its business is conducted in accordance with legal requirements and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 3.10 The governance framework 'Delivering Good Governance in Local Government' was produced during 2016 by CIPFA/SOLACE (Society of Local Authority Chief Executives and Senior Managers). The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the principles contained within the framework.
- 3.11 In 2023/34, there was a weakness declared in our Annual Governance Statement in relation to the risk overview function of the Audit Committee. During work has been work has taken place around risk management to strengthen the existing processes. This is stated in the draft Annual Governance report, which concluded there are no significant weaknesses. The draft Annual Governance report is subject to audit along with the financial statements.

These Statements are supported by accompanying notes.

## **4. Exemptions in accordance with the Access to Information procedure rules**

- 4.1 This report can be taken in open session.

## **5. Financial implications [IB]**

- 5.1 Contained within the body of the report.

## **6. Legal implications [JS]**

6.1 Contained within the body of the report.

## **7. Corporate Plan implications**

7.1 Adoption of the proposal in this paper will contribute to the achievement of the following Corporate Aim of Empowering communities.

## **8. Consultation**

8.1 None

## **9. Risk implications**

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

9.2 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.

9.3 There is no immediate risk to the Council, however, early consideration by the Council of its preferred approach will enable detailed planning to take place so as to achieve successful transition to the new arrangement in a timely and efficient manner.

## **10. Knowing your community – equality and rural implications**

10.1 The Financial Statements and the audit process will allow local communities and groups to review the financial performance and stewardship of the Council.

## **11. Climate implications**

11.1 The Financial statements can be used as a mechanism for the reporting of the council impact on climate change via sustainability reporting. The public sector as a whole currently lags well behind the private sector in such reporting. Action would be needed to introduce this non-financial element to the financial statements to report to members and local residents how the council was performing against its declared climate emergency targets.

## **12. Corporate implications**

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

- Community safety implications

- Environmental implications
  - ICT implications
  - Asset management implications
  - Procurement implications
  - Human resources implications
  - Planning implications
  - Data protection implications
  - Voluntary sector
- 

Background papers: Unaudited Statement of Accounts

Contact officer: Ilyas Bham, Accountancy Manager ext. 5924

Executive member: Councillor K Lynch

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Hinckley & Bosworth  
Borough Council

# **Draft Statement of Accounts & Annual Governance Statement**



**2024/2025**



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## Chief Executive's Message

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### A Message from the Chief Executive as Head of Paid Services



Overall whilst the Council has achieved much for its community and experienced positive growth in the local economy, 2024/25 has been a challenging year in terms of impacts on services and financial performance. This has mainly been due to the significant economic pressure from rising inflation and the pressure this puts on costs. In addition, we have needed to pick up the pressures and challenges around increasing levels of homelessness, flooding in our area, a major incident impacting over 3,000 households in the village of Ratby and the cost of living crisis faced by our local residents. We have risen to these challenges effectively which has been acknowledged by our elected members and stakeholders, linked to our efforts and actions in helping our local communities and businesses at a time when central government have been unable to commit to a medium-term financial settlement for local government.

The Council invited a Peer review led by a national team from the LGA in December 2024. The Review concluded that the Council is “an ambitious and forward-looking council focussed on economic growth. It is dedicated to serving it’s communities and actively leads on, promotes and supports major development projects to achieve this goal. It also concludes that “financial management and budget setting is clear and effective”.

We are proud of the fact that we continue to assist people in crisis. We mobilised our staff and financial resources to provide a range of community support programmes and business support utilising UKSPF funding and our Rural Prosperity Grant and Fuel Payment schemes in partnership with Cadent Gas. In addition, our established partnerships and task forces continue to coordinate our work on employment and skills, dealing with the impacts of cost of living, dealing with the refugee crisis and the wellbeing of our communities. Despite these challenges, we have made great progress in delivering on our key corporate objectives for 2024/25. This included the completion of the £1.5m Public Realm Scheme and Church Walk carpark enhancement in Hinckley town centre, progressing our successful Levelling Up deal of £19.9m for the delivery of a National Science and Conservation Centre at Twycross Zoo, and the £1.2m Richard III sculpture trail supporting our local tourism sector generating over £226m to the local economy. There are also arrange of programmes and grant schemes linked to town centre regeneration, rural communities, health and wellbeing, employment and skills and climate change. Of note are the range of key investment initiatives in carbon reduction, including the £250,000 solar array project for Hinckley Leisure Centre, the use of hydronated bio fuel for our refuse fleet, housing retrofit programmes, roll out of a community free tree scheme and investment in EV charging points in public car parks. On top of these achievements, we have facilitated a multi-million investment package for green fuel infrastructure and a hydrogen Hub at Mira Technology Park. We have also secured Better Care funding towards innovative housing projects targeting Damp & Mould and support for hoarders.

As we look forward into 2025/26, the economic outlook continues to remain very uncertain, as the economy emerges from the global shocks of the Pandemic, Russian invasion of Ukraine the Israeli crisis and global tariff wars creating uncertainty in financial markets with the potential of a period of recession. However, there are still plans locally for significant inward business investment to take place. This is illustrated by the continuing growth, the success of MIRA Enterprise Zone and Hinckley Business Park including investment plans of key local companies such the development of a new global HQ for Pallex. In addition, there is £34.6m public investment underway in the development of new health facilities in Hinckley.

The combined impact on the UK economy arising from COVID, Brexit the Ukrainian crisis and global tariff wars continues to be felt. This, coupled with over a decade of reductions in central

# Chief Executive’s Message

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government funding to local government, continues to place severe pressures on the Council. It is notable that the Council is the third worse-off district compared with all districts nationally in terms of government core funding. It seems certain these pressures on finances will most likely continue. Central government funding changes are still uncertain following another one-year settlement in 2025/26, which may add pressures to the Council's budgets going forward. Future challenges will relate to the local share of retained business rates, alongside the Fair Funding Review which continues to be delayed. This is a fundamental review by government on how to calculate the ‘needs’ of each authority in order to determine the amount of funding each local authority requires through grant funding. This continues to add further uncertainty for our budget setting in the medium term, as funding levels past 2025/26 are still not known. There are also increasing demands on our services from our communities. Other pressures relate to meeting climate change targets and greener investments in our housing stock, cost of living crisis and energy crisis and increase in energy costs on our leisure centre. Furthermore, it is likely that there will be new national requirements for our waste services, such as separate food waste collection, which will add to the pressures faced. The Council has invested over £1m capital spend to secure a new fleet to assist the implementation of new food waste services and a long term lease on new premises to future proof capacity to meet the requirements of the Environment Act for waste services.

In December 2024 the government launched the Devolution White Paper setting out plans for achieving Mayor Combined Authorities and Devolution deals across England. Of significance are the government's plans to secure local government re organisation of all 21 Two Tier Areas across England in this current Parliamentary term. This means the landscape of local government is changing dramatically. The Council has submitted an initial joint proposal with its six other Leicestershire districts and Rutland County Council based on three evenly balanced larger unitary councils – the North, City, South proposal. Alternative proposals have been submitted by the City and also by Leicestershire County Council. The East Midlands has seen the establishment of a Combined Authority for Nottinghamshire and Derbyshire areas along with a Devolution Deal which threatens future investment in Leicestershire. Whilst all District Councils in Leicestershire previously bid to be part of a Combined Authority and Devolution Deal for the East Midlands, this was not supported by the Upper Tier Authorities in Leicestershire.

Local Government is expected also to continue to implement efficiency savings and reduce costs, which we will do via shared services and alliances and through more coordinated activity, partnership working and making growth a priority at the local level. These are all factors that HBBC is committed to.

The Council continues to adapt to customer demands and the changing national context and highlights the priorities that form the basis for continued delivery and improvement of services within its new Corporate Plan under three clear headings:

- People            Helping people to stay healthy, active and in employment
- Places            Creating clean, sustainable and attractive places to live, visit and work in
- Prosperity        Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills and supporting regeneration

Key to ensuring the Borough responds effectively to the impacts of the economic challenges it faces as the economy recovers from a pandemic and the ongoing global issues caused by conflict is to have an effective Recovery Plan. The Council has worked effectively on its adopted Recovery Strategy and has worked closely with its partners including the Local Resilience Forum. The Council has also adopted an Investment Strategy and Economic Strategy to support local economic growth.

## Chief Executive's Message

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District Councils everywhere are also having to adapt and transform by becoming more pro-active in prevention linked to reducing demand on ours and other agencies' services: such as the police, the NHS and social care.

This Council will continue to develop its innovative approaches to dealing with demand, guided by its Prevention Strategy and complementary strategies such as its Digital Strategy, Economic Strategy, Rural Strategy, Health and Wellbeing Strategy and Climate Change and Biodiversity Strategy. The continued development and delivery of integrated approaches to addressing increasingly complex customer and community demands via ground-breaking initiatives, such as the Endeavour (Community Safety Partnership programme), the Lightbulb project (housing contribution to health offer) and VCS programme (Volunteer and Community Services infrastructure), will also play their part.

The Council will continue to play a proactive part in developing the detailed unitary proposals for Leicestershire, building on government feedback expected May 2025. It will in the meantime continue to explore effective ways of generating income and using money where it is needed to invest in all our communities; by generating new ways of self-financing; seeking commercial investment opportunities locally; and by having a greater say in Government and sub-regional partnerships, and all this whilst improving the efficiency of our services so valued by our local communities. Our updated Corporate Plan will be central to how Hinckley and Bosworth Borough Council move forward in all these areas and help shape the council's integration into a new unitary council.

# Narrative Report

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## Narrative report

Welcome to Hinckley & Bosworth Borough Council's Statement of Accounts for the year ended 31st March 2025 that details the financial position of the Council for the financial year 2024/25. This Narrative Report outlines the main issues affecting the Council and gives context in relation to the accompanying Financial Statements.

The Narrative Report also provides a fuller understanding of the performance of the council in relation to both financial and non-financial information and is structured into the following sections:

- An Introduction to Hinckley & Bosworth Borough Council
- The 2024/25 Revenue Budget Process.
- Financial Performance of the Council 2024/25
- Capital Strategy and Capital Programme
- Non-Financial Performance of the Council
- Corporate Risks

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2024/25.

## An Introduction to Hinckley & Bosworth Borough Council

The Borough of Hinckley and Bosworth has a population of approximately 114,000 and extends over a largely rural area of some 297 square kilometres in the south west of Leicestershire, from west of the city of Leicester in the east to the boundary with Warwickshire in the west. The main urban area of the borough focuses on the town of Hinckley and spreads to the adjoining parishes of Barwell, Earl Shilton and Burbage. The urban area is located at the south western tip of the borough and is home to around 60% of its residents. Public Health England notes that the health of people in Hinckley and Bosworth is generally better than the England average. About 12% (2,200) of children live in low income families. Life expectancy for both men and women is higher than the England average, although life expectancy is 5.4 years lower for men and 4.1 years lower for women in the most deprived areas of Hinckley and Bosworth than in the least deprived areas.

| Hinckley & Bosworth (population in thousands) | Male | Female | Persons |
|-----------------------------------------------|------|--------|---------|
| Population - 2022                             | 56   | 58     | 114     |
| Projected Population - 2025                   | 59   | 62     | 121     |

| England (population in thousands) | Male   | Female | Persons |
|-----------------------------------|--------|--------|---------|
| Population - 2022                 | 29,518 | 29,123 | 58,641  |
| Projected Population - 2025       | 30,443 | 31,591 | 62,034  |

The borough's traditional industries include hosiery, textiles, boot and shoe manufacturing. Today the manufacturing base has moved towards the automotive industries with key employers: HORIBA MIRA, which is a vehicle engineering hub with Enterprise Zone status; Triumph Motorcycles; and Caterpillar. In addition, Cadent (formerly known as National Grid) has a base in Hinckley and the borough is also home to a growing logistics and distribution cluster with the presence of major companies such as Neovia, Syncreon and DPD.

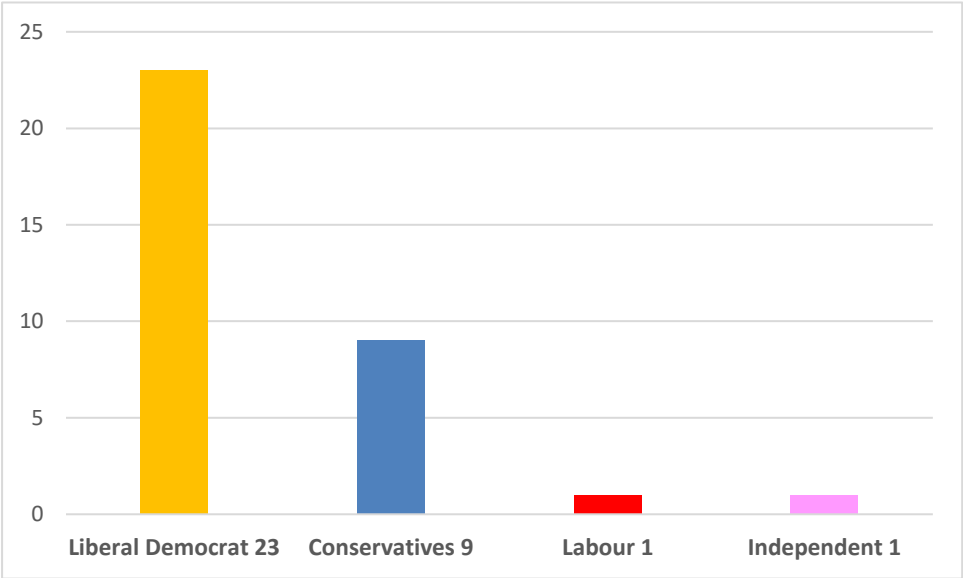


# Narrative Report

The Council is composed of 34 Councillors elected every four years. Councillors are democratically accountable to residents of their ward.

All Councillors meet together as the Council. Councillors decide the Council’s overall policies and set the budget each year. Decisions which are outside of the budget or policy framework have to be referred to Council. Other items reserved for Council include adopting and amending the Constitution, approving or adopting the policy framework, setting the budget, appointing the Leader of Council, electing the Mayor and appointing the Deputy Mayor and retaining overall responsibility for regulatory functions.

At the election in May 2019 the Liberal Democrats gained political control in this borough. Councillor Stuart Bray is Leader of the council. The composition of this council as at the 31<sup>st</sup> March 2025 is:



The Executive carries out all of the local authority’s functions which are not the responsibility of any other part of the local authority, whether by law or under the constitution, acting as the council’s Executive. The Executive consists of the Leader of Council together with six other councillors appointed by the Leader.

## Narrative Report

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Many of the functions which are the direct responsibility of Council rather than the Executive are administered by committees or panels made up from a subset of members. The committees and panels are:

- Audit Committee
- Ethical Governance and Personnel Committee
- Hinckley Area Committee
- Licensing (Regulatory) Committee
- Licensing Committee
- Planning Committee
- Statutory Officer Employment Panel

The Council also appoints the Scrutiny Commission and the Finance & Performance Committee to discharge functions conferred by the Local Government Act 2000. Committees of the overview & scrutiny function have the aim of improving services to the public and on their behalf by looking at internal and external issues and organisations and providing a 'critical friend' role to the Executive.

Hinckley & Bosworth Borough Council's vision is to be a place of Opportunity. Our corporate plan for 2024 to 2028 seeks to deliver our vision in creating great places to live, work and relax in, to have great places to go and shop, visit and be entertained and to provide opportunities to help our communities stay safe, healthy and active. It also seeks to promote places to invest in to improve the range and quality of local job opportunities.

Our plan will tell you how we intend to provide the right opportunities and services and provide them in the best way to improve the quality of life for everyone who lives and works in the borough of Hinckley and Bosworth. The plan does not include everything the council does, but it does set out our priorities, goals and ambitions for the next four years based on what our residents tell us are the most important matters to them. The council's Service Improvement Plans will be the mechanism that will deliver these ambitions.

We have brought those priorities together under three clear headings:

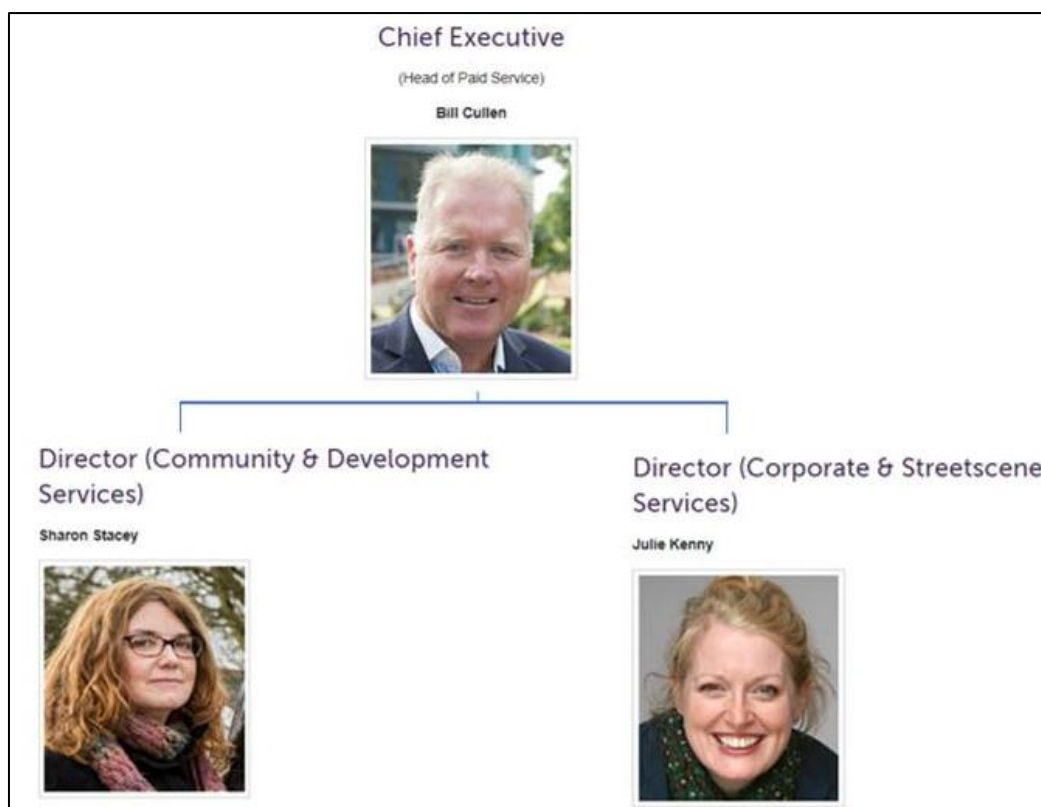
- People: Helping people to stay healthy, active, in work and protected from harm
- Places: Creating clean, sustainable and attractive places to live and work
- Prosperity: Encouraging sustainable economic and housing growth, attracting businesses, improving skills and supporting regeneration

Further details of a corporate plan can be found on our website.

# Narrative Report

## Corporate Operations

The Council's senior management structure is given below and is based on Directorate basis and is documented in the management structure chart below.



The SLT are responsible for implementation of the strategic goals of the Council as decided by members.

The number of Council employees and elected members for 2024/25 and prior year are as follows:

|                    | 31 March 2025 | 31 March 2024 |
|--------------------|---------------|---------------|
| Council Employees  | 468           | 449           |
| Elected Members    | 34            | 34            |
| <b>Total Staff</b> | <b>502</b>    | <b>483</b>    |

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 Council, Executive and the Scrutiny function. The Constitution 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.

The Council sets a target for sickness absence on an annual basis for all staff. Outturn against this target for 2024/25 and the previous year was as follows:

## Narrative Report

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| Target                                    | Target Days | Outturn 2024/25 Days | Outturn 2023/24 Days |
|-------------------------------------------|-------------|----------------------|----------------------|
| Working Days Lost due to Sickness Absence | 10          | 10.45                | 10.45                |

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. Sickness performance for 2024/25 was above the target and the final outturn was 10.45 days. This was lower than the previous year which was 11.39 days. Regular attendance management meetings are held by the Chief Executive with Chief Officers to understand the reasons for any instances that lead to high levels of sickness.

### The 2024/25 Revenue Budget Process

Every year the Council reviews its overall expenditure to identify efficiencies and ensure it can deliver services to local residents. The 2024/25 revenue budget process was prepared in light of the continued need to make reductions in expenditure but ensuring the Council priorities are progressed. The 2024/25 General Fund revenue budget has been prepared with clear links to the Council's strategic and service objectives. As well as reviewing revenue the Council also ensures capital development priorities are included in the Capital Programme which is approved at the same time as the revenue budget.

Part of our ongoing commitment to efficiency savings in relation to the cost of supplies and services, is to apply a rate of 0% to non-contract related expenditure. As the Retail Price Index (RPI) has stood around 3.3% in the year, the application of 0% represents an effective saving on running costs.

The salaries and wages budget is the most significant element of the revenue budget at just over £15.49 for the General Fund. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge.

## Narrative Report

In 2024/25 service expenditure has decreased to £15.9m from £17.8m. This is a reduction of almost £2m as given in table 2 below, but some of the main items in this movements are:

- Additional Pay Pressures - £1,005,000
- Net Additional Bed and Breakfast Costs - £500,000
- Accounting Adjustments (Pensions/Depreciation) – (£685,0000)
- Enterprise Zone Income – (£752,000)
- Distribution from the business rates pool (Estimate) – (£1,600,000)

Major variations are detailed below.

| Major variations                                                                   | £000s<br>(income/<br>Savings | £000s<br>Expenditure/<br>Pressures | Total          |
|------------------------------------------------------------------------------------|------------------------------|------------------------------------|----------------|
| Distribution from the business rates pool (Estimate)                               | (1,600)                      |                                    | (1,600)        |
| Enterprise Zone Income                                                             | (752)                        |                                    | (752)          |
| Additional Planning income                                                         | (175)                        |                                    | (175)          |
| Leisure Centre Management Fee                                                      | (65)                         |                                    | (65)           |
| Garden Waste Income *                                                              | (276)                        |                                    | (276)          |
| Inflation on Fees                                                                  | (85)                         |                                    | (85)           |
| Utilities                                                                          | (230)                        |                                    | (230)          |
| Energy Benchmarking (Leisure Centre)                                               | (50)                         |                                    | (50)           |
| One off Election saving                                                            | (165)                        |                                    | (165)          |
| Additional Pay Pressures                                                           | (52)                         | 1,005                              | 953            |
| Net Additional Bed and Breakfast Costs                                             | (100)                        | 600                                | 500            |
| UK Shared Prosperity Fund                                                          | (1,073)                      | 1,073                              | 0              |
| Waste Disposal Fee increase met by County Council                                  | (89)                         | 89                                 | 0              |
| Growth items                                                                       |                              | 495                                | 495            |
| Inflation on Supplies                                                              |                              | 180                                | 180            |
| Lump Sum Pensions                                                                  | (45)                         |                                    | (45)           |
| Additional fees big Bins and Commercial rents                                      | (63)                         |                                    | (63)           |
| Accounting Adjustments that are reversed to nullify impact on the Council Taxpayer | (685)                        |                                    | (685)          |
| Charges to the HRA                                                                 | (60)                         |                                    | (60)           |
| Retained Enterprise Zone Growth                                                    | (75)                         |                                    | (75)           |
| Additional DHP Costs                                                               |                              | 70                                 | 70             |
| Other minor variations                                                             |                              | 158                                | 158            |
| <b>Total</b>                                                                       | <b>(5,640)</b>               | <b>3,670</b>                       | <b>(1,970)</b> |

## Narrative Report

### Reserves

The Council has the following policies relating to levels of balances and reserves:

- Maintain general balances (non earmarked) at a minimum of 10% of Hinckley & Bosworth Borough Council's budget requirement, changed to an average of 15% over the life of the Medium Term Financial Strategy (MTFS).
- Any notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs Client account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account

### Financial Performance of the Council 2024/25

Financial Performance of the Council 2024/25

The outturn for 2024/25 saw a variance on the general fund compared with that anticipated position when the Budget was prepared in February 2025. The February 2025 revised budget included additional pressures primarily arising from prior year carry forwards of £0.985m and reprofiling of LLEP Pooled income which had a net impact of £0.8m. After taking account of adjustments to the budget, (e.g. virements and supplementary budgets and savings identified in year) the provisional outturn shows £17.76m being spent on services compared against a revised budget of £17.56m. The change was due primary to the following variations:-

|                                                     | (Under)/<br>Overspend |
|-----------------------------------------------------|-----------------------|
|                                                     | £m                    |
| Carry forward requests                              | (623)                 |
| Retained Designated Area growth shown within grants | 75                    |
| Element of LLEP income within interest              | 477                   |
| Additional Benefit Expenditure                      | 223                   |
| Pooled Distribution Income                          | (248)                 |
| Reprofiling of LLEP MIRA Assistance                 | 207                   |
| ICT underspends                                     | (150)                 |
| <b>Total Major Service Variations</b>               | <b>(39)</b>           |

## Narrative Report

A summary position to 31st March 2025 is set out below:

|                                                        | Original<br>Estimate<br>2024/25 | Revised<br>Estimate<br>2024/25 | Draft<br>Outturn<br>2024/25 |
|--------------------------------------------------------|---------------------------------|--------------------------------|-----------------------------|
|                                                        | £                               | £                              | £                           |
| <b>Corporate, Support &amp; Street Scenes Services</b> | 7,975,494                       | 9,402,741                      | 9,384,629                   |
| <b>Community Services &amp; Development Services</b>   | 7,876,842                       | 8,356,785                      | 8,179,453                   |
| <b>TOTAL SERVICE EXPENDITURE</b>                       | <b>15,852,336</b>               | <b>17,759,526</b>              | <b>17,564,082</b>           |
| <b>Less Special Expenses - Hinckley</b>                |                                 |                                |                             |
| <b>Parks</b>                                           | 588,680                         | 599,680                        | 568,228                     |
| <b>Cemeteries</b>                                      | 188,150                         | 188,150                        | 183,764                     |
| <b>Contribution towards Car parking</b>                | 32,450                          | 32,450                         | 32,450                      |
| <b>Proms in the Park</b>                               | 11,000                          | 11,500                         | 11,622                      |
| <b>Hinckley Town Centre Christmas Lights</b>           | 2,000                           | 2,000                          | 2,000                       |
| <b>Hinckley West Neighbourhood Watch</b>               | 6,000                           | 6,000                          | 6,000                       |
|                                                        | <b>828,280</b>                  | <b>839,780</b>                 | <b>804,064</b>              |
| <b>Special Expenses brought down</b>                   | (828,280)                       | (839,780)                      | (804,064)                   |
| <b>Capital Accounting Adjustment</b>                   | (1,022,850)                     | (1,034,850)                    | (1,052,826)                 |
| <b>External Interest Paid /(Received)</b>              | 332,751                         | 361,751                        | (98,912)                    |
| <b>flexi pay</b>                                       | 0                               | 0                              | (5,025)                     |
| <b>IAS 19 Adjustment</b>                               | (1,626,220)                     | (1,626,220)                    | (1,635,220)                 |
| <b>Transfer (from) Unapplied grants</b>                | (27,840)                        | (608,191)                      | (533,062)                   |
| <b>Transfer to Unapplied grants</b>                    | 0                               | 399,000                        | 880,599                     |
| <b>Carry forwards from prior year</b>                  | 0                               | (219,299)                      | (188,879)                   |
| <b>Carry forward to 2025/26</b>                        | 0                               | 0                              | 141,998                     |
| <b>Transfer to Reserves</b>                            | 3,755,474                       | 945,000                        | 1,091,929                   |
| <b>Use of Reserves</b>                                 | (3,206,766)                     | (1,928,918)                    | (1,838,918)                 |
| <b>Transfer (from) / to General Balances</b>           | 730,423                         | 751,009                        | 633,163                     |
| <b>HBBC Budget Requirement</b>                         | <b>13,959,028</b>               | <b>13,959,028</b>              | <b>14,154,865</b>           |

## Narrative Report

### Capital Strategy and Capital Programme 2024/25 to 2026/27

The Capital Programme (the Programme) is produced on an annual basis to cover the current year and forecasts for the next three financial years. The Programme supports the Council's Corporate Plan and Medium Term Financial Strategy and ensures that resources are allocated and are used effectively to achieve corporate targets.

The general fund programme is concentrated around achievement of four priority capital projects to aid the economic regeneration of the area and improve the facilities available for residents and council tax payer, namely:

- Rural Community assistance through the Developing Community Funds and the Parish and Communities Fund
- The Green spaces delivery plan
- UK Shared Prosperity Schemes
- Upgrade of Councils Operational Depots

The overall Capital Programme approved by Council in February 2025 for 2024/25 – 2026/27 is given below.

|                              | 2024/25<br>£000's | 2025/26<br>£000's | 2026/27<br>£000's | Total         |
|------------------------------|-------------------|-------------------|-------------------|---------------|
| <b>Expenditure</b>           | <b>25,872</b>     | <b>32,831</b>     | <b>14,055</b>     | <b>72,758</b> |
| <b><i>Financed from:</i></b> |                   |                   |                   |               |
| <b>Reserve</b>               | 6,338             | 6,189             | 5,789             | 18,316        |
| <b>Capital Receipts</b>      | 3,052             | 3,895             | 1,007             | 7,954         |
| <b>Borrowing</b>             | 10,564            | 20,375            | 5,637             | 36,576        |
| <b>Grant income</b>          | 5,918             | 2,373             | 1,622             | 9,913         |
| <b>Total financing</b>       | <b>25,872</b>     | <b>32,832</b>     | <b>14,055</b>     | <b>72,759</b> |

### Proposed Capital Programme - Housing Revenue Account

The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan.

These were:

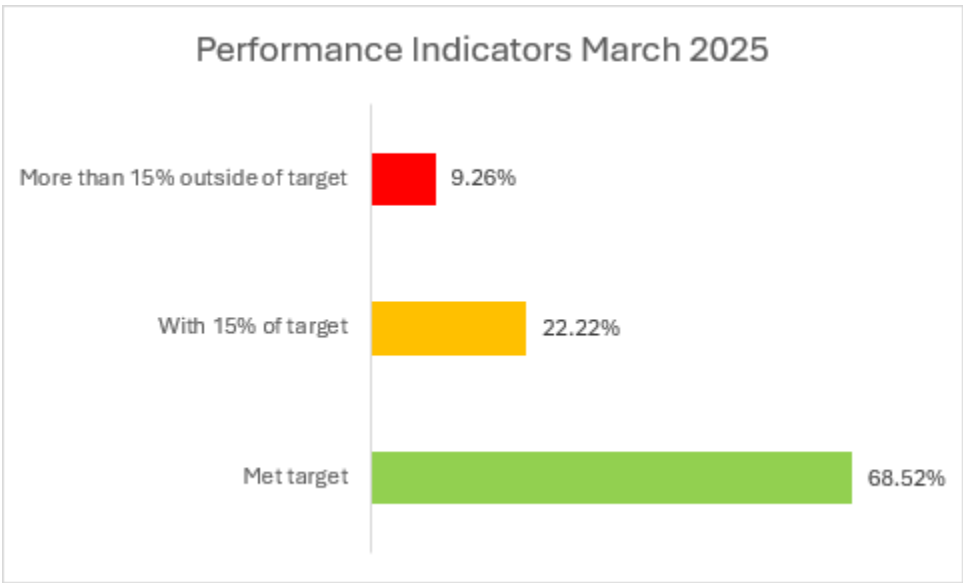
- Ongoing investment to existing stock
- Service improvements
- Affordable Housing Delivery



# Narrative Report

## Non-Financial Performance of the Council 2024/25

The Council uses plans and strategies at all levels of the organisation to plan and monitor the achievement of 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 service will achieve the corporate aims within a three year period. Plans are refreshed annually and progress against targets are managed through the INPhase performance management system. Performance reports are produced for service managers', team briefings, monthly and joint boards on a quarterly basis. Individual staff performance is monitored through annual performance development assessments and biannual reviews. Performance reports are produced for the Finance and Performance Committee quarterly, and annually in the Corporate Performance Plan. Action plans are in place for all performance indicators that have not been met.



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

# Narrative Report

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## Future Challenges and Opportunities

The narrative below sets out some of the more significant recent developments and changes to local government finance that have or may have an impact on the financial position of the Council:

**Local Government Reorganisation:** a key development is the drive by central government for there to be wide range Local Government reorganisation as set out in the English Devolution White Paper sets which is the Government proposal to transfer power out of Westminster through devolution and the reorganisation of council by the merger of two tier areas into larger unitary councils. Effectively bringing an end to the 164 district council that deliver service currently by the 1 April 2028.

The government's long-term vision is for what they see as larger "simpler" structures for residents to have local issues provided by and interact with, with more strategic decisions devolved to them. To do this all councils in remaining two-tier areas and neighbouring small unitaries to set out plans for a joint programme of devolution and local government reorganisation.

Although all the seven district and borough councils of Leicestershire and Rutland County Council, do not believe the current structure to be broken or inefficient, have worked closely together to create the shared vision which is built on a foundation of collaboration, evidence and engagement. The initial proposal submitted to Government is for three equally sized unitary councils to deliver all council services. One would serve North Leicestershire and Rutland, and one would serve South Leicestershire. They would work alongside Leicester City Council. This would mean on the 1 April 2028 Hinckley and Bosworth would become part of a new South Leicestershire Unitary Council if our proposal was successful. Other proposals are being returned to Government by Leicestershire County Council and Leicester City Council.

**Business rates:** As part of the current Business Rates Retention system, local authorities (the billing authority, county council and fire authority) retain a proportion of 50% of any growth in business rates over and above a centrally established baseline after a system of tariffs and levies. The review of the Retention system is a key part of Government changes announced, with the reset of business rates being planned for 2026/27. This has been included in the MTFS agreed in February 2025, with a potential need for new income and savings of £3.45m in 2027/28. However, there is ongoing consultation with government nationally, and changes may yet be made that would reduce or remove this requirement. .

Once more details are known following a consultation period with central government our outlook and forecasting basis will be updated as required.

**Council tax:** The Council has the capacity to vary council tax levels, but any increase above a threshold set by government is subject to a local referendum. For both 2024/25 and 2023/24, the threshold was 3%, but Council could set a minimum £5 increase as one of the allowable options. The Council set a £5 Band D increase in 2024/25 and a £5 increase in 2025/26.

**New homes bonus:** This is a grant awarded to authorities who demonstrate an increase in housing provision on an annual basis. The Council received £493,397 in 2024/25. The local government finance settlement for 2025/26 increased the funding to £526,141 for 2025/26. The Medium Term Financial Plan (MTFS) assumes that the Council will not receive New Homes Bonus in 2026/27 as the Government have indicated 2024/25 was the last year of payment.

**Other government funding:** The local government finance settlement for 2024/25 confirmed government support to the Council of Funding Guarantee Grant of £546,179; Services Grant of £18,144; and a Revenue Support Grant (RSG) of £204,575.

## Narrative Report

It is assumed that the Funding Guarantee Grant does not continue after 2024/25, and RSG will stop in 2026/27 as part of the business rates reset. However, the Government also announced an additional income nationally of £1.1bn from the Extended Producer Responsibility for packaging (pEPR), our share was £1,063,000 for 2025/26. This is expected to continue in 2026/27 and 2027/28. Which is expected to cover the loss of New Homes Bonus and other grants should there be a rest of business rates and these grants stop.

**Inflation pressures:** The high-inflation environment experienced over the last year have placed significant stress on the finances of the Council and its partner organisations. The continued global volatility arising out of the conflicts in Ukraine and Gaza, together with supply chain issues across numerous sectors of the economy, have an on-going impact on all services areas across the Council. Costs have shown signs of stabilising over recent months, albeit at increased levels.

**Levelling Up:** Under the UK Government's Levelling Up agenda to support local economic growth and regenerate town centres and high streets, the Council was successful in its bid to round 1 of the Levelling Up Fund (LUF) and was awarded £17.9 million to support investment a Council in partnership with Twycross Zoo. The investment will go towards a £22m Natural Science and Conservation Centre which will make a significant contribution to the midlands economy and particularly boost the £80 million that tourists already spend every year in the Hinckley and Bosworth area. Although the award was announced in 2021, the project has commended preparation for construction in the 2024/25 year, with completion expected in the first quarter of 2026/27.

**UK Shared Prosperity Fund:** The UK Shared Prosperity Fund is shared out to every place in the UK recognising that even the most affluent parts of the country contain pockets of deprivation and need support. The Fund for the years 2022/23 to 2024/25 was £2.6 billion in total. The Council received £2,600,011 over the period to 2024-25. For the next round of UKSPF for 2025/26, HBBC's allocation is £850,583 (Capital- £157,045/Revenue- £693,539). Projects will continue to be funded in the Council priority areas.

| Funding (£)             | 2022-23 | 2023-24 | 2024-25   | Total     |
|-------------------------|---------|---------|-----------|-----------|
| <b>UKSPF Allocation</b> | 315,535 | 631,071 | 1,653,405 | 2,600,011 |

**Biodiversity and Climate change action:** There are some new initiatives in the MTFS to show our commitments to these improvement in efficiency, which will reduce Co2 and lead to savings to the general fund from 2026/27. The table below gives estimated costs and potential savings. These have been included in the capital programme to develop a fully costs business case for members to approve at a later date.

| Building               | Work needed             | KWh per annum | CO2 reduction Tonnes | Investment | Savings per year |
|------------------------|-------------------------|---------------|----------------------|------------|------------------|
| <b>Atkins Building</b> | Solar Retro fit to Roof | 200,000       | 2,532                | £268,000   | £50,079          |
| <b>Jubilee Depot</b>   | Solar Retro fit to Roof | 369,950       | 4,684                | £453,000   | £104,083         |
| <b>Depot Unit</b>      | Solar Retro fit to Roof | 310,200       | 3,927                | £390,000   | £87,272          |

The Council has undertaken various works in the last few years contributing to its ambition of becoming carbon neutral in its internal operations and within the services it delivers by 2030. These include moving to electric vehicles for some of our light fleet, and investments in our housing stock to reduce CO2 emissions. The Council has done well in attracting funding to

## Narrative Report

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address specific climate change issues, which has been included in the MTFS where HBBC is the sole beneficiary. The Table below give the main sources of funding.

### Corporate plan and Council Priorities

The Financial statements show we has expenditure of just over £62m on the services we delivered, covering the wide ranges of activities carried out by the council from work on anti-social behaviour to planning, a full list of our services are on our website. The major spend areas were on staff costs of £20.3m and other service costs of £29.3m. This was mainly funded from Fees, charges and other service income of £26.7m, Government grants £25.5m, and Council tax and business rates of £12.2m.

This funding and expenditure delivers the wide range of services expected form a Council and the key priorities of the Corporate Plan in its key objectives for People, Places and Prosperity.

#### People:

##### CORPORATE PLAN AIMS:

- Enable and inspire older people to make the most of later life
- Maximise people's potential through employment and skills support
- Help people to stay healthy, be active and feel well
- Recognise diversity and celebrate what unites us
- Ensure that vulnerable residents are supported and the capacity of the local voluntary sector is sustained and developed
- Take measures to reduce crime and antisocial behaviour and protect people from harm
- Give children and young people the best start in life and offer them the opportunity to thrive in their communities

#### Places

##### CORPORATE PLAN AIMS:

- Keep our borough clean, green and safe
- Keep our town centres vibrant and viable
- Protect and improve our parks and open spaces for everyone across the borough
- Improve the quality of existing homes and enable the delivery of affordable housing
- Inspire standards of urban design that create attractive places to live
- Support and celebrate our cultural, tourism and heritage facilities and events for the benefit of residents and businesses alike
- Reduce our impact on the environment by working with partners towards delivering our Climate Change Strategy

#### Prosperity

##### CORPORATE PLAN AIMS:

- Boost economic growth and regeneration by encouraging investment that will provide new jobs and places to live and work all over the borough
- Support the regeneration of our town centres and villages
- Support our rural communities
- Work with partners to raise aspirations and boost opportunities for training, employment and housing
- Support tourism partners in promoting local attractions and growing local visitor economy
- Ensure businesses are supported to safeguard and maintain local employment opportunities

## Narrative Report

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- Provide direct investment in economic opportunities where opportunities arise and subject to the business case

Details of what was achieved is contained in our summary of achievement on our website but includes the following, amongst many other, prior achievements.

### People

- Supported 41 people to access employment and skills through our partnership with BEAM and 12 into housing.
- We have trained and employ 13 apprentices working in services across the council and supported six officers to achieve the Institute of Leadership and Management (ILM) level three and one officer to gain an ILM level five.
- We successfully supported 321 homelessness customers into different housing tenures.
- Introduced more robust procedures and processes to address and prevent damp and mould issues within our council homes. A total of 406 interventions took place consisting of the installation of 96 Envirovent de-humidifier extractor fans, 79 loft insulation top ups, 134 mould treatments, 52 rake out and re-point brickwork jobs & the installation of vents & airbricks to 45 locations.
- We installed 293 private lifelines to support independence.
- We've supported a number of Ukrainians who have arrived via the Homes for Ukraine and the family visa schemes. Our Ukraine response coordinator has supported Ukrainians to create their own community in the borough but also to integrate into existing communities. We continue to extend our support to over 225 Ukrainian individuals living in our district.

### Places

- Provided a garden waste collection service to 33,786 residents (77% of eligible residents) of the borough with circa 10,000 tonnes of garden waste being sustainably composted and used on a local farm thus treating and using the waste locally and sustainably.
- 2.2 million Recycling and garden waste collections completed per annum with overall cost of waste being 4th lowest amongst East Midlands Councils (Source LGA inform 2022/23).
- Transitioned to HVO fuel for all Refuse Collection Vehicles cutting emissions by up to 90%.
- We've delivered a range of heritage-led regeneration projects in Hinckley Town Centre as part of Historic England's High Street Heritage Action Zone programme. We worked with partners and property owners to collectively invest circa £1.65m on improvements to historic buildings and the public realm in the town centre. We've also produced guidance on property maintenance, installed heritage interpretation measures, and provided community and cultural events celebrating Hinckley's heritage.
- We acquired 12 new build homes in the financial year 2023/24.
- Over the course of 2023/24 there were a total of 37 town centre events bringing in an additional 38,962 visitors which was an increase on footfall of 33.75%. The events included Proms in the Park, Christmas Light Switch On, Feast Hinckley and Snapdragon, all extremely popular events in Hinckley.
- The Council now operates 50 EV charge points (25 twin sockets) at six sites, five of which are publicly accessible.

### Prosperity

- Developed a 'Education and Skills for a Strong Local Workforce' focus in the emerging HBBC Local Plan. This ensures any major developments proposed for the borough area must submit a Local Employment & Training Strategy (LETS) through S106 agreements

# Narrative Report

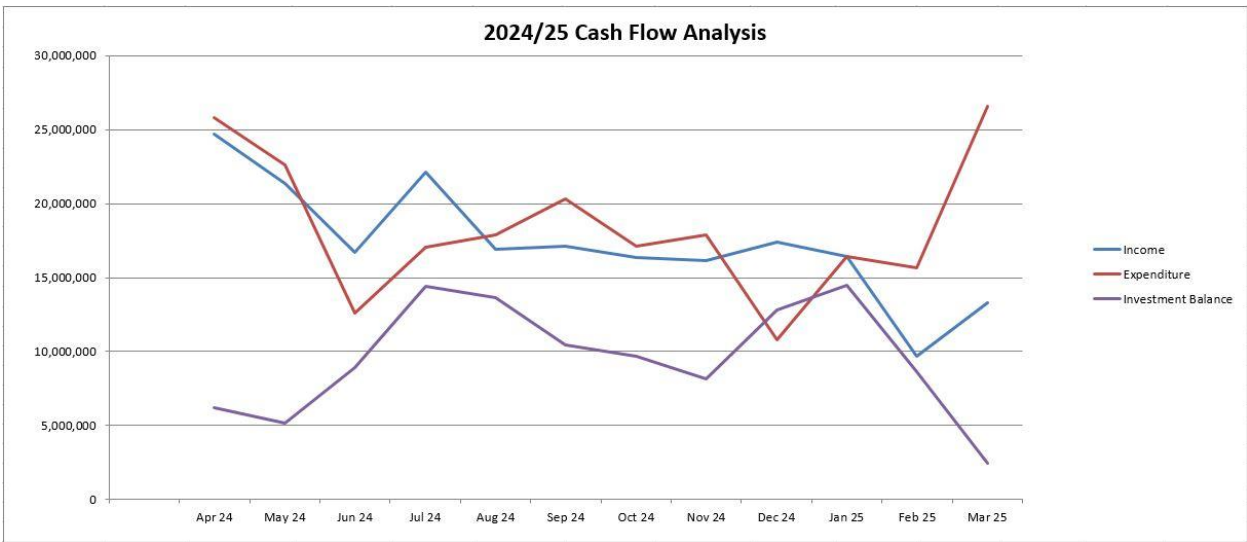
to encourage training and upskilling of their employees and engage local schools in careers site visits.

- Deliver Twycross National Science and Conservation Centre Following the successful bid for £17.9m of Levelling Up funds for the Twycross National Science and Conservation Centre, the council is supporting the zoo in progressing the project. This has included permission being granted by the Council’s Planning Committee for an extension to the zoo to deliver a National Science and Conservation Centre.
- Our annual TeenTech event which we jointly fund with MIRA Technology Institute (MTI) took place in February 2024. The event welcomed over 190 school pupils alongside business leaders as part of an event designed to inspire young people to think about careers in science, engineering and technology.
- Partnership funding with LLEP of £2.5m and with MIRA putting in £2.5m to transform an existing building at MIRA Technology Park into a Low Carbon Innovation centre. Invested £8million into hydrogen energy hubs and other key infrastructure to unlock further inward investments.

## Basis of Preparation and Presentation of the Accounts (Going Concern)

The Statement of Accounts 2024/25 has been prepared on a ‘going concern’ basis. This means the Council considers that it has sufficient financial resources to be able to continue in operation for the foreseeable future. The Council has a firmly embedded financial planning process, which includes the 2024/25 to 2027/28 MTFS. This includes the Chief Finance Officer’s statement regarding the adequacy of reserves and balances. All known events that could impinge on the Council’s ability to continue as a going concern are mitigated systematically. For example, budget deficits are primarily addressed through a mixed approach of using available reserves and as noted in our MTFS the need to identify new income or savings in future year, not expected to be needed until at least 2027/28. There is an established monthly reporting process the Senior Leadership Team and a quarterly reporting process to Scrutiny to monitor in year financial performance.

This is supported by a positive cash flow balance at the year end, with no significant cash flow issues in the year as per the graph below, which show cash income, Cash expenditure and cash balances and short term cash investments. The cash flow is forecast to stay positive in 2025/26.



## **Narrative Report**

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### **Corporate Risks (Covering future opportunities along with key risks)**

The Council has an embedded process to manage risks and assist in the achievement of its objectives, alongside national and local performance targets. Risk Management is incorporated into the Business Planning Process with all risks reviewed and monitored throughout the year by the senior leadership team and members on the Financial and Performance Scrutiny panel.

The Corporate Risk Register, which is refreshed each year and in year as needed and plays an integral role in supporting production of the Corporate Plan. The Corporate risks encompass, amongst other issues:

- Changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the future level of Government support mean that the Council cannot set a legal budget
- Devolution and Local Government Reorganisation and its impact on the Council and its services
- Business Continuity Management arrangements
- Workforce capacity
- Climate Emergency and delivery of key targets
- Increased homelessness presentations and temporary accommodation requirements
- Delivery of the Local Plan

### **Annual Governance Statement**

The Annual Governance Statement outlines the arrangements through which the Council manages risks. It identifies the future risks challenges the Council faces and actions requires to mitigate those risks to a reasonable level. No significant issues were identified for inclusion in 2024/25.

## Narrative Report

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### Material Changes

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

### Accounting Policies

The Council's Accounting Policies are contained in the Statement of Accounts from page 93 to page 106.

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting financial statements. They should be read in order to give an understanding to the numerical information disclosed in the financial statements.

The Council's Accounting Policies are reviewed on an annual basis and updated for any changes in the Code. There have been no significant changes to the accounting policies for 2024/25.

### Revenue Reserves

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

|                              | <b>2025<br/>£000's</b> | <b>2024<br/>£000's</b> |
|------------------------------|------------------------|------------------------|
| Earmarked Balances Reserves  | 5,082                  | 3,356                  |
| Coronavirus Grants set aside | 0                      | 2,214                  |
| General Fund Balances        | 1,914                  | 1,284                  |
| Housing Repairs Account      | 14                     | 73                     |
| Housing Revenue Account      | 1,232                  | 865                    |
| <b>Total</b>                 | <b>8,242</b>           | <b>7,792</b>           |

The Council holds the following policies in respect of fund balances:

- General Fund balances should be held at a minimum of 15% of the General Fund net budget requirement to meet the costs of any unforeseen events.
- Housing Revenue Account balances should be held at a minimum of £250 per property to ensure sufficient balances are maintained for central repairs.

### Pension Costs

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.



## Narrative Report

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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. A full triennial valuation of the scheme was conducted as at 31st March 2022.

Note 36 discloses a net pension liability of £8,327 million for the Council as at 31st March 2025 compared to £9.584 million at the March 2024. 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 impact on the General Fund and therefore Council Tax.

## Capital Expenditure and Disposals

Capital expenditure on Property, Plant and Equipment in 2024/25 was £15.801 million. Additional expenditure of £2.071 million was incurred on Revenue Expenditure Funded from Capital Under Statute (REFCUS).

The Council disposed of assets dwellings worth £0.601 million in the year.

# Narrative Report

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## External Borrowing

As at 31st March 2025 the Council had total external borrowing of £60.955 million 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 and Performance Committee. The main elements of these documents are reflected in Note 37.

In 2024/25 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 that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

## Provisions, Contingencies and Write Offs

The Balance Sheet contains provisions of £0.625 million as at 31st March 2025. Provisions have been disclosed in 2024/25 to provide for costs of planning appeal cases that are likely to require settlement in 2025/26.

Under Business Rates Retention guidelines, the Council is required to make provisions for refunding ratepayers, who have appealed against the rateable value of their property on the rating list and may be successful. A provision of £0.475 million has been estimated for this Council for 2024/25.

Where a liability is possible (but not likely) or the cost cannot be reliably estimated, a contingent liability is disclosed. Note 38 contains details of one contingent liability to acknowledge that further business rates appeals may be lodged in 2024/25 relating to rateable values previously decided. In order to ensure completeness of these disclosures, a formal review of provisions and contingencies is conducted annually by both the Strategic Leadership Team.

Write offs are processed by the Council on key income streams in line with the Debt Recovery Policy and also the Financial Procedure Rules. Total write offs for the 2024/25 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>2024/25<br/>£000's</b> | <b>2023/24<br/>£000's</b> |
|------------------------------------------------------|---------------------------|---------------------------|
| General Fund Write Offs                              | 16                        | 13                        |
| Housing Revenue Account Write Offs (including rents) | 172                       | 101                       |
| Collection Fund Write Offs                           | 321                       | 329                       |
| <b>Total Write Offs</b>                              | <b>509</b>                | <b>443</b>                |

## Narrative Report

### Resources Available to Support Future Capital Expenditure

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

|                                                       | 2025<br>£000's | 2024<br>£000's |
|-------------------------------------------------------|----------------|----------------|
| Unapplied Grants and Contributions                    | 816            | 844            |
| Usable Capital Receipts Reserve                       | 8,998          | 11,457         |
| Earmarked Revenue Reserve for Future Capital Projects | 4,833          | 7,298          |
| <b>Total available resources</b>                      | <b>14,647</b>  | <b>19,599</b>  |

The Council's Capital Programme is reviewed annually, and new estimates are approved at the same time as the revenue budget. The current General Fund Capital Programme and funding implications are detailed below. The programme is financed using a mix of funding streams.

|                                  | 2024/25<br>£000's | 2025/26<br>£000's | 2026/27<br>£000's |
|----------------------------------|-------------------|-------------------|-------------------|
| Corporate Support & Street Scene | 5,225             | 17,437            | 847               |
| Community & Development Services | 2,865             | 1,423             | 1,175             |
| <b>Expenditure Total</b>         | <b>8,090</b>      | <b>18,860</b>     | <b>2,022</b>      |
|                                  |                   |                   |                   |
| <b>General Financing</b>         |                   |                   |                   |
| Capital Receipts                 | 313               | 70                | 106               |
| Borrowing                        | 2,291             | 16,876            | 753               |
| Contribution from reserves       | 639               | 100               | 100               |
| Grants                           | 4,847             | 1,814             | 1,064             |
| <b>Financing Total</b>           | <b>8,090</b>      | <b>18,860</b>     | <b>2,023</b>      |

## Narrative Report

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### Housing Revenue Account

The financial statements of the Housing Revenue Account appear as an additional financial statement. The Housing Revenue Account shows the economic costs in the year of providing landlords, housing services. In 2024/25, the Housing Revenue Account had a surplus of £0.367 million compared with a surplus of £0.036 million in 2023/24. This position reflects the transfer of significant balances to the HRA Regeneration Reserve for future capital expenditure.

The Housing Repairs Account shows a deficit of £0.059 million in 2024/25 compared with a deficit of £0.054 million in 2023/24.

The total of both the Housing Revenue Account and Housing Repairs account balances at 31st March 2025 was £1.230 million compared with £0.922 million in 31st March 2024. The Housing Revenue Regeneration Reserve held a balance of £3.231 million.

### Collection Fund

From 1st 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 Collection Fund shows the amounts collected for Council Tax and national Non-Domestic Rates and how this income has been distributed, and these details are set out in the Collection Fund Statement. In 2024/25, the Collection Fund collected £133,776 million from Council Tax and National Non-Domestic Rates compared to £126,959 million in 2023/24.

### The Current Economic Climate and Medium Term Financial Strategy

The current economic climate 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 led services such as benefits payments and homelessness.
- 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.

The impact of measures enacted by Government, means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes 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 (BRR), Localisation of Council Tax support (LCTS) and New Homes Bonus (NHB). Changes in these areas are going to increase in size and scope due to Local Government reorganisation and the changes in business rates from a reset in 2026/27 and the basis in which funds are distributed by Government. That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.

## Narrative Report

These changes and the general move to local self-reliance has meant the Council has to look for income from other sources and has had to make difficult decisions in relation to the level of Council Tax it will charge. Key decisions in this area have been to accept the government's offer to increase the Council Tax by £5 each year for the period of the MTFS, as the Council is in the bottom quartile of charge levied in England and Wales. The MTFS approved in February 2025 indicates savings of £3.45m will be required but not until 2027/28. There will hopefully be greater clarity in December 2025 as part of the final settlement announcement by Government.

The council continues to minimise increases to fees and charges (e.g. car parking charges) to assist local residents and businesses which means that the Council's budgets continue to be under pressure. The financial modelling and forecast contained in the MTFS have included these factors. In Leicestershire, the County Council's notes it is facing significant financial, demographic and service demand challenges. It is looking at how it can make savings from interactions with partners or increase income. 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:

**Table 1: Ten strategic financial objectives**

|                                                                                                                                                                                          |                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 1. The Council should allocate resources to services in line with the Corporate Aims and Ambitions.                                                                                      | 6. Capital expenditure is properly appraised.                                                              |
| 2. Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework.                                                          | 7. When funding the Capital Programme, all funding options are considered.                                 |
| 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. | 8. To review levels and purpose of Reserves and Balances.                                                  |
| 4. To review the scale of fees and charges at least annually.                                                                                                                            | 9. To maintain sustainable Council Tax increases.                                                          |
| 5. To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.                                                            | 10. To increase efficiency savings and generate funding through shared services and collaborative working. |

## Publication of Accounts

The Statements have been prepared in accordance with the 2024/25 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).

As well as the narrative report, the information included within the financial statement included covers the core statements, the supplementary statements and the Annual Governance statement. Further details are given below:

## Narrative Report

**Table 2: Information included within the financial statement**

|                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Comprehensive Income and Expenditure Statement (CIES)</b>                   | <p>This covers the sources of all income received and the cost of providing services in the year based on International Financial Reporting Standards and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), rather than the amount funded from Council Tax, and other Government grants.</p> <p>The amount funded from Council Tax and Government grants differ from the information in CIES by a series of amendments made in accordance with regulations, these amendments are reflected through the Movement in Reserves Statement.</p>                                                                                                        |
| <b>Movement in Reserves Statement (MIRS)</b>                                   | <p>The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required. They include the general fund, earmarked reserves and the capital receipts reserve.</p> <p>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.</p> |
| <b>Expenditure &amp; Funding Analysis</b>                                      | <p>This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.</p>                                                                                                                                                                                                                                                                                                                                             |
| <b>Balance Sheet</b>                                                           | <p>The Balance sheet gives the value of the Council's assets and liabilities at the financial year end, referred to as the Balance Sheet date. The net position of the total assets less total liabilities are matched by the overall level of reserves held.</p>                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Cash Flow Statement</b>                                                     | <p>The cash flow statement discloses movements in cash flows of the authority during the financial year. The cash flow statement shows movements in the authority's cash and cash equivalents. Cash equivalents include short term investments that are easily changeable in to cash and only have an insignificant risk of changes in value.</p>                                                                                                                                                                                                                                                                                                                                     |
| <b>Notes to the financial statements</b>                                       | <p>These include a summary of significant accounting policies that guide our basis for the way items are accounted for, notes that give further information on items included in the main financial statements and other explanatory information.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Supplementary Statements: Housing Revenue Accounts, and Collection Fund</b> | <p>These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing; this has to be shown separately and has its own set of notes giving more detailed information. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for Central Government, Leicestershire County Council, Leicestershire Police &amp; Crime Commissioner, Leicester,</p>                                                                                                                                                             |

## Narrative Report

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|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                    | Leicestershire and Rutland Combined Fire Authority and on behalf of Town & Parish Councils.                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Annual Governance Statement</b> | The Council has approved and adopted a code of corporate governance, which is consistent with the national requirements on good governance in local government. The Annual Governance Statement provide a summary of how the Council has reviewed compliance with this code, the role of the governance structures involved, such as the Audit Committee and other Committees as relevant to governance, and any issues, if any are identified and proposed action needed. |

These Statements are supported by accompanying notes.

These unaudited accounts were approved for publication on 30<sup>th</sup> June 2025 by A Wilson, Head of Finance. Events after the Balance Sheet Date have been considered up to this date and disclosed in Note 5.



A Wilson FCCA, BCom (Acc) (Hons)  
Head of Finance (Section 151 Officer)

Date:- 30/06/25

## Statement of Responsibilities

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

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 Head of Finance.
- b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c) Approve the Statement of Accounts.

### **The Head of Finance's Responsibilities**

The Head of Finance 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 (The Code).

In preparing this Statement of Accounts, the Head of Finance has:

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

The Head of Finance 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 2025.

A.Wilson, FCCA, BCom(Acc) (Hons)



Head of Finance

Date:- 30/06/25



### Core financial statements

#### **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' (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 and dwellings rent setting purposes respectively. The "Net increase/decrease before transfers to earmarked reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

#### **The Comprehensive Income and Expenditure Statement**

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 include 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, because they arise out of asset changes rather than from the entity's operating performance that 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**

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**

The Cash Flow statement shows how the Council generates and uses cash and cash equivalents and is produced using CIPFA's indirect method.

#### **The Expenditure and Funding Analysis note**

The Expenditure & Funding Analysis note provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES. It also shows how the expenditure is allocated for decision making purposes between directorates/services. This change has enabled the previous segmental reporting requirements to be streamlined. The changes will remove some of the complexities of the current segmental note.

## Movement in Reserves Statement

|                                                                                    | General<br>Fund<br>Balance | Housing<br>Revenue<br>Account | Capital<br>Receipts<br>Reserve | Major<br>Repairs<br>Reserve | Capital<br>Grants<br>Unapplied<br>Reserve | Total<br>Usable<br>Reserves | Unusable<br>Reserve | Total<br>Authority<br>Reserves |
|------------------------------------------------------------------------------------|----------------------------|-------------------------------|--------------------------------|-----------------------------|-------------------------------------------|-----------------------------|---------------------|--------------------------------|
|                                                                                    | £'000                      | £'000                         | £'000                          | £'000                       | £'000                                     | £'000                       | £'000               | £'000                          |
| <b>Balance at 31 March 2023 carried forward</b>                                    | <b>8,903</b>               | <b>5,749</b>                  | <b>10,959</b>                  | <b>929</b>                  | <b>3,056</b>                              | <b>29,598</b>               | <b>212,293</b>      | <b>241,891</b>                 |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>(4,393)</b>             | <b>2,158</b>                  | <b>0</b>                       | <b>0</b>                    | <b>0</b>                                  | <b>(2,235)</b>              | <b>(15,052)</b>     | <b>(17,287)</b>                |
| Adjustments between accounting basis & funding basis<br>under regulations (Note 6) | 4,465                      | (4,046)                       | 498                            | (886)                       | 2                                         | 33                          | (33)                | 0                              |
| <b>Increase/(Decrease) in Year</b>                                                 | <b>72</b>                  | <b>(1,888)</b>                | <b>498</b>                     | <b>(886)</b>                | <b>2</b>                                  | <b>(2,202)</b>              | <b>(15,085)</b>     | <b>(17,287)</b>                |
| <b>Balance at 31 March 2024 carried forward</b>                                    | <b>8,975</b>               | <b>3,861</b>                  | <b>11,457</b>                  | <b>43</b>                   | <b>3,058</b>                              | <b>27,396</b>               | <b>197,208</b>      | <b>224,604</b>                 |
| <b>Total Comprehensive Income and Expenditure</b>                                  | <b>(489)</b>               | <b>3,727</b>                  | <b>0</b>                       | <b>0</b>                    | <b>0</b>                                  | <b>3,238</b>                | <b>7,677</b>        | <b>10,915</b>                  |
| Adjustments between accounting basis & funding basis<br>under regulations (Note 6) | (129)                      | (2,927)                       | (2,459)                        | 0                           | 70                                        | (5,445)                     | 5,445               | 0                              |
| <b>Increase/(Decrease) in Year</b>                                                 | <b>(618)</b>               | <b>800</b>                    | <b>(2,459)</b>                 | <b>0</b>                    | <b>70</b>                                 | <b>(2,207)</b>              | <b>13,122</b>       | <b>10,915</b>                  |
| <b>Balance at 31 March 2025 carried forward</b>                                    | <b>8,357</b>               | <b>4,661</b>                  | <b>8,998</b>                   | <b>43</b>                   | <b>3,128</b>                              | <b>25,189</b>               | <b>210,330</b>      | <b>235,519</b>                 |
| Fund Balances                                                                      |                            |                               |                                |                             |                                           |                             |                     |                                |
| Earmarked Reserve                                                                  | 6,443                      | 3,429                         |                                |                             |                                           |                             |                     |                                |
| Fund Balance                                                                       | 1,914                      | 1,232                         |                                |                             |                                           |                             |                     |                                |
| <b>Balance at 31 March 2025 carried forward</b>                                    | <b>8,357</b>               | <b>4,661</b>                  |                                |                             |                                           |                             |                     |                                |

## Comprehensive Income and Expenditure Statement

| 2023/24           |                 |                       | Note | 2024/25           |                 |                       |
|-------------------|-----------------|-----------------------|------|-------------------|-----------------|-----------------------|
| Gross Expenditure | Gross Income    | Expenditure/ (Income) |      | Gross Expenditure | Gross Income    | Expenditure/ (Income) |
| £'000             | £'000           | £'000                 |      | £'000             | £'000           | £'000                 |
| 16,622            | (5,748)         | 10,874                |      | 12,726            | (5,597)         | 7,129                 |
| 30,013            | (22,968)        | 7,045                 |      | 30,905            | (23,604)        | 7,301                 |
| 12,359            | (15,869)        | (3,510)               |      | 12,497            | (17,584)        | (5,087)               |
| <b>58,994</b>     | <b>(44,585)</b> | <b>14,409</b>         |      | <b>56,128</b>     | <b>(46,785)</b> | <b>9,343</b>          |
|                   |                 |                       |      |                   |                 |                       |
| 2,353             | 0               | 2,353                 | 8    | 2,744             | 0               | 2,744                 |
| 3,068             | (1,414)         | 1,654                 | 9    | 3,489             | (1,113)         | 2,376                 |
| 0                 | (16,181)        | (16,181)              | 10   | 0                 | (17,701)        | (17,701)              |
| <b>64,415</b>     | <b>(62,180)</b> | <b>2,235</b>          |      | <b>62,361</b>     | <b>(65,599)</b> | <b>(3,238)</b>        |
|                   |                 |                       |      |                   |                 |                       |
|                   |                 | 5,159                 | 11   |                   |                 | (7,128)               |
|                   |                 | 9,893                 | 36   |                   |                 | (549)                 |
|                   |                 | <b>15,052</b>         |      |                   |                 | <b>(7,677)</b>        |
|                   |                 | <b>17,287</b>         |      |                   |                 | <b>(10,915)</b>       |

## Balance Sheet

| As at 31<br>March 2024<br>£'000 |                                    | Note | As at 31<br>March 2025<br>£'000 |
|---------------------------------|------------------------------------|------|---------------------------------|
| 317,059                         | Property, Plant & Equipment        | 11   | 332,572                         |
| 121                             | Heritage Assets                    | 12   | 278                             |
| 130                             | Intangible Assets                  | 13   | 56                              |
| 7,714                           | Long Term Receivables              | 17   | 7,287                           |
| <b>325,024</b>                  | <b>Long Term Assets</b>            |      | <b>340,193</b>                  |
| 7,100                           | Short Term Investments             | 16   | 150                             |
| 15                              | Inventories                        |      | 25                              |
| 7,789                           | Short Term Receivables             | 18   | 8,919                           |
| 401                             | Cash and Cash Equivalents          | 15   | 2,269                           |
| <b>15,305</b>                   | <b>Current Assets</b>              |      | <b>11,363</b>                   |
| (743)                           | Cash and Cash Equivalents          | 15   | (631)                           |
| (10,346)                        | Short Term Borrowing               | 37   | (10,356)                        |
| (12,064)                        | Short Term Payables                | 19   | (16,018)                        |
| (567)                           | Short Term Lease Liability         | 34   | (378)                           |
| (629)                           | Provisions                         | 20   | (625)                           |
| <b>(24,349)</b>                 | <b>Current Liabilities</b>         |      | <b>(28,008)</b>                 |
| (9,759)                         | Long Term Payables                 | 19   | (9,336)                         |
| (64,311)                        | Long Term Borrowing                | 37   | (60,955)                        |
| (16,655)                        | Other Long Term Liabilities        | 21   | (15,978)                        |
| (651)                           | Capital Grants Receipts in Advance |      | (1,760)                         |
| <b>(91,376)</b>                 | <b>Long Term Liabilities</b>       |      | <b>(88,029)</b>                 |
| <b>224,604</b>                  | <b>Net Assets</b>                  |      | <b>235,519</b>                  |
| 27,396                          | Usable Reserves                    | 22   | 25,189                          |
| 197,208                         | Unusable Reserves                  | 23   | 210,330                         |
| <b>224,604</b>                  | <b>Total Reserves</b>              |      | <b>235,519</b>                  |

## Cash Flow Statement

| <b>2023/24</b>      |                                                                                                                                  |             | <b>2024/25</b>      |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------|
| <b>£'000</b>        |                                                                                                                                  | <b>Note</b> | <b>£'000</b>        |
| (2,235)             | Net surplus or (deficit) on the provision of services                                                                            |             | 3,238               |
| 1,803               | Adjustment to surplus or deficit on the provision of services for noncash movements                                              |             | 10,104              |
| (1,847)             | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities |             | (367)               |
| <u>(2,279)</u>      | Net Cash flows from Operating Activities                                                                                         | 24          | <u>12,975</u>       |
| (2,678)             | Net Cash flows from Investing Activities                                                                                         | 25          | (7,966)             |
| <u>1,225</u>        | Net Cash flows from Financing Activities                                                                                         | 26          | <u>(3,029)</u>      |
| <u>(3,732)</u>      | Net increase or decrease in cash and cash equivalents                                                                            |             | <u>1,980</u>        |
| 3,390               | Cash and cash equivalents at the beginning of the reporting period                                                               |             | (342)               |
| <u><b>(342)</b></u> | Cash and cash equivalents at the end of the reporting period                                                                     | 15          | <u><b>1,638</b></u> |

## Expenditure and Funding Analysis

2024/25

|                                                         | As reported<br>for resource<br>management<br>£'000 | Adjustment<br>to arrive at<br>the net<br>amount<br>chargeable<br>to General<br>Fund and<br>HRA<br>Balances<br>£'000 | Net<br>Expenditure<br>chargeable<br>to the<br>General<br>Fund and<br>HRA<br>£'000 | Adjustments<br>between<br>Funding and<br>Accounting<br>Basis<br>£'000 | Net<br>Expenditure in<br>the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£'000 |
|---------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Community Development<br>Services                       | 5,441                                              | (225)                                                                                                               | 5,216                                                                             | 1,913                                                                 | 7,129                                                                                            |
| Corporate & Street Scene<br>Services                    | 12,118                                             | (7,251)                                                                                                             | 4,867                                                                             | 2,434                                                                 | 7,301                                                                                            |
| Housing (HRA)                                           | (7,148)                                            | 3,913                                                                                                               | (3,235)                                                                           | (1,852)                                                               | (5,087)                                                                                          |
| Net cost of Services                                    | 10,411                                             | (3,563)                                                                                                             | 6,848                                                                             | 2,495                                                                 | 9,343                                                                                            |
| Other Income and Expenditure                            | (7,246)                                            | 216                                                                                                                 | (7,030)                                                                           | (5,551)                                                               | (12,581)                                                                                         |
| Surplus or Deficit                                      | 3,165                                              | (3,347)                                                                                                             | (182)                                                                             | (3,056)                                                               | (3,238)                                                                                          |
| Opening General Fund and HRA Balance                    |                                                    |                                                                                                                     | 12,836                                                                            |                                                                       |                                                                                                  |
| Less Deficit on General Fund and HRA Balances           |                                                    |                                                                                                                     | 182                                                                               |                                                                       |                                                                                                  |
| <b>Closing General Fund and HRA Balance at 31 March</b> |                                                    |                                                                                                                     | <b>13,018</b>                                                                     |                                                                       |                                                                                                  |

## Expenditure and Funding Analysis

2023/24

|                                                         | As reported<br>for resource<br>management<br>£'000 | Adjustment<br>to arrive at<br>the net<br>amount<br>chargeable<br>to General<br>Fund and<br>HRA<br>Balances<br>£'000 | Net<br>Expenditure<br>chargeable<br>to the<br>General<br>Fund and<br>HRA<br>£'000 | Adjustments<br>between<br>Funding and<br>Accounting<br>Basis<br>£'000 | Net<br>Expenditure in<br>the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£'000 |
|---------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Community Development<br>Services                       | 5,979                                              | (1,639)                                                                                                             | 4,340                                                                             | 6,534                                                                 | 10,874                                                                                           |
| Corporate & Street Scene<br>Services                    | 10,421                                             | (5,056)                                                                                                             | 5,365                                                                             | 1,680                                                                 | 7,045                                                                                            |
| Housing (HRA)                                           | (6,052)                                            | 5,912                                                                                                               | (140)                                                                             | (3,370)                                                               | (3,510)                                                                                          |
| Net cost of Services                                    | 10,348                                             | (783)                                                                                                               | 9,565                                                                             | 4,844                                                                 | 14,409                                                                                           |
| Other Income and Expenditure                            | (7,883)                                            | 134                                                                                                                 | (7,749)                                                                           | (4,425)                                                               | (12,174)                                                                                         |
| Surplus or Deficit                                      | 2,465                                              | (649)                                                                                                               | 1,816                                                                             | 419                                                                   | 2,235                                                                                            |
| Opening General Fund and HRA Balance                    |                                                    |                                                                                                                     | 14,652                                                                            |                                                                       |                                                                                                  |
| Less Deficit on General Fund and HRA Balances           |                                                    |                                                                                                                     | (1,816)                                                                           |                                                                       |                                                                                                  |
| <b>Closing General Fund and HRA Balance at 31 March</b> |                                                    |                                                                                                                     | <b>12,836</b>                                                                     |                                                                       |                                                                                                  |

## NOTES TO THE *Comprehensive Income and Expenditure Statement*

### Note to the Expenditure and Funding Analysis

**2024/25**

| <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b> | <b>Adjustments for Capital Purposes</b> | <b>Net Change for the Pensions Adjustments</b> | <b>Other Differences</b> | <b>Total Adjustments</b> |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------|--------------------------|--------------------------|
|                                                                                                              | <b>£'000</b>                            | <b>£'000</b>                                   | <b>£'000</b>             | <b>£'000</b>             |
| Community Development Services                                                                               | 1,912                                   | 0                                              | 1                        | 1,913                    |
| Corporate & Street Scene Services                                                                            | 2,090                                   | 0                                              | 345                      | 2,435                    |
| HRA - Housing Revenue Account                                                                                | (1,715)                                 | (137)                                          | 0                        | (1,852)                  |
| <b>Net Cost of Services</b>                                                                                  | <b>2,287</b>                            | <b>(137)</b>                                   | <b>346</b>               | <b>2,496</b>             |
| <b>Other income and expenditure</b>                                                                          | <b>(4,980)</b>                          | <b>(572)</b>                                   |                          | <b>(5,552)</b>           |
| <b>Total</b>                                                                                                 | <b>(2,693)</b>                          | <b>(709)</b>                                   | <b>346</b>               | <b>(3,056)</b>           |

**2023/24**

| <b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b> | <b>Adjustments for Capital Purposes</b> | <b>Net Change for the Pensions Adjustments</b> | <b>Other Differences</b> | <b>Total Adjustments</b> |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------|--------------------------|--------------------------|
|                                                                                                              | <b>£'000</b>                            | <b>£'000</b>                                   | <b>£'000</b>             | <b>£'000</b>             |
| Community Development Services                                                                               | 6,533                                   | 0                                              | 1                        | 6,534                    |
| Corporate & Street Scene Services                                                                            | 1,678                                   | 0                                              | 2                        | 1,680                    |
| HRA - Housing Revenue Account                                                                                | (3,237)                                 | (133)                                          | 0                        | (3,370)                  |
| <b>Net Cost of Services</b>                                                                                  | <b>4,974</b>                            | <b>(133)</b>                                   | <b>3</b>                 | <b>4,844</b>             |
| <b>Other income and expenditure</b>                                                                          | <b>(3,852)</b>                          | <b>(656)</b>                                   | <b>83</b>                | <b>(4,425)</b>           |
| <b>Total</b>                                                                                                 | <b>1,122</b>                            | <b>(789)</b>                                   | <b>86</b>                | <b>419</b>               |



## NOTES TO THE *Comprehensive Income and Expenditure Statement*

### Supplementary Analysis for the CIES Expenditure and Income Analysed by Nature

| Expenditure/Income                                                | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-------------------------------------------------------------------|------------------|------------------|
| <b>Expenditure</b>                                                |                  |                  |
| Employee benefits expenses                                        | 20,257           | 19,197           |
| Other services expenses                                           | 29,288           | 33,944           |
| Depreciation, amortisation and impairment                         | 6,733            | 5,987            |
| Interest Payments - Note 9                                        | 2,901            | 2,930            |
| Precepts and Levies - Note 8                                      | 2,776            | 2,459            |
| Pension Interest costs - Note 9                                   | 438              | 4                |
| Payments to Housing Capital Receipts Pool - Note 8                | 0                | 0                |
| Gain on the disposal of assets - Note 8                           | (32)             | (106)            |
| <b>Total Expenditure</b>                                          | <b>62,361</b>    | <b>64,415</b>    |
| <b>Income</b>                                                     |                  |                  |
| Fees, charges and other service income                            | (26,706)         | (23,979)         |
| Interest and investment income - Note 9                           | (1,113)          | (1,414)          |
| Income from council tax, non-domestic rates, district rate income | (12,233)         | (11,379)         |
| Government grants and contributions - Note 30                     | (25,547)         | (25,408)         |
| <b>Total Income</b>                                               | <b>(65,599)</b>  | <b>(62,180)</b>  |
| <b>Surplus or Deficit on the Provision of Services</b>            | <b>(3,238)</b>   | <b>2,235</b>     |

### Supplementary Analysis for the CIES Segment Reporting

|                                  | Community<br>Development<br>Services<br>£'000 | Corporate &<br>Street Scene<br>Services<br>£'000 | HRA<br>£'000 | Total<br>£'000 |
|----------------------------------|-----------------------------------------------|--------------------------------------------------|--------------|----------------|
| <b>2024/25</b>                   |                                               |                                                  |              |                |
| Revenues from External Customers | (3,164)                                       | (7,088)                                          | (16,454)     | (26,706)       |
| <b>2023/24</b>                   |                                               |                                                  |              |                |
| Revenues from External Customers | (2,870)                                       | (5,972)                                          | (15,137)     | (23,979)       |

### Notes to the Core Financial Statements

#### **1. Accounting Standards that Have Been Issued but Have Not Yet Been Adopted**

The following Standards have also been issued / amended but are not yet adopted – these are not considered to have a material impact on the Council's accounts.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy

#### **2. Critical Judgements in Applying Accounting Policies**

In applying the Accounting Policies, 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:

- In preparing the 2024/25 financial statements the Council have completed a review of property plant and equipment held to review the basis of the valuation. This has been completed with the involvement of our external value's.
- 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 or reduce levels of service provision.
- 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.

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

The Accounting Policies describe 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.

## NOTES TO THE *Core Financial Statements*

The items in the Council's Balance Sheet at 31st March 2025 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

**Table 3: Uncertainties**

| 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.</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 £0.008327 million.</li> </ul> |
| Provisions                    | <p>The council has made provision in relation to National Non-Domestic Rate Appeals. This provision is based on an estimation of any future liability and the likelihood that these costs will be incurred.</p>                                                                                                                                                                                                                                                                                                                                                                               | <p>If the estimates used in the calculation of the provision prove to be inaccurate then there will be further income or expenditure incurred by the General Fund via the Collection Fund.</p>                                                                                                                                                                                                                                                                                                                                                                                              |

## 4. Material Items of Income and Expenditure

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

### 5. Events After the Balance Sheet Date

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

#### **Adjusting Events**

Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

#### **Non-adjusting Events**

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Statement of Accounts were authorised for issue on 30<sup>th</sup> June 2025 by A. Wilson, Head of Finance.

Events taking place after this date are not reflected in the financial statements or notes.

## 6. Adjustments between Accounting Basis and Funding Basis under Regulation

| 2024/25                                                                                                                                                                     | General Fund Balance<br>£'000 | Housing Revenue Account<br>£'000 | Capital Receipts Reserve<br>£'000 | Major Repair Reserves<br>£'000 | Capital Grants Unapplied<br>£'000 | Movement in Unusable Reserves<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|----------------------------------------|
| <b>Adjustments 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 and amortisation of non-current assets                                                                                                             | (1,929)                       | (3,795)                          | 0                                 | 0                              | 0                                 | 5,724                                  |
| Revaluation losses/gains on Property Plant and Equipment                                                                                                                    | (1,065)                       | 55                               | 0                                 | 0                              | 0                                 | 1,010                                  |
| Revenue expenditure funded from capital under statute                                                                                                                       | (2,071)                       | 0                                | 0                                 | 0                              | 0                                 | 2,071                                  |
| Capital expenditure financed from Unapplied Grants and Contributions                                                                                                        | 2,071                         | 1,076                            | 0                                 | 0                              | 0                                 | (3,147)                                |
| 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                    | 0                             | (601)                            | 0                                 | 0                              | 0                                 | 601                                    |
| Capital expenditure charged to fund balances                                                                                                                                | 0                             | 0                                | 0                                 | 0                              | 0                                 | 0                                      |
| <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                                                                                                                 | 2,129                         | 0                                | 0                                 | 0                              | 0                                 | (2,129)                                |
|                                                                                                                                                                             | (865)                         | (3,265)                          | 0                                 | 0                              | 0                                 | 4,130                                  |
| <b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>                                                                                                 |                               |                                  |                                   |                                |                                   |                                        |
| Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement                                                                   | 304                           | 0                                | 0                                 | 0                              | (304)                             | 0                                      |
| Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account                                                                        | 465                           | 2,414                            | 0                                 | 0                              | 0                                 | (2,879)                                |
| Application of grants to capital financing transferred to the Capital Adjustment Account                                                                                    | 0                             | 0                                | 0                                 | 0                              | 234                               | (234)                                  |
|                                                                                                                                                                             | 769                           | 2,414                            | 0                                 | 0                              | (70)                              | (3,113)                                |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>                                                                                                         |                               |                                  |                                   |                                |                                   |                                        |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement                                               | 0                             | 633                              | (633)                             | 0                              | 0                                 | 0                                      |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool                                                              | 0                             | 0                                | 0                                 | 0                              | 0                                 | 0                                      |
| Use of the Capital Receipts reserve to finance new expenditure                                                                                                              | 0                             | 0                                | 3,092                             | 0                              | 0                                 | (3,092)                                |
|                                                                                                                                                                             | 0                             | 633                              | 2,459                             | 0                              | 0                                 | (3,092)                                |

## NOTES TO THE *Core Financial Statements*

|                                                                                                                                                                                                                | General<br>Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Major<br>Repair<br>Reserves<br>£'000 | Capital<br>Grants<br>Reserve<br>£'000 | Movement<br>in Unusable<br>Reserves<br>£'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------|---------------------------------------|----------------------------------------------|
| <b>Adjustments involving the Pension Reserve</b>                                                                                                                                                               |                                     |                                        |                                         |                                      |                                       |                                              |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement                                                                                    | (2,674)                             | (601)                                  | 0                                       | 0                                    | 0                                     | 3,275                                        |
| Employers pension contribution payable in the year                                                                                                                                                             | 3,246                               | 738                                    | 0                                       | 0                                    | 0                                     | (3,984)                                      |
|                                                                                                                                                                                                                | 572                                 | 137                                    | 0                                       | 0                                    | 0                                     | (709)                                        |
| <b>Adjustments involving the Major Repairs Reserve</b>                                                                                                                                                         |                                     |                                        |                                         |                                      |                                       |                                              |
| Reversal of Major Repairs Allowance credited to the HRA                                                                                                                                                        | 0                                   | 3,009                                  | 0                                       | (3,009)                              | 0                                     | 0                                            |
| Use of the Major Repairs Reserve to finance new capital expenditure                                                                                                                                            | 0                                   | 0                                      | 0                                       | 3,009                                | 0                                     | (3,009)                                      |
|                                                                                                                                                                                                                | 0                                   | 3,009                                  | 0                                       | 0                                    | 0                                     | (3,009)                                      |
| <b>Adjustments involving the Collection Fund Adjustment Reserve</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       | (7)                                 | 0                                      | 0                                       | 0                                    | 0                                     | 7                                            |
| Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements | (335)                               | 0                                      | 0                                       | 0                                    | 0                                     | 335                                          |
|                                                                                                                                                                                                                | (342)                               | 0                                      | 0                                       | 0                                    | 0                                     | 342                                          |
| <b>Adjustment involving the Accumulated Absences Adjustment Account</b>                                                                                                                                        |                                     |                                        |                                         |                                      |                                       |                                              |
| Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements   | (5)                                 | (1)                                    | 0                                       | 0                                    | 0                                     | 6                                            |
| <b>Adjustment involving the Financial Instrument Adjustment Account</b>                                                                                                                                        |                                     |                                        |                                         |                                      |                                       |                                              |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements                  | 0                                   | 0                                      | 0                                       | 0                                    | 0                                     | 0                                            |
|                                                                                                                                                                                                                | 129                                 | 2,927                                  | 2,459                                   | 0                                    | (70)                                  | (5,445)                                      |

## NOTES TO THE Core Financial Statements

| 2023/24                                                                                                                                                                     | General Fund Balance<br>£'000 | Housing Revenue Account<br>£'000 | Capital Receipts Reserve<br>£'000 | Major Repair Reserves<br>£'000 | Capital Grants Unapplied<br>£'000 | Movement in Unusable Reserves<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|----------------------------------------|
| <b>Adjustments 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 and amortisation of non-current assets                                                                                                             | (1,792)                       | (3,847)                          | 0                                 | 0                              | 0                                 | 5,639                                  |
| Revaluation losses/gains on Property Plant and Equipment                                                                                                                    | (305)                         | (43)                             | 0                                 | 0                              | 0                                 | 348                                    |
| Revenue expenditure funded from capital under statute                                                                                                                       | (6,419)                       | 0                                | 0                                 | 0                              | 0                                 | 6,419                                  |
| Capital expenditure financed from Unapplied Grants and Contributions                                                                                                        | 2,048                         | 677                              | 0                                 | 0                              | 0                                 | (2,725)                                |
| 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                    | 0                             | (966)                            | 0                                 | 0                              | 0                                 | 966                                    |
| Capital expenditure charged to fund balances                                                                                                                                | 0                             | 0                                | 0                                 | 0                              | 0                                 | 0                                      |
| <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                                                                                                                 | 1,646                         | 0                                | 0                                 | 0                              | 0                                 | (1,646)                                |
|                                                                                                                                                                             | (4,822)                       | (4,179)                          | 0                                 | 0                              | 0                                 | 9,001                                  |
| <b>Adjustments primarily involving the Capital Grants Unapplied Reserve</b>                                                                                                 |                               |                                  |                                   |                                |                                   |                                        |
| Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement                                                                   | 473                           | 0                                | 0                                 | 0                              | (473)                             | 0                                      |
| Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account                                                                        | (687)                         | 4,013                            | 0                                 | 0                              | 0                                 | (3,326)                                |
| Application of grants to capital financing transferred to the Capital Adjustment Account                                                                                    | 0                             | 0                                | 0                                 | 0                              | 471                               | (471)                                  |
|                                                                                                                                                                             | (214)                         | 4,013                            | 0                                 | 0                              | (2)                               | (3,797)                                |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>                                                                                                         |                               |                                  |                                   |                                |                                   |                                        |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement                                               | 0                             | 1,072                            | (1,072)                           | 0                              | 0                                 | 0                                      |
| Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool                                                              | 0                             | 0                                | 0                                 | 0                              | 0                                 | 0                                      |
| Use of the Capital Receipts reserve to finance new expenditure                                                                                                              | 0                             | 0                                | 574                               | 0                              | 0                                 | (574)                                  |
|                                                                                                                                                                             | 0                             | 1,072                            | (498)                             | 0                              | 0                                 | (574)                                  |

## NOTES TO THE *Core Financial Statements*

|                                                                                                                                                                                                                | General<br>Fund<br>Balance<br>£'000 | Housing<br>Revenue<br>Account<br>£'000 | Capital<br>Receipts<br>Reserve<br>£'000 | Major<br>Repair<br>Reserves<br>£'000 | Capital<br>Grants<br>Reserve<br>£'000 | Movement<br>in Unusable<br>Reserves<br>£'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------------|---------------------------------------|----------------------------------------------|
| <b>Adjustments involving the Pension Reserve</b>                                                                                                                                                               |                                     |                                        |                                         |                                      |                                       |                                              |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement                                                                                    | (2,390)                             | (545)                                  | 0                                       | 0                                    | 0                                     | 2,935                                        |
| Employers pension contribution payable in the year                                                                                                                                                             | 3,047                               | 677                                    | 0                                       | 0                                    | 0                                     | (3,724)                                      |
|                                                                                                                                                                                                                | 657                                 | 132                                    | 0                                       | 0                                    | 0                                     | (789)                                        |
| <b>Adjustments involving the Major Repairs Reserve</b>                                                                                                                                                         |                                     |                                        |                                         |                                      |                                       |                                              |
| Reversal of Major Repairs Allowance credited to the HRA                                                                                                                                                        | 0                                   | 3,009                                  | 0                                       | (3,009)                              | 0                                     | 0                                            |
| Use of the Major Repairs Reserve to finance new capital expenditure                                                                                                                                            | 0                                   | 0                                      | 0                                       | 3,895                                | 0                                     | (3,895)                                      |
|                                                                                                                                                                                                                | 0                                   | 3,009                                  | 0                                       | 886                                  | 0                                     | (3,895)                                      |
| <b>Adjustments involving the Collection Fund Adjustment Reserve</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       | 0                                   | 0                                      | 0                                       | 0                                    | 0                                     | 0                                            |
| Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements | (83)                                | 0                                      | 0                                       | 0                                    | 0                                     | 83                                           |
|                                                                                                                                                                                                                | (83)                                | 0                                      | 0                                       | 0                                    | 0                                     | 83                                           |
| <b>Adjustment involving the Accumulated Absences Adjustment Account</b>                                                                                                                                        |                                     |                                        |                                         |                                      |                                       |                                              |
| Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements   | (3)                                 | (1)                                    | 0                                       | 0                                    | 0                                     | 4                                            |
| <b>Adjustment involving the Financial Instrument Adjustment Account</b>                                                                                                                                        |                                     |                                        |                                         |                                      |                                       |                                              |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements                  | 0                                   | 0                                      | 0                                       | 0                                    | 0                                     | 0                                            |
|                                                                                                                                                                                                                | (4,465)                             | 4,046                                  | (498)                                   | 886                                  | (2)                                   | 33                                           |



## 7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25. In addition, the note outlines balances of unapplied grants and contributions.

|                                      | Balance at 31<br>March 2023 | Transfers Out<br>2023/24 | Transfers In<br>2023/24 | Balance at 31<br>March 2024 | Transfers Out<br>2024/25 | Transfers In<br>2024/25 | Balance at 31<br>March 2025 |
|--------------------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------|
|                                      | £'000                       | £'000                    | £'000                   | £'000                       | £'000                    | £'000                   | £'000                       |
| <b>General Fund</b>                  |                             |                          |                         |                             |                          |                         |                             |
| Local Plan Procedure                 | 658                         | (145)                    | 0                       | 513                         | (309)                    | 0                       | 204                         |
| Waste Management                     | 252                         | (15)                     | 0                       | 237                         | (267)                    | 30                      | 0                           |
| ICT                                  | 15                          | (15)                     | 15                      | 15                          | (15)                     | 162                     | 162                         |
| Asset Management                     | 400                         | 0                        | 0                       | 400                         | (126)                    | 0                       | 274                         |
| Economic Priorities Reserve          | 0                           | 0                        | 2,753                   | 2,753                       | (724)                    | 800                     | 2,829                       |
| Elections                            | 50                          | (50)                     | 25                      | 25                          | 0                        | 25                      | 50                          |
| Grounds Maintenance                  | 30                          | 0                        | 0                       | 30                          | 0                        | 0                       | 30                          |
| Special Expenses                     | 309                         | (124)                    | 110                     | 295                         | (46)                     | 45                      | 294                         |
| Carry Forwards                       | 138                         | (138)                    | 219                     | 219                         | (204)                    | 142                     | 157                         |
| Business Rates Equalisation          | 2,561                       | (658)                    | 0                       | 1,903                       | (653)                    | 0                       | 1,250                       |
| Maintenance Fund - Green Towers      | 50                          | (50)                     | 0                       | 0                           | 0                        | 0                       | 0                           |
| Hinckley Communities Initiative Fund | 350                         | (350)                    | 0                       | 0                           | 0                        | 0                       | 0                           |
| Enforcement & Planning Appeals       | 180                         | (120)                    | 0                       | 60                          | (50)                     | 90                      | 100                         |
| Building Maintenance Costs           | 588                         | 0                        | 0                       | 588                         | (96)                     | 0                       | 492                         |
| Developing Communities Fund          | 702                         | (467)                    | 0                       | 235                         | 0                        | 1                       | 236                         |
| Environmental Improvement Reserve    | 40                          | (40)                     | 200                     | 200                         | (50)                     | 0                       | 150                         |
| Crematorium Reserve                  | 443                         | (443)                    | 0                       | 0                           | 0                        | 0                       | 0                           |
| Financial Support Reserve            | 415                         | (415)                    | 0                       | 0                           | 0                        | 0                       | 0                           |
| Enterprise Zone - Covid              | 296                         | (81)                     | 0                       | 215                         | 0                        | 0                       | 215                         |
| <b>Sub Total Earmarked Reserves</b>  | <b>7,477</b>                | <b>(3,111)</b>           | <b>3,322</b>            | <b>7,688</b>                | <b>(2,540)</b>           | <b>1,295</b>            | <b>6,443</b>                |
| S31 Collection Fund Reserve          | 0                           | 0                        | 0                       | 0                           | 0                        | 0                       | 0                           |
| S31 Council Tax Hardship Support     | 43                          | (43)                     | 0                       | 0                           | 0                        | 0                       | 0                           |
| <b>Total Earmarked Reserves</b>      | <b>7,520</b>                | <b>(3,154)</b>           | <b>3,322</b>            | <b>7,688</b>                | <b>(2,540)</b>           | <b>1,295</b>            | <b>6,443</b>                |
| Unapplied Grants and Contributions   | 2,897                       | (1,079)                  | 1,143                   | 2,961                       | (810)                    | 881                     | 3,032                       |
| <b>Total General Fund</b>            | <b>10,417</b>               | <b>(4,233)</b>           | <b>4,465</b>            | <b>10,649</b>               | <b>(3,350)</b>           | <b>2,176</b>            | <b>9,475</b>                |

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

|                                        | Balance at 31<br>March 2023 | Transfers Out<br>2023/24 | Transfers In<br>2023/24 | Balance at 31<br>March 2024 | Transfers Out<br>2024/25 | Transfers In<br>2024/25 | Balance at 31<br>March 2025 |
|----------------------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------|--------------------------|-------------------------|-----------------------------|
|                                        | £'000                       | £'000                    | £'000                   | £'000                       | £'000                    | £'000                   | £'000                       |
| <b><u>Housing Revenue Account</u></b>  |                             |                          |                         |                             |                          |                         |                             |
| HRA Piper Balance                      | 98                          | (102)                    | 30                      | 26                          | (43)                     | 30                      | 13                          |
| HRA Communal Furniture                 | 5                           | 0                        | 0                       | 5                           | 0                        | 0                       | 5                           |
| HRA Housing Repairs Account            | 127                         | (54)                     | 0                       | 73                          | (59)                     | 0                       | 14                          |
| Major Repairs Reserve                  | 929                         | (3,895)                  | 3,009                   | 43                          | (3,009)                  | 3,009                   | 43                          |
| Regeneration                           | 4,484                       | (3,911)                  | 2,153                   | 2,726                       | (2,370)                  | 2,875                   | 3,231                       |
| Pension Contributions                  | 53                          | 0                        | 3                       | 56                          | 0                        | 0                       | 56                          |
| Service Improvement                    | 50                          | 0                        | 0                       | 50                          | 0                        | 0                       | 50                          |
| Rent Equalisation                      | 60                          | 0                        | 0                       | 60                          | 0                        | 0                       | 60                          |
| HRA Carry Forwards                     | 43                          | (43)                     | 0                       | 0                           | 0                        | 0                       | 0                           |
| <b>Total HRA Earmarked Reserves</b>    | <b>5,849</b>                | <b>(8,005)</b>           | <b>5,195</b>            | <b>3,039</b>                | <b>(5,481)</b>           | <b>5,914</b>            | <b>3,472</b>                |
| HRA Unapplied Grants and Contributions | 159                         | (62)                     | 0                       | 97                          | 0                        | 0                       | 97                          |
| <b>Total Housing Revenue Account</b>   | <b>6,008</b>                | <b>(8,067)</b>           | <b>5,195</b>            | <b>3,136</b>                | <b>(5,481)</b>           | <b>5,914</b>            | <b>3,569</b>                |

## Earmarked Reserves General Fund

### 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.

### 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.

### ICT Reserve

This reserve was set up to be used to further improve the ICT support service, in particular by upgrading the aging infrastructure and ICT.

### Asset Management Reserve

At the present time the Council has an ambitious Capital Programme and is looking to facilitate the regeneration of Hinckley Town Centre & the Council's property portfolio.

### Economic Priority Reserve

Pooled Business Rates income set aside for Economic Regeneration

### **Elections 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 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.

### **Special Expenses Reserve**

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

### **Carry Forwards Reserve**

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

### **Business Rates Equalisation Reserve**

Under Business Rates Retention, 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.

### **Enforcement & Planning Appeals Reserve**

A number of individual enforcement budgets have been consolidated in year and transferred to a reserve to act as a contingency for large cases that may arise.

### **Building Maintenance Costs**

This reserve has been set to fund future one off maintenance pressures to non HRA properties.

### **Developing Communities Fund**

This reserve has been set up to support efficiency and invest to save projects across parishes.

### **Environmental Improvement Reserve**

Set aside to fund employee and other costs to manage additional climate change work.

### **Enterprise Zone - Covid**

Reserve set aside to smooth future Enterprise Zone Payments

## **Earmarked Reserves Housing Revenue Account**

### **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 Account 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.

### **Major Repairs Reserve**

Reserve set aside to fund HRA Capital Repairs

### **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 Plans.

### **Service Improvement Reserve**

Funds put aside from salary savings to fund costs associated with initiatives to improve the housing service.

### **Rent Equalisation Reserve**

Funds set aside to reduce the potential impact from rent losses.

### **HRA Carry Forwards**

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

## 8. Other Operating Expenditure

|                                                  | <b>2024/25</b> | <b>2023/24</b> |
|--------------------------------------------------|----------------|----------------|
|                                                  | <b>£'000</b>   | <b>£'000</b>   |
| (Gain)/ Losses on disposal of Non Current Assets | (32)           | (106)          |
| Amounts due to Precepting Authorities            | 2,776          | 2,459          |
| Contribution to Housing Pooled Capital Receipts  | 0              | 0              |
| <b>Total Operating Expenditure</b>               | <b>2,744</b>   | <b>2,353</b>   |

## 9. Financing and Investment Income and Expenditure

|                                                                | <b>2024/25</b> | <b>2023/24</b> |
|----------------------------------------------------------------|----------------|----------------|
|                                                                | <b>£'000</b>   | <b>£'000</b>   |
| Interest Payable and Similar Charges (see note 37)             | 2,901          | 2,930          |
| Net Pension Interest Costs (see note 36)                       | 438            | 4              |
| Net Surplus of Undertakings (see note 27)                      | 150            | 134            |
| Interest and Investment Income (see note 37)                   | (1,113)        | (1,414)        |
| <b>Total Financing and Investment Income &amp; Expenditure</b> | <b>2,376</b>   | <b>1,654</b>   |

## 10. Taxation and Non Specific Grant Income

|                                                     | <b>2024/25</b>  | <b>2023/24</b>  |
|-----------------------------------------------------|-----------------|-----------------|
|                                                     | <b>£'000</b>    | <b>£'000</b>    |
| Council Tax                                         | (8,895)         | (8,229)         |
| Revenue Support Grant (see note 30)                 | (205)           | (192)           |
| National Non Domestic Rates                         | (3,338)         | (3,150)         |
| New Homes Bonus (see note 30)                       | (493)           | (582)           |
| Lower Tier Support Grant                            | (546)           | (211)           |
| Service Grant                                       | (18)            | (105)           |
| S31 Grant Income (see note 30)                      | (4,192)         | (3,704)         |
| New Burdens Grant                                   | (14)            | (8)             |
| <b>Total Taxation and Non Specific Grant Income</b> | <b>(17,701)</b> | <b>(16,181)</b> |

## 11. Property, Plant and Equipment

### 2024/25

|                                         | Council<br>Dwellings | Other Land and<br>Buildings | Vehicles, Plant<br>and Equipment | Community<br>Assets | Infrastructure<br>Assets | Assets under<br>Construction * | Surplus Assets | Total           |
|-----------------------------------------|----------------------|-----------------------------|----------------------------------|---------------------|--------------------------|--------------------------------|----------------|-----------------|
| Cost or Valuation                       | £'000                | £'000                       | £'000                            | £'000               | £'000                    | £'000                          | £'000          | £'000           |
| As at 1 April 2024                      | 247,152              | 58,503                      | 14,629                           | 5,668               | 832                      | 0                              | 0              | 326,784         |
| Asset                                   |                      |                             |                                  |                     |                          |                                |                |                 |
| Transfers/Reclassifications             | 0                    | (94)                        | 0                                | 0                   | 0                        | 0                              | 94             | 0               |
| Transfer to Asset held for Sale         | 0                    | 0                           | 0                                | 0                   | 0                        | 0                              | 0              | 0               |
| Additions                               | 12,797               | 891                         | 1,963                            | 150                 | 0                        | 0                              | 0              | 15,801          |
| Revaluation Increases/(Decreases)       |                      |                             |                                  |                     |                          |                                |                |                 |
| - Recognised in the Revaluation Reserve | 209                  | 631                         | 0                                | 0                   | 0                        | 0                              | 1,786          | 2,626           |
| - Recognised in Provision of Services   | 19                   | (1,204)                     | 0                                | 0                   | 0                        | 0                              |                | (1,185)         |
| Derecognition / Disposals               | (601)                | 0                           | 0                                | 0                   | 0                        | 0                              | 0              | (601)           |
| <b>As at 31 March 2025</b>              | <b>259,576</b>       | <b>58,727</b>               | <b>16,592</b>                    | <b>5,818</b>        | <b>832</b>               | <b>0</b>                       | <b>1,880</b>   | <b>343,425</b>  |
| <b>Depreciation and Impairments</b>     |                      |                             |                                  |                     |                          |                                |                |                 |
| As at 1 April 2024                      | 0                    | 0                           | (9,292)                          | 0                   | (433)                    | 0                              | 0              | (9,725)         |
| Transfer of Depreciation                |                      |                             |                                  |                     |                          |                                |                | 0               |
| Depreciation charge                     | (3,725)              | (796)                       | (1,097)                          | 0                   | (31)                     | 0                              | 0              | (5,649)         |
| Depreciation written out to             |                      |                             |                                  |                     |                          |                                |                |                 |
| - The Revaluation Reserve               | 3,689                | 656                         | 0                                | 0                   | 0                        | 0                              | 0              | 4,345           |
| - The Provision of Services             | 36                   | 140                         | 0                                | 0                   | 0                        | 0                              | 0              | 176             |
| <b>As at 31 March 2025</b>              | <b>0</b>             | <b>0</b>                    | <b>(10,389)</b>                  | <b>0</b>            | <b>(464)</b>             | <b>0</b>                       | <b>0</b>       | <b>(10,853)</b> |
| <b>Net Book Value at 31 March 2025</b>  | <b>259,576</b>       | <b>58,727</b>               | <b>6,203</b>                     | <b>5,818</b>        | <b>368</b>               | <b>0</b>                       | <b>1,880</b>   | <b>332,572</b>  |

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

**2023/24**

|                                            | Council<br>Dwellings | Other Land and<br>Buildings | Vehicles, Plant<br>and Equipment | Community<br>Assets | Infrastructure<br>Assets | Assets under<br>Construction | Surplus Assets | Total          |
|--------------------------------------------|----------------------|-----------------------------|----------------------------------|---------------------|--------------------------|------------------------------|----------------|----------------|
| Cost or Valuation                          | £'000                | £'000                       | £'000                            | £'000               | £'000                    | £'000                        | £'000          | £'000          |
| As at 1 April 2023                         | 250,598              | 56,269                      | 13,934                           | 5,457               | 832                      | 2,072                        | 0              | 329,162        |
| Asset                                      |                      |                             |                                  |                     |                          |                              |                |                |
| Transfers/Reclassifications                | 0                    | 94                          | 0                                | 0                   | 0                        | (94)                         | 0              | 0              |
| Transfer to Asset held for Sale            | 0                    | 0                           | 0                                | 0                   | 0                        | 0                            | 0              | 0              |
| Additions                                  | 9,648                | 85                          | 695                              | 211                 | 0                        | 164                          | 0              | 10,803         |
| Revaluation Increases/(Decreases)          |                      |                             |                                  |                     |                          |                              |                |                |
| - Recognised in the<br>Revaluation Reserve | (12,006)             | 2,510                       | 0                                | 0                   | 0                        | 0                            | 0              | (9,496)        |
| - Recognised in Provision of<br>Services   | (122)                | (455)                       | 0                                | 0                   | 0                        | 0                            | 0              | (577)          |
| Derecognition - Disposals                  | (966)                | 0                           | 0                                | 0                   | 0                        | (2,142)                      | 0              | (3,108)        |
| <b>As at 31 March 2023</b>                 | <b>247,152</b>       | <b>58,503</b>               | <b>14,629</b>                    | <b>5,668</b>        | <b>832</b>               | <b>0</b>                     | <b>0</b>       | <b>326,784</b> |
| <b>Depreciation and Impairments</b>        |                      |                             |                                  |                     |                          |                              |                |                |
| As at 1 April 2023                         | 0                    | 0                           | (8,355)                          | 0                   | (402)                    | 0                            | 0              | (8,757)        |
| Depreciation charge                        | 0                    | 0                           | 0                                | 0                   | 0                        | 0                            | 0              | 0              |
| Depreciation written out to                | (3,792)              | (772)                       | (937)                            | 0                   | (31)                     | 0                            | 0              | (5,532)        |
| - The Revaluation Reserve                  | 3,714                | 623                         | 0                                | 0                   | 0                        | 0                            | 0              | 4,337          |
| - The Provision of Services                | 78                   | 149                         | 0                                | 0                   | 0                        | 0                            | 0              | 227            |
| <b>As at 31 March 2024</b>                 | <b>0</b>             | <b>0</b>                    | <b>(9,292)</b>                   | <b>0</b>            | <b>(433)</b>             | <b>0</b>                     | <b>0</b>       | <b>(9,725)</b> |
| <b>Net Book Value at 31 March<br/>2024</b> | <b>247,152</b>       | <b>58,503</b>               | <b>5,337</b>                     | <b>5,668</b>        | <b>399</b>               | <b>0</b>                     | <b>0</b>       | <b>317,059</b> |

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

#### **Depreciation**

The following useful economic 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 between 40-60 years but with a minimum residual life of 20 years to reflect enhancements.                   |
| Land                          | Not depreciated.                                                                                                                                  |
| Operational Buildings         | Residual lives provided by the valuer in report of 31st March 2023. Depreciation is based upon the updated residual lives of revalued properties. |
| Vehicles, Plant and Equipment | Based on expected lives of the asset.                                                                                                             |
| Infrastructure Assets         | Depreciated over a 40 year life.                                                                                                                  |
| Community Assets              | Not depreciated as these are land assets.                                                                                                         |
| 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 2025, the Council had capital commitments of £1.179 million.

|                                 | <b>£'000</b> |
|---------------------------------|--------------|
| Food Waste Service              | 185          |
| Re-Roofing                      | 70           |
| Property Enhancements           | 300          |
| Kitchen Upgrades                | 151          |
| Bathroom Upgrades               | 82           |
| Electrical upgrades/rewiring    | 141          |
| Boiler Replacements             | 126          |
| Fire risk assessments           | 74           |
| Asset Management Enhanced Works | 50           |
|                                 | <u>1,179</u> |

#### **Revaluations**

The freehold and leasehold properties, which comprise the Council's property portfolio, are revalued by Wilks Head and Eve LLP of 6<sup>th</sup> Floor, Fairgate House, 78 New Oxford Street, London, WC1A 1HB. The valuations are 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 desktop valuation of Council Properties was undertaken by Wilks Head and Eve LLP as at 31st March 2025. The valuation of Council dwellings used beacon values to determine the total valuation.

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.



## 12. Heritage Assets

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.

|                            | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------|------------------|------------------|
| Opening Balance            | 121              | 121              |
| Additions - Mayor's Chains | 157              | 0                |
| <b>Closing Balance</b>     | <b>278</b>       | <b>121</b>       |

## 13. Intangible Assets

The Council accounts for 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 life 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 £0.106 million charged to revenue in 2024/25 was charged to IT Administration cost centres 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:

|                                                | 2024/25<br>£'000 | 2023/24<br>£'000 |
|------------------------------------------------|------------------|------------------|
| Opening Balance                                |                  |                  |
| Gross carrying amounts                         | 2,327            | 2,327            |
| Accumulated amortisation                       | (2,197)          | (2,091)          |
| <b>Net carrying amount – Opening Balance</b>   | <b>130</b>       | <b>236</b>       |
| Additions                                      | 0                | 0                |
| Amortisation for the period                    | (74)             | (106)            |
| <b>Net carrying amount – Movements in Year</b> | <b>(74)</b>      | <b>(106)</b>     |
| Closing Balance                                |                  |                  |
| Gross Carrying amounts                         | 2,327            | 2,327            |
| Accumulated amortisation                       | (2,271)          | (2,197)          |
| <b>Net carrying amount - Closing Balance</b>   | <b>56</b>        | <b>130</b>       |

### 14. Assets Held for Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. The Council has no assets that meets the definition of Assets Held for Sale.

### 15. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents (split across current assets and current liabilities) is made up as follows:

|                                                 | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-------------------------------------------------|------------------|------------------|
| Cash held by the Council                        | 1                | 1                |
| Bank Current Accounts                           | (631)            | (743)            |
| Short-term deposits with Building Society/Banks | 2,268            | 400              |
|                                                 | <b>1,638</b>     | <b>(342)</b>     |

### 16. Investments

The Council's investments are detailed below:

|                                         | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-----------------------------------------|------------------|------------------|
| Other Short Term Investments (< 1 Year) | 150              | 7,100            |
| Long Term Investments ( > 1 Year)       | 0                | 0                |
| <b>Total Investments</b>                | <b>150</b>       | <b>7,100</b>     |

### 17. Long Term Receivables

|                                            | 2024/25<br>£'000 | 2023/24<br>£'000 |
|--------------------------------------------|------------------|------------------|
| North West Leicestershire District Council | 53               | 61               |
| LLEP Mira loan                             | 7,225            | 7,640            |
| Hinckley Museum                            | 4                | 4                |
| Car Loans to Employees                     | 0                | 0                |
| Salary Sacrifice                           | 5                | 9                |
| <b>Total Long Term Receivables</b>         | <b>7,287</b>     | <b>7,714</b>     |

## 18. Short Term Receivables

|                                          | 2024/25<br>£'000 | 2023/24<br>£'000 |
|------------------------------------------|------------------|------------------|
| Car Loans to Employees                   | (6)              | (6)              |
| Salary Sacrifice                         | 14               | 13               |
| Central Government Bodies                | 1,980            | 733              |
| Other Local Authorities                  | 995              | 1,001            |
| Housing Rent                             | 1,068            | 1,343            |
| Sundry Debtors                           | 2,101            | 3,033            |
| Council Tax, Community Charge and NNDR * | 3,829            | 3,053            |
| Prepayments                              | 1,113            | 752              |
| Provision for Doubtful Debts             | (2,175)          | (2,133)          |
| <b>Total Short Term Receivables</b>      | <b>8,919</b>     | <b>7,789</b>     |

Details on amortised cost and fair value can be found in Financial Instruments (Note 37)

## 19. Short Term Payables

|                                               | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-----------------------------------------------|------------------|------------------|
| Section 106 & Play and Open Spaces            | 902              | 209              |
| Inland Revenue                                | 354              | 341              |
| Other Local Authorities                       | 2,107            | 3,829            |
| Deferred Income – Green Bins                  | 447              | 212              |
| Housing Rents                                 | 248              | 229              |
| Sundry Creditors                              | 11,358           | 6,732            |
| Bus Station – Compulsory Purchase Order       | 99               | 99               |
| Central Government Bodies                     | 97               | 206              |
| Council Tax and National Non Domestic Rates * | 406              | 207              |
| <b>Total Short Term Payables</b>              | <b>16,018</b>    | <b>12,064</b>    |

|                                  | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------------|------------------|------------------|
| Section 106                      | 2,110            | 2,119            |
| LLEP Mira Loan (deferred income) | 7,226            | 7,640            |
| <b>Total Long Term Payables</b>  | <b>9,336</b>     | <b>9,759</b>     |
| <b>Total Payables</b>            | <b>25,354</b>    | <b>21,823</b>    |

## 20. Short Term Provisions

2024/25

|                                                         | Capital Cost of<br>Early<br>Retirement<br>Provision | Planning<br>Appeal<br>Provision | Business Rate<br>Appeals<br>Provision | Total      |
|---------------------------------------------------------|-----------------------------------------------------|---------------------------------|---------------------------------------|------------|
|                                                         | £'000                                               | £'000                           | £'000                                 | £'000      |
| Balance at 1 April 2024                                 | 0                                                   | 115                             | 514                                   | 629        |
| Additional/ (Reduced)<br>provisions arising in the year | 0                                                   | 55                              | 705                                   | 760        |
| Amounts used during the year                            | 0                                                   | (20)                            | (744)                                 | (764)      |
| <b>At 31 March 2025</b>                                 | <b>0</b>                                            | <b>150</b>                      | <b>475</b>                            | <b>625</b> |

2023/24

|                                                         | Capital Cost of<br>Early<br>Retirement<br>Provision | Planning<br>Appeal<br>Provision | Business Rate<br>Appeals<br>Provision | Total      |
|---------------------------------------------------------|-----------------------------------------------------|---------------------------------|---------------------------------------|------------|
|                                                         | £'000                                               | £'000                           | £'000                                 | £'000      |
| Balance at 1 April 2023                                 | 0                                                   | 160                             | 450                                   | 610        |
| Additional/ (Reduced)<br>provisions arising in the year | 0                                                   | 73                              | 532                                   | 605        |
| Amounts used during the year                            | 0                                                   | (118)                           | (468)                                 | (586)      |
| <b>At 31 March 2024</b>                                 | <b>0</b>                                            | <b>115</b>                      | <b>514</b>                            | <b>629</b> |

The Council creates provisions in order to recognise 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, where it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

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

- Capital Cost of Early Retirement –Where there is a retirement 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. This provision represents the unexpended amount of the liability.
- Planning Appeals – Where planning appeal hearings or judicial review dates are known as at the year end and legal advisors deem that costs are likely to be awarded as a result of this process; a provision is made for an estimate of these costs.
- Business Rate Appeals – Under Business Rates Retention, the Council is required to make provisions for refunding ratepayers who have appealed against the rateable value of their property on the rating list and may be successful. This estimate is based on an analysis of the Valuation Office Agency (VOA) listings and is provided by an external advisor. The timing of these appeals is dependent on the VOA. In accordance with Business Rates Retention guidance, 40% of the total provision is attributable to the billing authority with the remainder being allocated to major preceptors and central Government.

## 21. Other Long term Liabilities

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

|                                         | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
|-----------------------------------------|---------------------------|---------------------------|
| Pensions Liability (see note 36)        | 8,327                     | 9,584                     |
| Finance Lease Liabilities (see note 34) | 7,651                     | 7,071                     |
| <b>Total Long Term Liabilities</b>      | <b>15,978</b>             | <b>16,655</b>             |

## 22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A further analysis of earmarked reserves is contained within note 7.

## 23. Unusable Reserves

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

|                                                     | Balance at 31<br>March 2025<br>£'000 | Movements<br>in Year<br>£'000 | Balance at 31<br>March 2024<br>£'000 | Movements<br>in Year<br>£'000 | Balance at 31<br>March 2023<br>£'000 |
|-----------------------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| Revaluation Reserve                                 | (81,530)                             | (5,409)                       | (76,121)                             | 6,889                         | (83,010)                             |
| Capital Adjustment Account                          | (137,498)                            | (6,804)                       | (130,694)                            | (996)                         | (129,698)                            |
| Pensions Reserve                                    | 8,326                                | (1,257)                       | 9,583                                | 9,107                         | 476                                  |
| Accumulated Absences<br>Reserve                     | 132                                  | 6                             | 126                                  | 3                             | 123                                  |
| Collection Fund Adjustment<br>Account - Council Tax | (1)                                  | 7                             | (8)                                  | 0                             | (8)                                  |
| Collection Fund Adjustment<br>Account - NNDR        | 238                                  | 335                           | (97)                                 | 83                            | (180)                                |
| Financial Instruments<br>Adjustment Account         | 3                                    | 0                             | 3                                    | 0                             | 3                                    |
| <b>Total Unusable Reserves</b>                      | <b>(210,330)</b>                     | <b>(13,122)</b>               | <b>(197,208)</b>                     | <b>15,086</b>                 | <b>(212,294)</b>                     |

NB – figures in brackets represent credit balances.

### Revaluation Reserve

The Revaluation Reserve contains the gains arising from increase in the value of 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.

## 23. Unusable Reserves (continued)

|                                                                                              | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                    | <b>(76,121)</b>  | <b>(83,011)</b>  |
| Upward Revaluation of Assets                                                                 | (7,089)          | (3,299)          |
| Downward Revaluation of Assets                                                               | 118              | 8,458            |
| Accumulated gains on assets sold or scrapped / written off to the Capital Adjustment Account | 0                | 0                |
| Difference between fair value and historic cost depreciation                                 | 1,563            | 1,731            |
| <b>Balance at 31 March</b>                                                                   | <b>(81,529)</b>  | <b>(76,121)</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 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

|                                                                                                                                                          | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                                                                                | <b>(130,694)</b> | <b>(129,698)</b> |
| <i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</i>                      |                  |                  |
| Charges for depreciation and impairment of non-current assets                                                                                            | 5,723            | 5,638            |
| Revaluation losses / (gains) on Property Plant and Equipment                                                                                             | 853              | 350              |
| Revenue Expenditure Funded from Capital under Statute                                                                                                    | 2,071            | 6,419            |
| 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 | 601              | 966              |
|                                                                                                                                                          | 9,248            | 13,373           |
| Write out of revaluation on disposal; property, plant and equipment                                                                                      | (1,563)          | (1,731)          |
|                                                                                                                                                          | 7,685            | 11,642           |
| <i>Capital financing applied in the year:</i>                                                                                                            |                  |                  |
| Use of the Capital Receipts Reserve to finance new capital expenditure                                                                                   | (3,092)          | (574)            |
| Use of the Major Repair Reserve to finance new capital expenditure                                                                                       | (3,009)          | (3,895)          |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing              | (3,147)          | (2,726)          |
| Application of grants to capital financing from the Capital Grants Unapplied Account                                                                     | (234)            | (471)            |
| Statutory provisions for financing of capital investment charged against the General Fund and HRA balances                                               | (2,129)          | (1,646)          |
| Capital expenditure charged against the General Fund and HRA balances                                                                                    | (2,878)          | (3,326)          |
|                                                                                                                                                          | (6,804)          | (996)            |
| <b>Balance at 31 March</b>                                                                                                                               | <b>(137,498)</b> | <b>(130,694)</b> |

## 23. Unusable Reserves (continued)

### 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.

|                                                                                                                             | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                                                   | <b>9,583</b>     | <b>476</b>       |
| Actuarial (gains) or losses on pension assets and liabilities                                                               | (549)            | 9,893            |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement | 3,275            | 2,935            |
| Employers pension contribution payable in the year                                                                          | (3,983)          | (3,721)          |
| <b>Balance at 31 March</b>                                                                                                  | <b>8,326</b>     | <b>9,583</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.

|                                                                             | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-----------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                   | <b>126</b>       | <b>123</b>       |
| Settlement or cancellation of accrual made at the end of the preceding year | (126)            | (123)            |
| Amounts accrued at the end of the current year                              | 132              | 126              |
| <b>Balance at 31 March</b>                                                  | <b>132</b>       | <b>126</b>       |

### Collection Fund Adjustment Account

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

|                                                                                                                                                                                                          | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                                                                                                                                | <b>(105)</b>     | <b>(188)</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 | 7                | 0                |
| Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements               | 335              | 83               |
| <b>Balance at 31 March</b>                                                                                                                                                                               | <b>237</b>       | <b>(105)</b>     |

## 23. 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.

|                                                                                                                                                                                               | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>                                                                                                                                                                     | <b>2</b>         | <b>2</b>         |
| Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements | 0                | 0                |
| <b>Balance at 31 March</b>                                                                                                                                                                    | <b>2</b>         | <b>2</b>         |

## 24. Cash Flow Statement – Operating Activities

| 2023/24<br>£'000 |                                                                                                                                             | 2024/25<br>£'000 |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| (2,235)          | <b>Net Surplus or (Deficit) on the Provision of Services</b>                                                                                | <b>3,238</b>     |
|                  | <b>Adjustments for non cash movements:</b>                                                                                                  |                  |
| 5,638            | Depreciation & Amortisation                                                                                                                 | 5,723            |
| 2,492            | (Revaluation) / Impairment                                                                                                                  | 1,166            |
| (786)            | Change in Pension Liability                                                                                                                 | (708)            |
| (2,908)          | Increase / (Decrease) in Payables                                                                                                           | 4,639            |
| (2,683)          | (Increase) / Decrease in Receivables                                                                                                        | (702)            |
| 31               | (Increase) / Decrease in Inventories                                                                                                        | (10)             |
| 19               | Increase / (Decrease) in Provisions                                                                                                         | (4)              |
| <b>1,803</b>     | <b>Sub-Total Adjustments for Non-cash Movements</b>                                                                                         | <b>10,104</b>    |
|                  | <b>Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:</b> |                  |
| (106)            | Profit upon sale of assets                                                                                                                  | (32)             |
| (1,588)          | Movement in Collection Fund Payables & Receivables                                                                                          | 74               |
| (153)            | Movement in Capital Payables                                                                                                                | (409)            |
| <b>(2,279)</b>   | <b>Total Cash (inflow)/outflow from operating activities</b>                                                                                | <b>12,975</b>    |

The cash flow for operating activities includes the following items:

|                                | 2024/25<br>£'000 | 2023/24<br>£'000 |
|--------------------------------|------------------|------------------|
| Interest Received (See note 9) | (1,113)          | (1,414)          |
| Interest Paid (See note 9)     | 2,901            | 2,930            |



## 25. Cash Flow Statement – Investing Activities

The cash flow for investing activities includes the following items:

|                                                                                                | <b>2024/25<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Purchase of short-term and long-term investments                                               | (123,336)                | (127,600)                |
| Purchase of property, plant and equipment, investment property and intangible assets           | (15,549)                 | (10,650)                 |
| Proceeds from sale of property, plant and equipment, investment property and intangible assets | 633                      | 1,072                    |
| Proceeds from short-term and long-term investments                                             | 130,286                  | 134,500                  |
| <b>Net cash flows from investing activities</b>                                                | <b>(7,966)</b>           | <b>(2,678)</b>           |

## 26. Cash Flow Statement – Financing Activities

|                                                                                       | <b>2024/25<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Cash receipts from short and long term borrowing                                      | 10                       | 3,510                    |
| Cash payments for the reduction of outstanding liabilities relating to Finance Leases | 391                      | (527)                    |
| Repayment of short and long term borrowing                                            | (3,356)                  | (3,346)                  |
| Other receipts/(payments) not in above                                                | (74)                     | 1,588                    |
| <b>Net cash flows from financing activities</b>                                       | <b>(3,029)</b>           | <b>1,225</b>             |

## 27. Trading Operations

The Council operated the following trading services in 2023/24 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 – an internal business unit that provides grounds maintenance services to all parts of the Council.

Housing Repairs – an internal business unit that provides housing repair services to the Borough Council.

|                                                                                                   | 2024/25<br>Income<br>£'000 | 2024/25<br>Expenditure<br>£'000 | 2024/25<br>(Surplus)/<br>Deficit<br>£'000 | 2023/24<br>(Surplus)/<br>Deficit<br>£'000 |
|---------------------------------------------------------------------------------------------------|----------------------------|---------------------------------|-------------------------------------------|-------------------------------------------|
| Markets                                                                                           | (58)                       | 191                             | 133                                       | 136                                       |
| Industrial Estates                                                                                | (975)                      | 580                             | (395)                                     | (416)                                     |
| Grounds Maintenance                                                                               | (1,258)                    | 1,547                           | 289                                       | 199                                       |
| Housing Repairs                                                                                   | (1,851)                    | 1,901                           | 50                                        | 143                                       |
| External Painting                                                                                 | (122)                      | 195                             | 73                                        | 72                                        |
| <b>Net Surplus on ordinary activities</b>                                                         | <b>(4,264)</b>             | <b>4,414</b>                    | <b>150</b>                                | <b>134</b>                                |
| Property Revaluation                                                                              | 0                          | 0                               | 0                                         | 0                                         |
| <b>Net (surplus)/deficit reported in Financing and Investment Income and Expenditure (Note 9)</b> | <b>(4,264)</b>             | <b>4,414</b>                    | <b>150</b>                                | <b>134</b>                                |

## 28. Members' Allowances

Total members' allowances paid in 2024/25 were £315,211 (2023/24 - £308,769) and £1,573 were paid for members' expenses (2023/24 – £2,120).

## 29. External Audit Costs

|                                                       | 2024/25<br>£'000 | 2023/24<br>£'000 |
|-------------------------------------------------------|------------------|------------------|
| External Audit Services                               | 159              | 166              |
| Certification of Grant Claims and Returns             | 38               | 36               |
| Certification of Grant Claims & Returns - Prior Years | 18               | 55               |
| Prior Years Fees to Previous Auditors                 | 0                | 37               |
| Non Audit Works                                       | 4                | 1                |
| Audit Refund                                          | (20)             | 0                |
| <b>Total Fees Payable</b>                             | <b>199</b>       | <b>295</b>       |

### 30. Grant Income

|                                                            | 2024/25<br>£'000 | 2023/24<br>£'000 |
|------------------------------------------------------------|------------------|------------------|
| <b>Credited to Taxation and Non Specific Grant Income:</b> |                  |                  |
| Revenue Support Grant                                      | 205              | 192              |
| Section 31 Grant                                           | 4,192            | 3,704            |
| New Homes Bonus                                            | 493              | 582              |
| New Burdens Grant                                          | 14               | 8                |
| Lower Tier Support Grant                                   | 546              | 211              |
| Service Grant                                              | 18               | 105              |
| <b>Total</b>                                               | <b>5,468</b>     | <b>4,802</b>     |
| <b>Credited to Services:</b>                               |                  |                  |
| Disabled Facilities                                        | 899              | 671              |
| Domestic Abuse                                             | 35               | 36               |
| IT capital contributions                                   | 66               | 106              |
| IT Partner contributions                                   | 687              | 618              |
| LLEP pooled income                                         | 1,048            | 2,753            |
| Green Homes HRA capital funding                            | 1,076            | 677              |
| Warm Front contributions                                   | 114              | 57               |
| Planning Skill contributions                               | 228              | 60               |
| Biodiversity Net Gain                                      | 27               | 0                |
| Pathways to Planning                                       | 5                | 0                |
| Waste and Recycling                                        | 440              | 26               |
| Homelessness                                               | 456              | 232              |
| Housing Benefit Administration                             | 183              | 195              |
| Benefit Reimbursements                                     | 11,671           | 11,502           |
| Council Tax Admin Grant                                    | 0                | 129              |
| Developer Contributions                                    | 1                | 372              |
| Community Safety                                           | 60               | 83               |
| Mental Health                                              | 52               | 0                |
| Sports Grants                                              | 115              | 118              |
| Play and Open Space                                        | 27               | 51               |
| NNDR Cost of Collection                                    | 130              | 130              |
| Other Government Grant                                     | 515              | 148              |
| Cyber Security                                             | 15               | 0                |
| Heritage Action Zone                                       | 45               | 659              |
| Twycross Zoo                                               | 136              | 214              |
| Car parking                                                | 0                | 38               |
| Leisure Promotion                                          | 120              | 426              |
| Hinckley National Rail Freight Interchange                 | 9                | 28               |
| UK SPF                                                     | 1,519            | 664              |
| Homes for Ukraine                                          | 87               | 296              |
| Renewable Energy NNDR                                      | 154              | 212              |
| Other New Burdens Grants                                   | 39               | 5                |
| Other General                                              | 120              | 100              |
| <b>Total</b>                                               | <b>20,079</b>    | <b>20,606</b>    |
| <b>Total Grant Income</b>                                  | <b>25,547</b>    | <b>25,408</b>    |

### 31. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to 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 a statutory framework within which the Council operates and 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).

Leicestershire County Council, the Combined Fire Authority, the Police & Crime for Leicestershire and Parish Councils all issue precepts on the Council which are included in the Collection Fund.

The details of Government Grants received are detailed in note 30. Employer's contributions paid to the Pension Fund are shown in note 36. Receivables and payables to other Local Authorities are detailed in notes 17, 18 and 19.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2024/25 is shown in note 28.

All Members and Senior Officers were required to complete a declaration of interests that included details of any finance-related transactions with the Council. There were no declarations of significance.

Hinckley and Bosworth Borough Council collect contributions from business ratepayers for Hinckley Town Centre Partnership Board (Hinckley Bid). The Hinckley Bid is an arrangement where local businesses fund a programme of actions to improve the trading area. The Chief Executive represents the Council on the Board of the Hinckley Bid free of charge. Net contributions collected by the Council for the Hinckley Bid was £159,478.

### 32. 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.

### 32. Capital Expenditure and Capital Financing (continued)

|                                                      | 2024/25<br>£'000 | 2023/24<br>£'000 |
|------------------------------------------------------|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>         | <b>112,701</b>   | <b>108,117</b>   |
| <b>Capital Investment</b>                            |                  |                  |
| Property Plant and Equipment                         | 15,801           | 10,803           |
| Intangible Assets                                    | 0                | 0                |
| REFCUS                                               | 2,071            | 6,419            |
| <b>Total Expenditure in Year</b>                     | <b>17,872</b>    | <b>17,222</b>    |
| <b>Sources of Finance</b>                            |                  |                  |
| Application of Usable Capital Receipts               | (3,092)          | (574)            |
| Application of Capital Grants Contributions/Reserves | (6,121)          | (7,692)          |
| Capital Financed from Revenue                        | (5,276)          | (4,372)          |
| Future Capital Receipts                              | 0                | 0                |
|                                                      | <b>(14,489)</b>  | <b>(12,638)</b>  |
| <b>Closing Capital Financing Requirement</b>         | <b>116,084</b>   | <b>112,701</b>   |
| <b>Movement in the Year</b>                          | <b>(3,383)</b>   | <b>(4,584)</b>   |
| <b>Explanation of Movement in the Year</b>           |                  |                  |
| Deferred Capital Receipts Written Off                |                  |                  |
| Unsupported Financial Assistance                     | (5,512)          | (6,230)          |
| Minimum Revenue Provision                            | 2,129            | 1,646            |
|                                                      | <b>(3,383)</b>   | <b>(4,584)</b>   |

### 33. 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 | 2024/25<br>Number of employees | 2023/24<br>Number of employees |
|-------------------|--------------------------------|--------------------------------|
| £50,000 - £54,999 | 27                             | 13                             |
| £55,000 - £59,999 | 15                             | 21                             |
| £60,000 - £64,999 | 18                             | 7                              |
| £65,000 - £69,999 | 5                              | 2                              |
| £70,000 - £74,999 | 3                              | 5                              |
| £75,000 - £79,999 | 7                              | 3                              |
| £80,000 - £84,999 | 2                              | 2                              |
| £85,000 - £89,999 | 3                              | 0                              |
| £90,000 - £94,499 | 1                              | 0                              |

### 33. Officers' Remuneration (continued)

The following table sets out in detail the remuneration for Senior Officers whose salary is £50,000 or more per year:

| Post holder information<br>(Post title) | Year    | Salary (Including fees and allowances) | Expense Allowances | Compensation for loss of Office | Benefits in Kind<br>(e.g. Car Allowance) | Total Remuneration<br>Excluding pension contributions | Pension Contribution | Total Remuneration<br>Including pension contributions |
|-----------------------------------------|---------|----------------------------------------|--------------------|---------------------------------|------------------------------------------|-------------------------------------------------------|----------------------|-------------------------------------------------------|
|                                         |         | £                                      | £                  | £                               | £                                        | £                                                     | £                    | £                                                     |
| Chief Executive                         | 2024/25 | 129,929                                | 0                  | 0                               | 0                                        | 129,929                                               | 28,454               | 158,383                                               |
|                                         | 2023/24 | 126,760                                | 0                  | 0                               | 0                                        | 126,760                                               | 27,760               | 154,520                                               |
| Director<br>(Community Services)        | 2024/25 | 102,825                                | 0                  | 0                               | 0                                        | 102,825                                               | 20,264               | 123,089                                               |
|                                         | 2023/24 | 97,730                                 | 0                  | 0                               | 0                                        | 97,730                                                | 19,148               | 116,878                                               |
| Director<br>(Corporate Services)        | 2024/25 | 102,825                                | 0                  | 0                               | 0                                        | 102,825                                               | 20,449               | 123,274                                               |
|                                         | 2023/24 | 97,730                                 | 0                  | 0                               | 0                                        | 97,730                                                | 19,685               | 117,415                                               |
| Head of Finance                         | 2024/25 | 77,499                                 | 0                  | 0                               | 0                                        | 77,499                                                | 16,972               | 94,471                                                |
|                                         | 2023/24 | 75,608                                 | 0                  | 0                               | 0                                        | 75,608                                                | 16,558               | 92,166                                                |

|                 | 2024/25 | 2023/24 |
|-----------------|---------|---------|
| Chief Executive | 1       | 1       |
| Directors       | 2       | 2       |
| Head of Finance | 1       | 1       |

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 |               |
|-----------------------------------------------------|-----------------------------------|----------|-----------------------------------|----------|--------------------------------------------|----------|------------------------------------------|---------------|
|                                                     | 2024/25                           | 2023/24  | 2024/25                           | 2023/24  | 2024/25                                    | 2023/24  | 2024/25                                  | 2023/24       |
|                                                     |                                   |          |                                   |          |                                            |          | £                                        | £             |
| £0 - £20,000                                        | 0                                 | 0        | 5                                 | 4        | 5                                          | 4        | 5,879                                    | 19,547        |
| £20,001 - £40,000                                   | 0                                 | 0        | 1                                 | 0        | 1                                          | 0        | 25,490                                   | 0             |
| £40,001 - £60,000                                   | 0                                 | 0        | 0                                 | 0        | 0                                          | 0        | 0                                        | 0             |
| £60,001 - £80,000                                   | 0                                 | 0        | 0                                 | 0        | 0                                          | 0        | 0                                        | 0             |
| £80,001 - £100,000                                  | 0                                 | 0        | 0                                 | 0        | 0                                          | 0        | 0                                        | 0             |
| <b>Total</b>                                        | <b>0</b>                          | <b>0</b> | <b>6</b>                          | <b>4</b> | <b>6</b>                                   | <b>4</b> | <b>31,369</b>                            | <b>19,547</b> |

### 34. 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>As at 31<br/>March 2025<br/>£'000</b> | <b>As at 31<br/>March 2024<br/>£'000</b> |
|------------------------------------------|------------------------------------------|------------------------------------------|
| Other Land and Buildings                 | 5,044                                    | 5,044                                    |
| Vehicles, Plant, Furniture and Equipment | 1,458                                    | 763                                      |
| <b>Total Value</b>                       | <b>6,502</b>                             | <b>5,806</b>                             |

The Council is committed to making payments under these leases comprising settlement of a long-term liability for the interest in the assets 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>As at 31<br/>March 2025<br/>£'000</b> | <b>As at 31<br/>March 2024<br/>£'000</b> |
|-------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Finance Lease Liabilities &amp; Finance Costs of Future Payments</b> |                                          |                                          |
| Current                                                                 | 378                                      | 567                                      |
| Non Current                                                             | 7,651                                    | 7,071                                    |
| Finance Costs payable in future years                                   | 7,641                                    | 8,005                                    |
| <b>Minimum Lease Payments</b>                                           | <b>15,670</b>                            | <b>15,643</b>                            |

Included in the Finance Lease Liabilities & Finance Costs of Future Payments above, are the Right of Use Assets

|                            | <b>Minimum Lease Payments</b> |                    | <b>Finance Lease Liabilities</b> |                    |
|----------------------------|-------------------------------|--------------------|----------------------------------|--------------------|
|                            | <b>31 March 25</b>            | <b>31 March 24</b> | <b>31 March 25</b>               | <b>31 March 24</b> |
|                            | <b>£'000</b>                  | <b>£'000</b>       | <b>£'000</b>                     | <b>£'000</b>       |
| Within one year            | 912                           | 1,057              | 378                              | 567                |
| Between one and five years | 3,210                         | 2,431              | 1,303                            | 559                |
| After five years           | 11,548                        | 12,155             | 6,348                            | 6,512              |
| <b>Total</b>               | <b>15,670</b>                 | <b>15,643</b>      | <b>8,029</b>                     | <b>7,638</b>       |

### 34. Leases (continued)

#### Right of Use Assets

The table below shows the right of use assets which are leased by the Council.

|                                  | <b>As at 31<br/>March 2025<br/>£'000</b> |
|----------------------------------|------------------------------------------|
| <b>PPE (Vehicles)</b>            |                                          |
| Balance as at 1 April 2024       | 456                                      |
| Additions                        | 0                                        |
| Depreciation                     | (114)                                    |
| Disposals                        | 0                                        |
| <b>Balance as at 31 March 25</b> | <b>342</b>                               |

#### Operating Leases (As Lessor)

The Council acts as a lessor for industrial and commercial units, rented under operating leases. In addition to this the Council commenced a number of license type leases in 2014/15 for rental of space in the Hinckley Hub. The total rental income from the operating leases in 2024/25 was £1,680,785. (£1,632,189 in 2023/24).

Lease payments due

|                       | <b>2024/25<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|-----------------------|--------------------------|--------------------------|
| Within 1 Year         | 1,710                    | 1,757                    |
| Between 2 and 5 Years | 7,064                    | 7,405                    |
|                       | <b>8,774</b>             | <b>9,162</b>             |

#### Operating Leases (As Lessee)

The Council is in the process of updating its light commercial fleet. The annual charges are set out below.

|                       | <b>2024/25<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|-----------------------|--------------------------|--------------------------|
| Within 1 Year         | 40                       | 299                      |
| Between 2 and 5 Years | 0                        | 1,195                    |
| Later than 5 Years    | 0                        | 0                        |
|                       | <b>40</b>                | <b>1,494</b>             |



### 35. Impairment Review

During 2024/25, the Council underwent 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 £1.239 million in the Comprehensive Income and Expenditure Statement split as follows:

|                              | 2024/25<br>£'000 | 2023/24<br>£'000 |
|------------------------------|------------------|------------------|
| Property Plant and Equipment | (1,239)          | (1,225)          |
|                              | <b>(1,239)</b>   | <b>(1,225)</b>   |

### 36. Pensions and Retirement Benefits

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 IAS 19 have no impact on the Council Tax liability.

#### Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme, administered locally by Leicestershire County Council. This is a funded, 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 pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Leicestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

### 36. Pensions and Retirement Benefits (continued)

#### Payments to the Pension Fund

It is budgeted that the Council will pay Leicestershire County Council £4.084 million in employer's pension contributions in the year 2025/26.

#### 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 of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Statement of Movement in Reserves during the year:

|                                                                                 | 2024/25      | 2023/24      |
|---------------------------------------------------------------------------------|--------------|--------------|
|                                                                                 | £'000        | £'000        |
| <b>Income and Expenditure Account</b>                                           |              |              |
| <b>Net Cost of Service</b>                                                      |              |              |
| Current Service Cost                                                            | 2,779        | 2,863        |
| Past Service Cost                                                               | 0            | 14           |
| Administration Expenses                                                         | 58           | 54           |
|                                                                                 | <u>2,837</u> | <u>2,931</u> |
| <b>Net Operating Expenditure</b>                                                |              |              |
| Pension Interest Costs                                                          | 5,329        | 4,325        |
| Expected return on Assets                                                       | (4,891)      | (4,321)      |
| Net Interest Cost                                                               | <u>438</u>   | <u>4</u>     |
| <b>Total charged to Comprehensive Income and Expenditure Statement</b>          | <b>3,275</b> | <b>2,935</b> |
| <b>Statement of Movement on the General Fund Balance</b>                        |              |              |
| (Reversal of) Net Charges Made for Retirement Benefits in Accordance with IAS19 | (3,275)      | (2,935)      |
| <b>Actual Amount Charged Against General Fund Balance for Pensions in Year</b>  | <b>3,983</b> | <b>3,721</b> |

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial loss of £549 million (2023/24 gains of £9.893 million) were included in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains recognised in the Comprehensive Income and Expenditure Statement to 31st March 2025 is £9.239 million (£9.788 million gain to 31st March 2024).

|                                                              | 31 March 2025 | 31 March 2024 |
|--------------------------------------------------------------|---------------|---------------|
|                                                              | £'000         | £'000         |
| <b>Balance Sheet Recognition</b>                             |               |               |
| Present value of the defined benefit obligation              | 81,185        | 92,161        |
| Fair value of plan assets                                    | (107,166)     | (100,124)     |
| Asset Ceiling Actuarial Adjustment                           | <u>34,308</u> | <u>17,547</u> |
| <b>Net liability arising from defined benefit obligation</b> | <b>8,327</b>  | <b>9,584</b>  |

**36. Pensions and Retirement Benefits (continued)**

Assets and Liabilities in Relation to Retirement Benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

|                                                 | <b>2024/25<br/>Unfunded<br/>£'000</b> | <b>2024/25<br/>Funded<br/>£'000</b> | <b>2023/24<br/>Unfunded<br/>£'000</b> | <b>2023/24<br/>Funded<br/>£'000</b> |
|-------------------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Fair value of plan assets at 1 April            | 0                                     | 100,124                             | 0                                     | 90,536                              |
| Interest on plan assets                         | 0                                     | 4,891                               | 0                                     | 4,321                               |
| Remeasurements (assets)                         | 0                                     | 535                                 | 0                                     | 4,391                               |
| Employer contributions                          | 70                                    | 3,913                               | 74                                    | 3,647                               |
| Member contributions                            | 0                                     | 945                                 | 0                                     | 880                                 |
| Benefits/transfers paid                         | (70)                                  | (3,242)                             | (74)                                  | (3,651)                             |
| <b>Fair Value of plan assets as at 31 March</b> | <b>0</b>                              | <b>107,166</b>                      | <b>0</b>                              | <b>100,124</b>                      |

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

|                                          | <b>2024/25<br/>Unfunded<br/>£'000</b> | <b>2024/25<br/>Funded<br/>£'000</b> | <b>2023/24<br/>Unfunded<br/>£'000</b> | <b>2023/24<br/>Funded<br/>£'000</b> |
|------------------------------------------|---------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|
| Benefit obligation at 1 April            | 859                                   | 91,302                              | 899                                   | 90,114                              |
| Current service cost                     | 0                                     | 2,779                               | 0                                     | 2,863                               |
| Past Service Cost                        | 0                                     | 0                                   | 0                                     | 14                                  |
| Interest on pension liabilities          | 0                                     | 4,478                               | 0                                     | 4,325                               |
| Member contributions                     | 0                                     | 945                                 | 0                                     | 880                                 |
| Remeasurements (liabilities)             | (74)                                  | (15,850)                            | 34                                    | (3,297)                             |
| Benefits/transfers paid                  | (70)                                  | (3,242)                             | (74)                                  | (3,651)                             |
| Administration expenses                  | 0                                     | 58                                  | 0                                     | 54                                  |
| <b>Benefit obligation as at 31 March</b> | <b>715</b>                            | <b>80,470</b>                       | <b>859</b>                            | <b>91,302</b>                       |

**36. Pensions and Retirement Benefits (continued)**

Local Government Pension Scheme Assets comprised:

| <b>Asset Category</b>         | <b>31 March 2025</b> | <b>31 March 2024</b> |
|-------------------------------|----------------------|----------------------|
|                               | <b>£'000</b>         | <b>£'000</b>         |
| Cash & Cash Equivalents       | 10,512               | 2,252                |
| <b>Equity Instruments</b>     |                      |                      |
| Other                         | 698                  | 314                  |
| <b>Bonds</b>                  |                      |                      |
| Government                    | 3,932                | 4,611                |
| Other                         | 551                  | 423                  |
| <b>Property</b>               |                      |                      |
| UK Property                   | 7,335                | 7,096                |
| <b>Private Equity</b>         |                      |                      |
| All                           | 6,217                | 6,855                |
| <b>Other Investment Funds</b> |                      |                      |
| Equities                      | 45,591               | 43,842               |
| Bonds                         | 0                    | 0                    |
| Hedge Funds                   | 0                    | 1                    |
| Commodities                   | 2,156                | 2,572                |
| Infrastructure                | 9,887                | 8,191                |
| Other                         | 20,822               | 23,921               |
| Derivatives                   | (535)                | 46                   |
| <b>Total</b>                  | <b>107,166</b>       | <b>100,124</b>       |

| <b>Scheme History</b>               | <b>31 March 2025</b> | <b>31 March 2024</b> | <b>31 March 2023</b> | <b>31 March 2022</b> | <b>31 March 2021</b> |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         | <b>£'000</b>         |
| Present Value of Scheme Liabilities | (81,185)             | (92,161)             | (91,013)             | (125,938)            | (130,062)            |
| Fair Value of Scheme Assets         | 107,166              | 100,124              | 90,536               | 89,757               | 79,779               |
| Asset Ceiling Actuarial Adjustment  | (34,308)             | (17,547)             | 0                    | 0                    | 0                    |
| <b>Net (Liability)/ Asset</b>       | <b>(8,327)</b>       | <b>(9,584)</b>       | <b>(477)</b>         | <b>(36,181)</b>      | <b>(50,283)</b>      |

### 36. Pensions and Retirement Benefits (continued)

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The County Council's fund liabilities have been assessed by the actuaries Hymans Robertson. The principal assumptions used by the actuary have been:

#### **Basis for Estimating Assets & Liabilities**

| <b>Assumptions as at:</b>               | <b>31 March 2025</b> | <b>31 March 2024</b> |
|-----------------------------------------|----------------------|----------------------|
|                                         | <b>Per Annum</b>     | <b>Per Annum</b>     |
| Pension Increase Rate                   | 2.75%                | 2.75%                |
| Rate of Increase in Salaries            | 3.25%                | 3.25%                |
| Rate for Discounting Scheme Liabilities | 5.80%                | 4.85%                |

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

| <b>Changes in assumptions at 31 March 2025</b> | <b>Approximate<br/>% increase to<br/>Employer<br/>Liability</b> | <b>Approximate<br/>monetary<br/>amount (£'000)</b> |
|------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------|
| 0.1% decrease in Real Discount Rate            | 2%                                                              | 1,469                                              |
| 1 year increase in member life expectancy      | 4%                                                              | 3,247                                              |
| 0.1% increase in the Salary Increase Rate      | 0%                                                              | 80                                                 |
| 0.1% increase in the Pension Increase Rate     | 2%                                                              | 1,430                                              |

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next few years. The contribution rate is determined by the County Fund's Actuary based on a triennial actuarial valuation. A full valuation was carried out as at 31st March 2022. A roll forward valuation is performed by the actuary in the years between full valuations.

The scheme takes into account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2015 (or service after 31 March 2016 for other main existing public service pension schemes in England & Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

## 37. Financial Instruments

### Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

|                                             | Non-Current               |                           | Current                   |                           |
|---------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                             | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 | 31 March<br>2025<br>£'000 | 31 March<br>2024<br>£'000 |
| <b>Borrowings</b>                           |                           |                           |                           |                           |
| Financial liabilities                       | 60,955                    | 64,311                    | 10,356                    | 10,346                    |
| Accrued Interest                            | 0                         | 0                         | 21                        | 38                        |
| Financial liabilities at amortised cost (1) | <b>60,955</b>             | <b>64,311</b>             | <b>10,377</b>             | <b>10,384</b>             |
| <b>Total included in borrowings</b>         | <b>60,955</b>             | <b>64,311</b>             | <b>10,377</b>             | <b>10,384</b>             |
| <b>Other Liabilities</b>                    |                           |                           |                           |                           |
| Finance lease liabilities                   | 7,651                     | 7,071                     | 378                       | 567                       |
| <b>Total other liabilities</b>              | <b>7,651</b>              | <b>7,071</b>              | <b>378</b>                | <b>567</b>                |
| <b>Payables</b>                             |                           |                           |                           |                           |
| Financial liabilities at amortised cost (1) | 9,336                     | 9,759                     | 15,612                    | 11,857                    |
| <b>Total payables</b>                       | <b>9,336</b>              | <b>9,759</b>              | <b>15,612</b>             | <b>11,857</b>             |
| <b>Investments</b>                          |                           |                           |                           |                           |
| Loans and receivables (principal amount)    | 0                         | 0                         | 150                       | 7,500                     |
| + Accrued interest                          | 0                         | 0                         | 29                        | 931                       |
| Loans and receivables at amortised cost (1) | 0                         | 0                         | 179                       | 8,431                     |
| <b>Total investments</b>                    | <b>0</b>                  | <b>0</b>                  | <b>179</b>                | <b>8,431</b>              |
| <b>Receivables</b>                          |                           |                           |                           |                           |
| Loans and receivables                       | 7,287                     | 7,714                     | 3,977                     | 3,984                     |
| <b>Total receivables</b>                    | <b>7,287</b>              | <b>7,714</b>              | <b>3,977</b>              | <b>3,984</b>              |

### 37. Financial Instruments (continued)

#### *Financial Assets*

|                                    | Non-Current           |                       |                       |                       | Current               |                       |                       |                       | Total         |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------|
|                                    | Investments           |                       | Debtors               |                       | Investments           |                       | Debtors               |                       |               |
|                                    | 31st<br>March<br>2024 | 31st<br>March<br>2025 | 31st<br>March<br>2024 | 31st<br>March<br>2025 | 31st<br>March<br>2024 | 31st<br>March<br>2025 | 31st<br>March<br>2024 | 31st<br>March<br>2025 |               |
|                                    | £'000                 | £'000                 | £'000                 | £'000                 | £'000                 | £'000                 | £'000                 | £'000                 |               |
|                                    |                       |                       |                       |                       |                       |                       |                       |                       |               |
| Fair value through Profit and Loss | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 0             |
| Amortised Cost                     | 0                     | 0                     | 7,714                 | 7,287                 | 8,431                 | 179                   | 3,984                 | 3,981                 | 11,447        |
| <b>Total Financial Assets</b>      | <b>0</b>              | <b>0</b>              | <b>7,714</b>          | <b>7,287</b>          | <b>8,431</b>          | <b>179</b>            | <b>3,984</b>          | <b>3,981</b>          | <b>11,447</b> |
| Non-Financial Assets               | 0                     | 0                     | 0                     | 0                     | 0                     | 0                     | 3,805                 | 3,805                 | 3,805         |
| <b>Total</b>                       | <b>0</b>              | <b>0</b>              | <b>7,714</b>          | <b>7,287</b>          | <b>8,431</b>          | <b>179</b>            | <b>7,789</b>          | <b>7,786</b>          | <b>15,252</b> |

#### *Financial Liabilities*

|                                    | Non-Current     |                 |                |              | Current       |              |                 |                 | Total           |
|------------------------------------|-----------------|-----------------|----------------|--------------|---------------|--------------|-----------------|-----------------|-----------------|
|                                    | Borrowings      |                 | Creditors      |              | Finance Lease |              | Creditors       |                 |                 |
|                                    | 31st            | 31st            | 31st           | 31st         | 31st          | 31st         | 31st            | 31st            |                 |
|                                    | March           | March           | March          | March        | March         | March        | March           | March           |                 |
|                                    | 2024            | 2025            | 2024           | 2025         | 2024          | 2025         | 2024            | 2025            |                 |
|                                    | £'000           | £'000           | £'000          | £'000        | £'000         | £'000        | £'000           | £'000           | £'000           |
| Fair value through Profit and Loss | 0               | 0               | 0              | 0            | 0             | 0            | 0               | 0               | 0               |
| Amortised Cost                     | (71,382)        | (68,606)        | (9,759)        | 7,226        | (567)         | (378)        | (11,857)        | (15,614)        | (77,372)        |
| <b>Total Financial Liabilities</b> | <b>(71,382)</b> | <b>(68,606)</b> | <b>(9,759)</b> | <b>7,226</b> | <b>(567)</b>  | <b>(378)</b> | <b>(11,857)</b> | <b>(15,614)</b> | <b>(77,372)</b> |
| Non-Financial Liabilities          | 0               | 0               | 0              | 0            | 0             | 0            | (2,133)         | (2,133)         | (2,133)         |
| <b>Total</b>                       | <b>(71,382)</b> | <b>(68,606)</b> | <b>(9,759)</b> | <b>7,226</b> | <b>(567)</b>  | <b>(378)</b> | <b>(13,990)</b> | <b>(17,747)</b> | <b>(79,505)</b> |

**Note 1** – 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 accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

All financial assets held as loans and receivables in 2024/25 have been classified to amortised cost.

## 37. Financial Instruments (continued)

### 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:

| <b>2024/25</b>                      | <b>Liabilities<br/>measured at<br/>amortised cost<br/>£'000</b> | <b>Loans and<br/>Receivables<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|-----------------------------------------------------------------|--------------------------------------------|------------------------|
| Interest Expense                    | 2,901                                                           | 0                                          | 2,901                  |
| Interest Income                     | 0                                                               | (1,113)                                    | (1,113)                |
| <b>Net (gain)/loss for the year</b> | <b>2,901</b>                                                    | <b>(1,113)</b>                             | <b>1,788</b>           |

| <b>2023/24</b>                      | <b>Liabilities<br/>measured at<br/>amortised cost<br/>£'000</b> | <b>Loans and<br/>Receivables<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-------------------------------------|-----------------------------------------------------------------|--------------------------------------------|------------------------|
| Interest Expense                    | 2,930                                                           | 0                                          | 2,930                  |
| Interest Income                     | 0                                                               | (1,414)                                    | (1,414)                |
| <b>Net loss/(gain) for the year</b> | <b>2,930</b>                                                    | <b>(1,414)</b>                             | <b>1,516</b>           |

### 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.



### 37. Financial Instruments (continued)

The fair values calculated are as follows:

#### Financial Liabilities

|                                    | 31 March 2025   |               | 31 March 2024   |                |
|------------------------------------|-----------------|---------------|-----------------|----------------|
|                                    | Carrying amount | Fair value    | Carrying amount | Fair value     |
|                                    | £'000           | £'000         | £'000           | £'000          |
| PWLB debt                          | 71,311          | 60,885        | 70,657          | 66,998         |
| Short term Borrowing               | 0               | 0             | 4,000           | 4,000          |
| Short term creditors               | 15,612          | 15,612        | 11,857          | 11,857         |
| Short term finance lease liability | 378             | 378           | 567             | 567            |
| Long term creditors                | 9,336           | 9,336         | 9,759           | 9,759          |
| Long term finance lease liability  | 7,651           | 7,651         | 7,071           | 7,071          |
| <b>Total Liabilities</b>           | <b>104,288</b>  | <b>93,862</b> | <b>103,911</b>  | <b>100,252</b> |

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

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.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the [additional/reduced] interest that the authority will pay as a result of its PWLB commitments for fixed rate loans, is to compare the terms of these loans with the new borrowing rates available from the PWLB.

#### Financial Assets

|                        | 31 March 2025   |               | 31 March 2024   |               |
|------------------------|-----------------|---------------|-----------------|---------------|
|                        | Carrying amount | Fair value    | Carrying amount | Fair value    |
|                        | £'000           | £'000         | £'000           | £'000         |
| Short term investments | 150             | 179           | 7,100           | 8,431         |
| Short term debtors     | 3,977           | 3,977         | 3,984           | 3,984         |
| Long term debtors      | 7,287           | 7,287         | 7,714           | 7,714         |
| <b>Total Assets</b>    | <b>11,414</b>   | <b>11,443</b> | <b>18,798</b>   | <b>20,129</b> |

### 37. Financial Instruments (continued)

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 required 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.

### 37. Financial Instruments (continued)

The annual Treasury Management Strategy for 2024/25 to 2026/27 which incorporates the Prudential Indicators was approved by Council in February 2024 and is available on the Council website. The key points within the Strategy were:

- The Authorised Limit for 2024/25 was set at £135.701 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £132.701 million. 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 £132.701 million.

These policies are implemented by the Section 151 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, (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/or hold assets in excess of £500m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies 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 inability to recover applies to all of the Council's deposits, but there was no evidence at the 31st March 2024 that this was likely to crystallise.

**37. Financial Instruments (continued)**

The Council does not generally allow credit for its customers, such that the majority of the general debtor balance is within its due date for payment. The past due amount can be analysed by age as follows:

|                    | <b>General<br/>Receivables<br/>31 March 2025<br/>£000's</b> | <b>General<br/>Receivables<br/>31 March 2024<br/>£000's</b> |
|--------------------|-------------------------------------------------------------|-------------------------------------------------------------|
| <3 months          | 246                                                         | 1,211                                                       |
| 3 to 6 months      | 61                                                          | 281                                                         |
| 6 months to 1 year | 114                                                         | 190                                                         |
| >1year             | 868                                                         | 791                                                         |
|                    | <b>1,289</b>                                                | <b>2,473</b>                                                |

Collateral – During the reporting year 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.

Council deposits of £2.268 million in money market accounts at 31st March 2025 were being held for a period of 3 months or less 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.

There are no expected credit losses (ECL) apart from on sundry debtors and rents. These ECL are non-material.

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.

### 37. Financial Instruments (continued)

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 year:

| <b>Maturity Analysis</b> | <b>Approved minimum limits</b> | <b>Approved maximum limits</b> | <b>Actual 31 March 2025<br/>£'000</b> | <b>Actual 31 March 2024<br/>£'000</b> |
|--------------------------|--------------------------------|--------------------------------|---------------------------------------|---------------------------------------|
| Less than 1 year         | 0%                             | 100%                           | 9,941                                 | 5,941                                 |
| Between 1 and 2 years    | 0%                             | 100%                           | 2,941                                 | 2,941                                 |
| Between 2 and 5 years    | 0%                             | 100%                           | 8,824                                 | 8,824                                 |
| Between 5 and 10 years   | 0%                             | 100%                           | 14,707                                | 14,707                                |
| More than 10 years       | 0%                             | 100%                           | 34,897                                | 38,243                                |
| <b>Total</b>             | <b>0%</b>                      | <b>100%</b>                    | <b>71,310</b>                         | <b>70,656</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.

### **37. Financial Instruments (continued)**

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.

### **38. Contingent Liabilities**

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has not identified any contingent liabilities as at 31 March 2025.

### **39. Contingent Asset**

There were no contingent assets as at 31<sup>st</sup> March 2025.

### **40. Revenues and Benefits Partnership**

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 has been running since 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 2024/25 was £1.593 million (2023/24 - £1.525 million).

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 and treated in line with the relevant accounting policies.

Additional Financial Statements

The Housing Revenue Account  
The Collection Fund

## Housing Revenue Account 2024/25

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.

| 2023/24<br>£'000 | Income and Expenditure Statement                               | 2024/25<br>£'000 |
|------------------|----------------------------------------------------------------|------------------|
|                  | <b>Income</b>                                                  |                  |
| (14,139)         | Dwelling Rents (gross)                                         | (15,381)         |
| (74)             | Non-dwelling Rents (gross)                                     | (71)             |
| (831)            | Charges for Services and Facilities                            | (911)            |
| (825)            | Contribution Towards Expenditure                               | (1,221)          |
| <b>(15,869)</b>  | <b>Total Income</b>                                            | <b>(17,584)</b>  |
|                  | <b>Expenditure</b>                                             |                  |
| 3,493            | Repairs and Maintenance                                        | 3,649            |
| 4,235            | Supervision and Management                                     | 4,535            |
| 585              | Rents, Rates, Taxes and other charges                          | 496              |
|                  | Depreciation impairments and revaluation losses of non current |                  |
| 3,890            | assets                                                         | 3,740            |
| 1                | Debt Management Costs                                          | 1                |
| 109              | Movement in the allowances for bad debts                       | 25               |
| <b>12,313</b>    | <b>Total Expenditure</b>                                       | <b>12,446</b>    |
| <b>(3,556)</b>   | <b>Net Cost of Services</b>                                    | <b>(5,138)</b>   |
| 46               | Housing Share of Corporate and Democratic Core                 | 51               |
| 1,818            | Interest payable and similar charges                           | 1,846            |
| (361)            | Interest and investment income                                 | (520)            |
| (106)            | (Gain)/ Loss on sale of HRA non-current assets                 | (32)             |
| 1                | Pension Interest Costs                                         | 66               |
| <b>(2,158)</b>   | <b>(Surplus) or deficit for the year on HRA services</b>       | <b>(3,727)</b>   |



## ADDITIONAL *financial* STATEMENTS

### Housing Revenue Account 2024/25

| 2023/24<br>£'000 |                                                                      | 2024/25<br>£'000 |
|------------------|----------------------------------------------------------------------|------------------|
|                  | <b>Statement of Movement on HRA Balances</b>                         |                  |
| (814)            | <b>Balance on HRA at end of Previous Year</b>                        | (850)            |
| (2,158)          | Deficit or Surplus on HRA I&E                                        | (3,727)          |
| 194              | Adjustments between accounting basis and funding basis under statute | 223              |
| <b>(1,964)</b>   | <b>Net decrease(increase) before Transfer to Reserves</b>            | <b>(3,504)</b>   |
| 1,928            | Transfers to and (from) earmarked reserves                           | 3,137            |
| (36)             | (Increase)/ decrease in HRA                                          | (367)            |
| <b>(850)</b>     | <b>Balance on HRA end of YEAR</b>                                    | <b>(1,217)</b>   |
|                  | <b>Notes to the Movement on HRA Statement</b>                        |                  |
|                  | <b>Adjustments between Accounting and funding basis</b>              |                  |
| (1)              | Accumulated Absences                                                 | (1)              |
| 63               | Gain and losses on non-current assets                                | 87               |
| 132              | HR Share of contribution to and from Pension Reserve                 | 137              |
| <b>194</b>       |                                                                      | <b>223</b>       |
|                  | <b>Transfer to (from) reserves</b>                                   |                  |
| (838)            | Transfer to/ from MRR                                                | (786)            |
| 677              | Transfer to Capital Adjustment Account                               | 1,076            |
| 2089             | Transfer to other Reserves                                           | 2,847            |
| <b>1,928</b>     |                                                                      | <b>3,137</b>     |

## ADDITIONAL *financial* STATEMENTS

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### Collection Fund

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.

## ADDITIONAL *financial* STATEMENTS

### Collection Fund

| 2023/24 (Restated) |                 |                  |                                                                                              | 2024/25         |                 |                  |
|--------------------|-----------------|------------------|----------------------------------------------------------------------------------------------|-----------------|-----------------|------------------|
| Council Tax        | Business Rates  | Total            |                                                                                              | Council Tax     | Business Rates  | Total            |
| £'000              | £'000           | £'000            |                                                                                              | £'000           | £'000           | £'000            |
| <b>Income</b>      |                 |                  |                                                                                              |                 |                 |                  |
| (83,132)           |                 | (83,132)         | Council Tax Income                                                                           | (88,326)        |                 | (88,326)         |
| 0                  |                 | 0                | Transfer from / (to) General Fund - Council Tax Benefit                                      | 0               |                 | 0                |
| (172)              |                 | (172)            | Transfer from / (to) General Fund - Hardship Payments                                        | (95)            |                 | (95)             |
|                    | (40,261)        | (40,261)         | Income from Business Rates                                                                   |                 | (44,194)        | (44,194)         |
|                    | (3,161)         | (3,161)          | Transitional Protection Payments                                                             |                 | (1,161)         | (1,161)          |
| 0                  | (233)           | (233)            | Contributions towards Previous years Collection Fund Deficit                                 | 0               | 0               | 0                |
| <b>(83,304)</b>    | <b>(43,655)</b> | <b>(126,959)</b> | <b>Total Income</b>                                                                          | <b>(88,421)</b> | <b>(45,355)</b> | <b>(133,776)</b> |
| <b>Expenditure</b> |                 |                  |                                                                                              |                 |                 |                  |
| 82,399             |                 | 82,399           | Precepts and demands from major preceptors and the authority                                 | 87,298          |                 | 87,298           |
|                    | 21,899          | 21,899           | Share of non-domestic rating income to major preceptors and the authority                    |                 | 23,351          | 23,351           |
|                    | 21,178          | 21,178           | Payment with respect to central share (including allowable deductions) to central government |                 | 22,124          | 22,124           |
| 209                | 120             | 329              | Impairment of Debts / Appeals                                                                | 269             | 52              | 321              |
| 359                | 362             | 721              | · Write offs on uncollectable amounts                                                        | 409             | 340             | 749              |
|                    | 160             | 160              | · Allowance for impairment                                                                   |                 | (98)            | (98)             |
|                    | 13              | 13               | · Allowance for appeals                                                                      |                 | 92              | 92               |
|                    | 130             | 130              | · Interest                                                                                   |                 | 130             | 130              |
|                    | 0               | 0                | Allowance for collection costs                                                               |                 | 0               | 0                |
| 333                |                 | 333              | Transitional protection payments                                                             | 517             | 200             | 717              |
|                    |                 |                  | Contributions towards Previous years Collection Fund Surplus                                 |                 |                 |                  |
| <b>83,300</b>      | <b>43,862</b>   | <b>127,162</b>   | <b>Total Expenditure</b>                                                                     | <b>88,493</b>   | <b>46,191</b>   | <b>134,684</b>   |
| (4)                | 206             | 202              | Movement on Fund Balance                                                                     | 72              | 836             | 908              |
| (87)               | (450)           | (537)            | Opening Fund Balance 1 April                                                                 | (91)            | (244)           | (335)            |
| <b>(91)</b>        | <b>(244)</b>    | <b>(335)</b>     | <b>Closing Fund Balance 31 March</b>                                                         | <b>(19)</b>     | <b>592</b>      | <b>573</b>       |

# NOTES TO THE ADDITIONAL *financial* STATEMENTS

## Notes to the additional financial Statements

### 1. Housing Repairs Account

| 2023/24<br>£000's |                                         | 2024/25<br>£000's |
|-------------------|-----------------------------------------|-------------------|
|                   | <b>Income</b>                           |                   |
| (3,470)           | Contribution from HRA                   | (3,646)           |
| 0                 | Miscellaneous Income                    | 0                 |
| <b>(3,470)</b>    | <b>Total Income</b>                     | <b>(3,646)</b>    |
|                   | <b>Expenditure</b>                      |                   |
| 563               | Employee costs                          | 676               |
| 0                 | Premises related costs                  | 0                 |
| 15                | Transport related costs                 | 12                |
| 153               | Supplies and services costs             | 148               |
| 317               | Central support costs                   | 309               |
| <u>1,048</u>      |                                         | <u>1,145</u>      |
| 768               | Programmed repairs                      | 794               |
| <u>1,675</u>      | Responsive repairs                      | <u>1,709</u>      |
| <b>3,491</b>      | <b>Total Expenditure</b>                | <b>3,648</b>      |
| <b>21</b>         | <b>Net Cost of Service</b>              | <b>2</b>          |
| 33                | IAS 19 Pension Adjustment               | 56                |
| 0                 | Accumulated Absence Adjustment          | 1                 |
| 0                 | Contribution to reserves                | 0                 |
| <b>54</b>         | <b>Deficit/(Surplus) for the year</b>   | <b>59</b>         |
| <b>(126)</b>      | <b>Balance brought forward 1 April</b>  | <b>(72)</b>       |
| <b>(72)</b>       | <b>Balance carried forward 31 March</b> | <b>(13)</b>       |

### 2. Movement in Dwelling Stock

The Council was responsible for managing a housing stock of 3,230 dwellings at 31st March 2025. During the year the following movement took place:

|                       | 2024/25<br>Number | 2023/24<br>Number |
|-----------------------|-------------------|-------------------|
| Sales (Right to Buy)  | (7)               | (12)              |
| Additions             | 21                | 13                |
| Merged Properties     | 0                 | 0                 |
| <b>Total Movement</b> | <b>14</b>         | <b>1</b>          |

## 3. Property Types in Dwelling Stock

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

|                        | 2025<br>Number | 2024<br>Number |
|------------------------|----------------|----------------|
| 1 bedroom bungalows    | 285            | 285            |
| 1 bedroom houses       | 3              | 2              |
| 1 bedroom flats        | 627            | 627            |
| 2 bedroom bungalows    | 421            | 421            |
| 2 bedroom houses       | 305            | 303            |
| 2 bedroom flats        | 404            | 401            |
| 3 bedroom bungalows    | 7              | 7              |
| 3 bedroom houses       | 1,155          | 1,150          |
| 3 bedroom flats        | 0              | 0              |
| 4 bedroom bungalows    | 1              | 1              |
| 4 bedroom houses       | 20             | 17             |
| 5 bedroom houses       | 2              | 2              |
| <b>Total Dwellings</b> | <b>3,230</b>   | <b>3,216</b>   |

## 4. Balance Sheet Value of Council's HRA Assets

|                            | 2024/25<br>£'000 | 2023/24<br>£'000 |
|----------------------------|------------------|------------------|
| Operational Assets         |                  |                  |
| - Council Dwellings        | 259,574          | 247,152          |
| - Other land and buildings | 932              | 912              |
| <b>Total Assets</b>        | <b>260,506</b>   | <b>248,064</b>   |

The vacant possession value of dwellings within the Council's HRA was £590.565 million. 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

Rent Income can be analysed as follows: -

|                                 | 2024/25<br>£'000 | 2023/24<br>£'000 |
|---------------------------------|------------------|------------------|
| Collectable from Tenants        | (10,992)         | (9,812)          |
| Rent Rebates                    | (4,389)          | (4,327)          |
| Dwelling Rents                  | (15,381)         | (14,139)         |
| Non-dwelling Rents (Shops etc.) | (71)             | (74)             |
| <b>Total Rent</b>               | <b>(15,452)</b>  | <b>(14,213)</b>  |

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 6. Rent Arrears

|                       | 2024/25 | 2023/24 |
|-----------------------|---------|---------|
|                       | £'000   | £'000   |
| Rent Arrears          | 1,068   | 1,343   |
| Bad Debt Provision    | 953     | 1,107   |
| Bad Debts Written Off | 172     | 101     |

### 7. Major Repairs Reserve

|                                                | 2024/25     | 2023/24      |
|------------------------------------------------|-------------|--------------|
|                                                | £'000       | £'000        |
| <b>Balance at 1 April</b>                      | <b>(43)</b> | <b>(929)</b> |
| Amounts transferred to Reserve during the year | (3,009)     | (3,009)      |
| Capital Expenditure                            | 3,009       | 3,895        |
| <b>Balance at 31 March</b>                     | <b>(43)</b> | <b>(43)</b>  |

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 £12,823 million (£9,788 million 2023/24) was incurred. Expenditure on Dwellings was £12.780million (£9.648 million in 2023/24), and expenditure on Vehicles Plant and Equipment was £0.043 million. (£0.140 million in 2023/24). The sources of funding are shown below:

|                                   | 2024/25       | 2023/24      |
|-----------------------------------|---------------|--------------|
|                                   | £'000         | £'000        |
| Capital receipts                  | 2,868         | 1,141        |
| Other Contributions from Reserves | 2,414         | 4,013        |
| Major Repairs Reserve             | 3,009         | 3,895        |
| In Year Grants                    | 1,076         | 739          |
| Unapplied Grants                  | 0             | 0            |
| Borrowing                         | 3,456         | 0            |
| <b>Total Financing</b>            | <b>12,823</b> | <b>9,788</b> |

Total capital receipts from HRA disposals during the financial year are shown below:

|                                   | 2024/25    | 2023/24      |
|-----------------------------------|------------|--------------|
|                                   | £'000      | £'000        |
| Right to Buy Dwellings            | 633        | 1,072        |
| Council House Mortgage Repayments | 0          | 0            |
| <b>Total from Disposals</b>       | <b>633</b> | <b>1,072</b> |

## NOTES TO THE ADDITIONAL *financial* STATEMENTS

### 9. Depreciation/ Impairment

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:-

|                                 | 2024/25<br>£'000 | 2023/24<br>£'000 |
|---------------------------------|------------------|------------------|
| Operational assets              |                  |                  |
| - Dwellings and garages         | 3,739            | 3,804            |
| - Other land and buildings      | 0                | 0                |
| - Vehicles, Plant and Equipment | 56               | 43               |
| <b>Total Depreciation</b>       | <b>3,795</b>     | <b>3,847</b>     |

### 10. HRA Share of Contribution to or From the Pension Reserve

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:

- Net charges made for retirement benefits in accordance with IAS 19 amounted to £601,000 in 2024/25 (£544,000 in 2023/24).
- Employer's contributions to the Leicestershire County Council pension fund and retirement benefits payable direct to pensioners. This amounted to £738,000 in 2024/25 (£677,000 in 2023/24).

### 11. Non-Domestic Rateable Value

|                   | 2025<br>£'000 | 2024<br>£'000 |
|-------------------|---------------|---------------|
| Value at 31 March | 110,692       | 108,118       |

### 12. National Non-Domestic Rates Multiplier

|                                        | 2024/25 | 2023/24 |
|----------------------------------------|---------|---------|
| National Non-Domestic Rates multiplier | 54.6p   | 51.2p   |
| Small Business Multiplier              | 49.9p   | 49.9p   |

### 13. Council Tax Base

Number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

| Band                     | 2024/25       | 2023/24       |
|--------------------------|---------------|---------------|
| A                        | 4,058         | 4,023         |
| B                        | 10,152        | 10,015        |
| C                        | 8,759         | 8,693         |
| D                        | 6,725         | 6,713         |
| E                        | 5,149         | 5,076         |
| F                        | 3,091         | 3,065         |
| G                        | 1,738         | 1,720         |
| H                        | 116           | 116           |
| <b>Council Tax Base*</b> | <b>39,788</b> | <b>39,421</b> |

\* In accordance with relevant regulations, the Council Tax base for the council is rounded to one decimal point. The total taxbase for 2024/25 was approved on 12<sup>th</sup> December 2023.

#### 14. Significant Precepting Authorities

|                                                               | 2024/25<br>£'000 | 2023/24<br>£'000 |
|---------------------------------------------------------------|------------------|------------------|
| Leicestershire County Council                                 | 63,724           | 60,136           |
| Leicestershire Police & Crime Commissioner                    | 11,388           | 10,771           |
| Leicester, Leicestershire and Rutland Combined Fire Authority | 3,249            | 3,126            |
| Hinckley and Bosworth Borough Council Inc Special Expenses    | 6,162            | 5,907            |
| Parishes                                                      | 2,775            | 2,459            |
| <b>Total</b>                                                  | <b>87,298</b>    | <b>82,399</b>    |

#### 15. Fund Balances

The balance on the Fund is comprised as follows:

| 2023/24              |                         |                | 2024/25              |                         |                |
|----------------------|-------------------------|----------------|----------------------|-------------------------|----------------|
| Council Tax<br>£'000 | Business Rates<br>£'000 | Total<br>£'000 | Council Tax<br>£'000 | Business Rates<br>£'000 | Total<br>£'000 |
| (9)                  | (98)                    | (107)          | (1)                  | 238                     | 237            |
| (67)                 | (22)                    | (89)           | (14)                 | 52                      | 38             |
| (12)                 | 0                       | (12)           | (3)                  | 0                       | (3)            |
| (3)                  | (2)                     | (5)            | (1)                  | 6                       | 5              |
| 0                    | (122)                   | (122)          | 0                    | 296                     | 296            |
| <b>(91)</b>          | <b>(244)</b>            | <b>(335)</b>   | <b>(19)</b>          | <b>592</b>              | <b>573</b>     |

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.



## Statement of Accounting Policies

### General Principles

The Statement of Accounts (the Statements) summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. 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. These practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom 2024/25 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 Statements have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The principal accounting policies outlined have been applied consistently throughout the 2024/25 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 has been prepared with reference to the following qualitative characteristics:

- Understandability
- Relevance
- Materiality
- Reliability
- Comparability

### Significant Changes in Accounting Policies

The Council's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2024/25. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

### Revenue Recognition

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.

#### Recognition of Revenues-Council Tax and Non-Domestic Rates

##### Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

## STATEMENT OF *accounting* POLICIES

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The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a receivables or payables balance as appropriate.

### Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates NNDR 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a relievable or payable balance as appropriate.

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2025. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2025.

### Going Concern - Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

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

## STATEMENT OF *accounting* POLICIES

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### Cash position

The Council had a balance of £0.097m at the 31<sup>st</sup> March 2025, (31 March 2024 year-end figure of £0.378m). The Council also has £2.268 million in money market funds available in two to three days. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for revenue purposes if ever needed.

In a 'stressed' case scenario whereby income is constrained further in the event of a further lockdown restrictions, and income recovering only very slowly, the Council has sufficient levels of reserves and investments that it would not run out of cash.

The Council's cash forecasts show that it has adequate cash to cover its liabilities as they fall due beyond the going concern assessment period of December 2026. The forecast cash position as at 28 February 2026 is £5.3m.

### Conclusion

The Council believe that, due to the above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

### Exceptional Items

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

### Value Added Tax (VAT)

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

## STATEMENT OF *accounting* POLICIES

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Accruals of Income and Expenditure**

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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 receivable or payable for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31st March but the invoice relating to the goods and services is paid after 31st 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. 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 of electricity and similar utility quarterly payments, which are charged at the date of the meter reading rather than being apportioned between financial years. In addition, homelessness prevention bonds are treated on a cash basis. These policies are consistently applied each year and, therefore; do not have a material effect on the Statements.

### **Government Grants and Contributions**

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.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. 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.

### **Revenue Expenditure funded from Capital under Statute**

Revenue Expenditure funded from Capital under Statute (REFCUS) 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.

REFCUS also includes exceptional revenue expenditure for which a capitalisation direction has been granted to allow this expenditure to be funded from capital.

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.

### **Charges to Revenue for Non-current Assets**

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

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

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 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.

### **Fair Value Measurement**

The Council measures some of its non-financial assets and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

### **Property, Plant and Equipment – Recognition and Impairment**

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

#### **Recognition**

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.

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

## STATEMENT OF *accounting* POLICIES

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The Council has a general de-Minimis limit of 10,000 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 components) 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:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. For March 2025 valuation was carried out by Wilks Head and Eve LLP.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

## **Property, Plant and Equipment – Depreciation, Impairment and Disposal**

### 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.
- Depreciation is calculated using the straight line method.

As part of the annual revaluation exercise, the valuer provides estimated residual lives for all dwellings, which is used to calculate the depreciation charge for the financial year. This method

## STATEMENT OF *accounting* POLICIES

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reflects the average range of expected life per dwelling of between 40-60 years. For 2023/24 the estimated residual life used was 46 years. Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

### Impairment

Assets are assessed at each year-end by the Estates and Assets Manager as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified as part of this review or as a result of a valuation exercise, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This policy is applied correspondingly when an impairment is required to be reversed.

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

### 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 will set aside capital receipts for future capital spend or set aside to reduce the Council's need to borrow. Almost all capital receipts can therefore be used to finance borrowing, with the following exceptions:

- 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.

The Local Government Act (2003) 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.



### **Intangible Assets**

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

Intangible assets are measured initially at cost. The depreciable amount of intangible assets are amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any impairment losses and disposal profits or losses are treated in the same way as Property Plant and Equipment.

### **Heritage Assets**

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-Minimis threshold of £278k. 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 deterioration 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.

### **Assets Held for Sale**

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 31st 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 current value less costs to sell.

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

### **Leases**

The Authority as Lessee:

#### **Finance Leases**

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and a finance charge debited to the Financing, and
- Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (where applicable– may not be a finance charge e.g. leases in regard to land).

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

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds

## STATEMENT OF *accounting* POLICIES

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towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Right of Use Assets

Leases are recognised as a right of use asset where the substance of a contract of services conveys a right to control or use of an identifiable asset. Right of use assets are treated in the same way as Finance Leases.

### Operating Leases

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

### The Authority as Lessor:

#### Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

## STATEMENT OF *accounting* POLICIES

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### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line Basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Initial direct costs incurred in negotiating and arranging the lease, along with any incentive payments, are charged as an expense over the lease term on the same basis as rental income.

### Provisions

Provisions are made when an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement of the amount of the obligation.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

### Reserves

The Council may establish reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies.

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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and employment benefits. These are classified as unusable reserves and are explained in the relevant policies.

### Related Party Transactions

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 a narrative note to the Statements.

### Jointly Controlled Operations and Jointly Controlled Assets

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.

## STATEMENT OF *accounting* POLICIES

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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.

### **Employee Benefits – Benefits Payable During Employment**

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 is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Employee Benefits – Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Amounts are charged on an accruals basis to the relevant service(s) in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

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.

### **Employee Benefits – Post-employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council. The LGPS provides defined benefits to members (retirement lump sums and pensions) earned as employees when working for the Council.

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

Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

## STATEMENT OF *accounting* POLICIES

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The charge in the net pension liability is analysed into service costs comprising of:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Remeasurements of the scheme are split between:

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

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

### **Employee Benefits – Discretionary Benefits**

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimate to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

### **Accounting for Precept and NNDR**

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.

### Financial Instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of the instrument. Financial liabilities are initially measured at fair value and are carried at amortised cost. Where applicable (i.e. 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 when the Council becomes a party to the contractual provision of the instrument. Financial assets are initially measured at fair value and then are subsequently measured at their amortised cost. Where applicable (i.e. for investments) annual credits are included in 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.

### Events after the Reporting Period

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.

Two types of events can be identified:

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

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

## Glossary of Terms

| 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) 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.                                                                                                                                      |
| <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>Expenditure and Funding Analysis</b>           | This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.                             |
| <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>Current 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 current 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>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.                                                                                                                                                                                                                                                                                                                                        |
| <b>Inventories</b>                     | Comprise the following categories:- <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>     | 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.                                                                                                                                                            |

|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Properties</b>                 | Interest in land and/or buildings:-<br>a) in respect of which construction work and development has been completed; and<br>b) which is held for its investment potential, any rental income being negotiated at arm's length.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Major Repairs Reserve</b>                 | A reserve created to deal with major capital repairs to HRA properties financed from the Major Repairs Allowance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Minimum Revenue Provision (MRP)</b>       | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Movement in Reserves Statement (MIRS)</b> | The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required.<br>They include the general fund, earmarked reserves and the capital receipts reserve.<br>Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account. |
| <b>National Non-Domestic Rates (NNDR)</b>    | 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.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Net Book Value</b>                        | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Net Current Replacement Cost</b>          | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <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>     | <p>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:-</p> <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> <li>and</li> <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>       | <p>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 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 Or;</li> <li>ii) an employee's decision to accept voluntary redundancy in exchange for those benefits,</li> </ul>                                                                                                                                                                                                                                                                                                                                                 |

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | because these are not given in exchange for services rendered by employees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Revenue expenditure</b> | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Right of Use Asset</b>  | An identifiable asset that gives the Council the right to use under a contract for a period of more than one year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Scheme Liabilities</b>  | 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.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <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>          | 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.                                                                                                                                                                                      |
| <b>Ultra Vires</b>         | An action that is outside the powers allowed to the body that wants to execute the action.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Useful Life</b>         | The period over which the Local Authority will derive benefits from the use of an asset.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <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>                                                                                                                                                                                            |

### Introduction to the Annual Governance Statement

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

In discharging this requirement, HBBC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The preparation of the Annual Governance Statement, to support the Annual Statement of Accounts, is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council's internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables, if required, the production of a corporate action plan to address any identified weaknesses.

How to meet the ongoing needs of our communities, when faced with continued pressures on available resources, and national government reforms, present a challenge to all councils. To meet these challenges every Council must ensure that corporate governance arrangements support the management of risk and the effective delivery of services. Corporate governance concerns the way in which elected members and officers handle the affairs of Council, and how the Council engages with the community, stakeholders, and partners.

CIPFA have confirmed that "proper practice" in relation to internal control is as detailed in the Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) and this has statutory backing. This statement has been prepared taking into consideration the requirements detailed in that report.

An overview of the key elements of the main elements Council's Governance Framework is detailed at Appendix 1.

### **National Audit Backlog**

There has been a national backlog in the delivery and sign off of local government Audited financial statements. This has been caused by many challenges facing the local audit system, which have been highlighted by External Audit firms, the Redmond Review, the NAO, the Local Government Association and in Parliament Committee hearings. The critical factors leading to these delays can be attributed to

- shortages in specialist audit resources and finance teams across local authorities, increasing regulatory requirements,
- specific governance or technical matters at audited bodies,

- emerging national accounting issues for Infrastructure Assets and more recently Pension Liability valuation matters

All of these being further compounded by the impact of Covid.

On 9 September 2024, the Government laid in Parliament a Statutory Instrument, 'The Accounts and Audit (Amendment) Regulations 2024', to introduce backstop dates by which point local bodies must publish audited accounts. To achieve this the backlog must be dealt with and processes put in place to avoid it reoccurring.

The Government's approach to clear the backlog of local audits and embed timely audit consists of two parts:

- Reset measures involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Recovery period after the Reset Measures that reduces the likelihood of the backlog re-emerging by using backstop dates to allow assurance to be rebuilt over one or more audit cycles.

The Council's Statement of accounts for 2020/21, 2021/22 and 2022/23 received disclaimed opinions for all these periods by our External Auditors EY for these years. The Government has agreed a recovery plan which will address this national issue. This disclaimer is based on backlog meaning the Auditor is unable to obtain sufficient evidence to conclude an opinion on the financial statements.

Our external auditors for 2020/21, 2021/22 and 2022/23 (Ernst & Young) have issued their External Audit Report and VFM for 2020/21, 2021/22 and 2022/23 which was reviewed by the members of the Audit Committee when provided. No significant control weaknesses were reported in in the VFM processes for these periods.

The external audit for 2023/24 was completed by Azets and was issued with a disclaimed opinion due to the national backlog pressure set out above, particularly pressures on the external audit market. Audit Opinions being disclaimed means the normal audit assurance was not available to inform the Annual Governance Statements in relation to the years 2020/21, 2021/22, 2022/23 and 2023/24.

The external audit for 2024/25 is being completed by Azets is anticipated to be issued with a disclaimed opinion due to the national backlog pressure set out above, which continue to impact on the financial; balance brought forward from prior years. The Council is working with our External Auditors to address this position so as to returned to

All other factors of governance control have operated as normal during these periods.

### OVERALL SUMMARY

This is a positive Statement for the financial year 2023/24, with no significant control weaknesses identified except for the 2023/24 VFM governance finding reported below. The Council continues to operate a robust governance framework that is designed in a way to address risk and operates effectively. This has been endorsed through a recent Corporate Peer Challenge undertaken in November 2024.

The governance framework outlined in this Statement has been in place at the Council for the year ended 31 March 2025.

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, 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 in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

In discharging this overall responsibility, the Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) /The Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government: Framework*. One of the objectives of the Constitution is to “enable the Council to review its governance arrangements as required”. A full review of the Constitution took place in May 2016.

This Annual Governance Statement (the Statement) explains how the Council has complied with the Constitution and meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015. The Statement details the systems of corporate and operational governance as well as the procedures of internal control that are in place. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and External Audit.

This statement has been prepared in accordance with the principles of good governance as set out in the CIPFA guidance noted above. These principles are:

| Core Principles                                                                                               | Sub-principles                                                                                                |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | C. Defining outcomes in terms of sustainable economic, social, and environmental benefits                     |
| B. Ensuring openness and comprehensive stakeholder engagement                                                 | D. Managing risks and performance through robust internal control and strong public financial management      |
|                                                                                                               | E. Determining the interventions necessary to optimise the achievement of the intended outcomes               |
|                                                                                                               | F. Developing the entity’s capacity, including the capability of its leadership and the individuals within it |

|  |                                                                                                          |
|--|----------------------------------------------------------------------------------------------------------|
|  | G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability |
|--|----------------------------------------------------------------------------------------------------------|

**Purpose of the GOVERNANCE Framework**

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and the activities through which it accounts to, engages with, and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

Internal control is a process for assuring achievement of an organisation's objectives through identifying and controlling risk. The Committee of Sponsoring Organisations (COSO) defines the framework of internal control as comprising of six components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

The governance framework has been in place at Hinckley and Bosworth Borough Council for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

**THE GOVERNANCE FRAMEWORK**

There are several key elements to the systems and processes that support the Council's Governance Framework, which are noted below.

There is a clear vision of the Council's purpose and target outcomes for local residents businesses and service users, which is communicated via the Corporate Plan. The Council agreed the new Corporate Plan (2024-2028) which sets out the long-term aims of the Council and drives the activities of the Council and Medium-Term Financial Strategy.

The Corporate Plan for 2024 to 2028 seeks to deliver our vision in creating great places to live, work and enjoy as we all recover from the covid pandemic and address other national challenges around the cost of living and energy crisis's. Our Council services will



work closely together as one team, driven by our key values, to deliver our priorities, goals, and ambitions for the next three years.

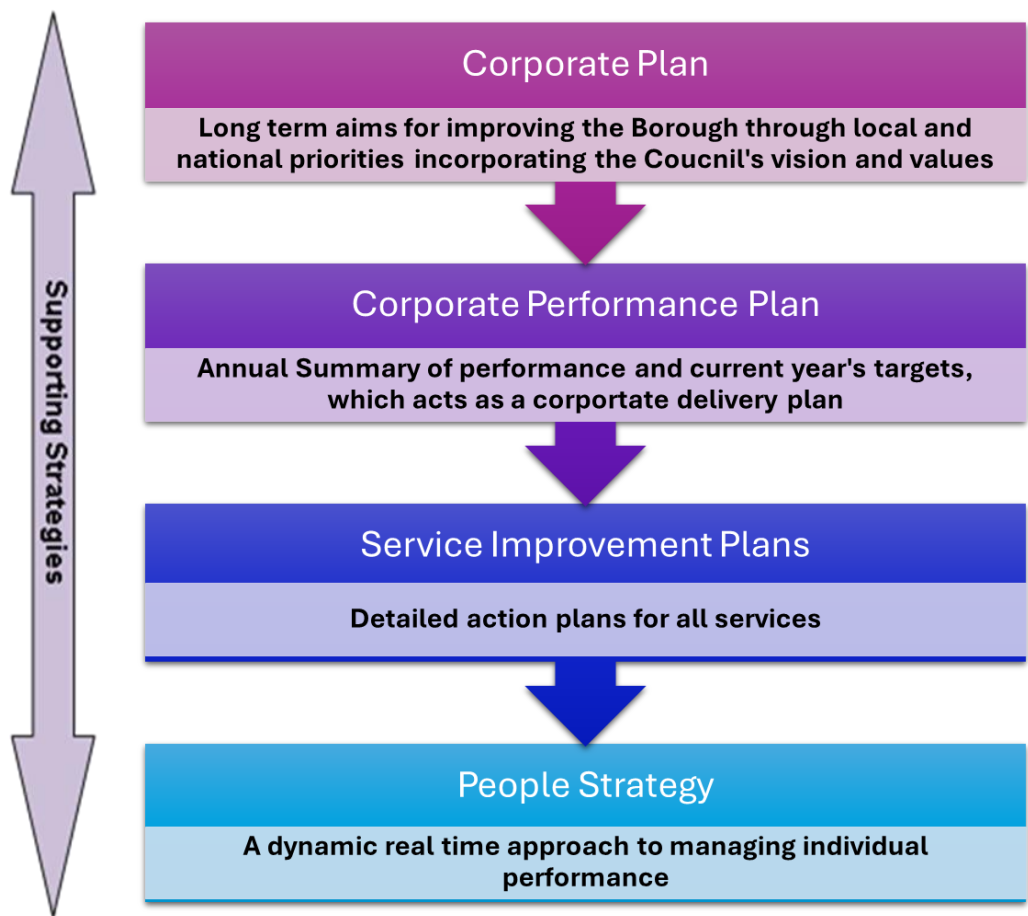
The plan does not include everything the council does, but it does set out our priorities, goals and ambitions for the next four years based on what our residents tell us are the most important matters to them. The council's Service Improvement Plans will be the mechanism that will deliver these ambitions.

We have brought those priorities together under three clear headings:

- **People**- Helping people to stay safe, healthy, active, and in employment.
- **Places** - Creating clean sustainable and attractive places to live, visit and work in
- **Prosperity** - Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills, and supporting regeneration.

The Council uses plans and strategies at various levels to plan and monitor the achievement of its aims and objectives, which together forms the Corporate Planning Framework (See fig 1 below). The objectives set out within the Corporate Plan are used to set targets for each department in their Service Improvement Plans (SIPs). Plans are refreshed annually and progress against targets is managed through the TEN performance management system on a regular basis. The Senior Leadership Team and the Finance and Performance Committee review performance reports at least quarterly. All officers are required to reflect their departmental SIPs in individual personal development plans and are assessed against these annually.

Figure 1: Hinckley & Bosworth Borough Council – Corporate Planning Framework



The Council's data quality expectations are included in its records management policy, which sets out the Council's requirement that any data used by the authority should be fit for purpose. This is supported by the standards for data quality put in place, being:

- a) **Governance and leadership** - There is a corporate framework for management and accountability of records and data quality, with a commitment to secure a culture of data quality throughout the organisation.
- b) **Policies** - There are appropriate policies and procedures in place to secure the quality of the data recorded and uses for reporting.
- c) **Systems and processes** - There are systems and processes which secure the quality and protection of records and data as part of the normal business activity of the organisation.
- d) **People and skills** - There is a People Strategy with arrangements in place to ensure that staff have the appropriate knowledge, competencies, and capacity for their roles in relation to records management and data quality.
- e) **Data use and reporting** - There are arrangements in place that are focussed on ensuring that data and records supporting reported information is actively used in the decision-making process and is subject to a system of internal control and validation.

In addition, performance data is subject to:

- Challenge of measure definition when new indicators are identified through service planning;
- Set up of measures to ensure that calculations are not carried out manually;
- Calculation checking through the data entry process;
- Manager review of data entered by staff;
- Challenge through the target setting process; and
- Challenge through monthly monitoring of performance data.

There are arrangements in place to ensure the financial plans are delivered in accordance with the council's objectives, are management in controlled way and that expenditure represents the best use of resources.

The Council's financial strategy, aims and objectives are outlined in the Medium-Term Financial Strategy (MTFS). The MTFS outlines ten financial objectives which the Council looks to achieve whilst managing current financial risks. Alongside this, the Council has in place a Housing Revenue Account (HRA) Business Plan which sets out how the organisation will finance and deliver affordable housing over the next thirty years. From a capital perspective, the Capital Programme covers expenditure and financing plans for the Council over a period of three financial years. Finally, a Treasury Management Strategy is approved annually by Council and details the organisation's approach to borrowing and investing.

The system of internal financial control reflects the 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.
- Robust financial regulations and authorisation limits to ensure accountable financial decisions.

- Allocation of financial resource to ensure that each budget holder meets with a dedicated accountant on a regular basis.
- Production of monthly reporting packs which are discussed by Strategic Leadership Board and the Corporate Operations Board
- Preparation of regular financial reports for members which outline actual expenditure against budget and forecast spend for the remainder of the financial year.
- Use of a comprehensive financial ledger and reporting tool which produces disaggregated financial reports at various levels (e.g., fund, cost centre, expenditure type) to ensure that stakeholders receive information to inform decisions. The Council has invested in a budget monitoring model within the financial ledger to allow for self service and interrogation of financial data by users.
- Inclusion of financial implications in all committee reports
- Representation from finance in the governance structure of all corporate projects

The Council's financial systems are reviewed each year by Internal Audit and in 2023/24 received a confirmation that there were no issues that needed to be reported in the Annual Governance Statement, with no high-level risks reported.

Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.

The council has established policies and procedures to govern its operations. Key within these is the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.

Contract Procedure Rules set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high-level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means and details the supporting framework.

A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy is reviewed on an annual basis and approved by the Audit Committee.

The council's financial management arrangements have one element that does not fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Head of Finance is the Section 151 officer for the Council and has these statutory responsibilities. Whilst not a formal member of the Strategic leadership Board (SLT) of the Council, the Council arrangements allow the Head of Finance to have direct access to the Chief Executive, the Monitoring Officer, and other Directors and well as the Leader of the Council. The S151 also regularly attends SLT meetings. The Head of Finance also has the right to attend and address the Council,

Scrutiny Commission and any other Committee on any issues that relates to S151 responsibilities. All reports are subject to review for Financial Implications and can be seen by the S151 Officer. These arrangements are considered to have the same effect as if the Head of Finance were a member of the SLT and is not considered a control weakness.

The Head of Finance has statutory responsibility for the proper management of the council's finances. The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation. Directors / service managers may further devolve decision making to managers and business unit managers through departmental schemes of management.

The Finance Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services Team ensures segregation of duties, and all committee reports are reviewed by the appropriate Finance staff.

As a key element of internal control, the Internal Audit function operates in accordance with the *CIPFA Code of Practice and Statement on the Role of the Head of Internal Audit*. Internal Audit reviews are performed as set out in the annual Audit Plan which reflects the Council's strategic risk register. 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 Audit Committee. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police*.

The Corporate Planning Framework is underpinned by several strategies which outline how the support services of the Council will reinforce and sustain front line provision. These include:

- Asset Management Strategy (including the acquisition and disposals strategies)
- People Strategy
- Medium Term Financial Strategy
- Health and Safety Policy
- Risk Management Strategy
- Procurement Strategy
- Communication and Consultation Strategy
- Digital Strategy

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 and Council but in practice most reports for key decisions will be considered by Scrutiny prior to the meetings and reported into Council and Executive 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 roles and responsibilities of the executive, non-executive, scrutiny, and officer functions are clearly defined, with clear delegation arrangements and protocols for effective communication.

Roles and responsibilities for Executive, Council, Scrutiny, and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.

Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.

A register of members' interests is maintained. All members and senior officers 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 reviewed annually by Council. The Ethical Governance and Personnel Committee oversees the performance of members, senior officers, and the Council's committees.

Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements. The Constitution includes provisions for the governance of partnerships involving the Council.

Partnership working is governed by agreements, protocols, or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

The Council ensures compliance with established policies, procedures, laws, and regulations through various channels. The three statutory officers, including the Section 151 Officer, 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 is supported by the internal audit service, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources (HR) function provides 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.

The Communication and Consultation Strategy outlines how the Council will engage with local people and stakeholders. We will use the following methods to listen to feedback from customers, inform our services, evaluate and measure our success:

- a. Surveys (including staff surveys)
- b. Website analytics
- c. Social media analytics
- d. Email analytics
- e. print media monitoring
- f. Public consultation feedback
- g. Focus groups
- h. Compliments received
- i. Complaints received

Other surveys and focus groups are undertaken from time to time to help to ensure that our decisions are taken in the light of an understanding of how these will affect local people and communities and to provide adequate and appropriate opportunities for individuals and communities to comment on our plans, policies, and services. All surveys go through a strict quality control check to make sure that they meet the standards that we have set for consultation.

Regular formal and informal engagement with designated groups such as the Parish Forum, Tenant Advisory Panel, Developer Forum, the Registered Social Landlord Forum, and other representatives of hard to reach and minority groups also takes place as and when appropriate.

Examples of areas we have consulted on during the period are:

- Making a Difference awards
- Polling district and polling place review
- Council tenants engagement survey
- Green space strategy consultation
- Have your say on protecting open spaces
- The Local Plan

The Council's dedication to quality of service is embedded through relevant strategies and in the Council's Customer Service Charter. The Council collates customer satisfaction results for face to face, telephone, and website interaction.

The Council regularly measures performance through a suite of performance indicators managed on the InPhase Performance Management system. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans. Each month performance is entered by managers before the database is locked to maintain accuracy in reporting. Progress is monitored at Directorate level and reports are presented to the Strategic Leadership Team, Scrutiny Commission, Finance Audit and Performance Committee and the Executive. The reports provide the following information for each of these indicators as well as the Strategic Risk Register:

- 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

The Council actively looks for opportunities to benchmark performance against other Councils. Locally the Council is a member of the East Midlands Performance Benchmarking Group.

### **Review of effectiveness 2024/25**

The Council has responsibility for conducting at least annually a review of the effectiveness of the system of internal control annually. The review of effectiveness is informed by the work of the Chief Officers within the authority who have responsibility for the development and maintenance of the governance environment, and their service

assurance returns, the head of internal audit’s annual report, and by comments made by the external auditors and other review agencies and inspectorates.

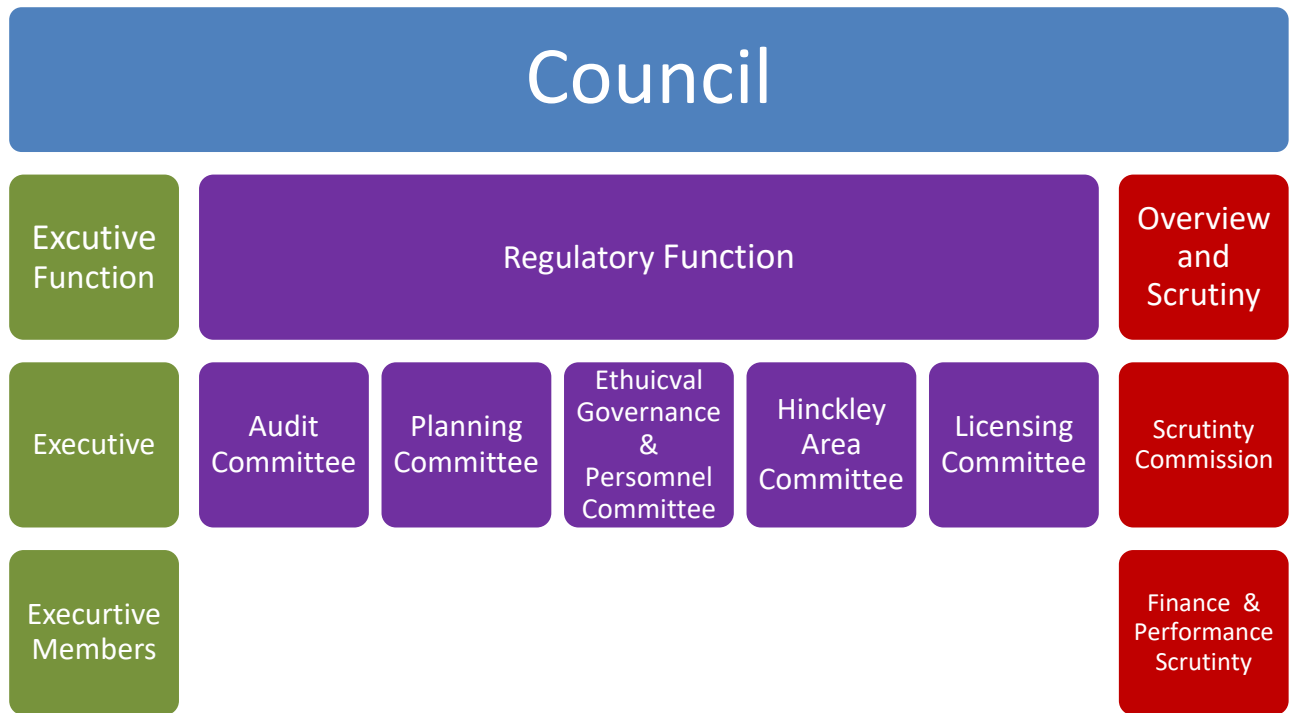
Each year all service areas are required to conduct a self-assessment of the adequacy of controls in place to manage principal business risks. This statement evaluates the effectiveness of procedures, systems and controls, highlights areas for improvement and actions intended to address these. Action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

The Constitution sets out the essential elements of the scrutiny processes that are administered by the Scrutiny Commission and the Finance and Performance Scrutiny 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 and Performance Committee. The Scrutiny arm also has a role in policy development. In addition, task groups are established to oversee ad-hoc projects.

The Scrutiny Commission publishes a work programme. In accordance with Executive arrangements regulations (meetings and access to information) all key and private decisions which are due to be taken by the Executive are published on the Council website with a 28-day notice period.

Council Structure

The diagram below sets out the Council’s democratic decision-making arrangements as at 31 March 2025



Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Council must put in place arrangements dealing with complaints and standards issues. The Council adopted an individual 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 Authority**

The Council comprises 34 Members and takes decisions on budget and policy framework items as defined by the Constitution.

### **The Executive**

The Executive is responsible for the majority of the responsible for decisions within the policy framework adopted by Council.

### **The Audit Committee**

The Council has an established Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

### **Ethical Governance & Personnel Committee**

The Ethical Governance & Personnel Committee role is to promote and maintain high standards of conduct by Councillors and to administer the Council's Personnel policies as they affect individual employees and to liaise with the Executive in Personnel Policy Development.

### **Other Committees that support the governance framework of the Council are:**

- Planning Committee
- Hinckley Area Committee
- Independent Remuneration Panel
- Joint Community Safety Partnership Overview & Scrutiny Committee
- Licensing (Regulatory) Committee
- Member Development Group
- Directors' Briefing
- Statutory Officer Employment Panel

### **The Scrutiny Commission**

The Scrutiny Commission is part of the Council's Overview & Scrutiny function. It discharges functions conferred by the Local Government Act 2000, with the aims of improving services to the public. The Scrutiny Commission has a role in policy development and review and scrutiny of Executive decisions, acting as a critical friend.

Finance & Performance Scrutiny. This has a similar role to the Scrutiny Commission, but with an emphasis on governance issues in relation to finance and service performance of the authority, amongst other overview & scrutiny functions.



### **Statutory Officers**

The Chief Financial Officer (Section 151 Officer) - The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources, and performance, extracting the most value from the use of those resources.

The Monitoring Officer - The Monitoring Officer has a duty to report on matters believed to be, or are likely to be, illegal or amount to maladministration, be responsible for matters relating to the conduct of Councillors and Officers and keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

The Head of Paid Services - The Head of Paid Service has overall responsibility for the management and coordination of the employees appointed by the Council. They are required to report to the Council as appropriate about the way in which the overall discharge by the Council of its different functions is coordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed, and the way in which they are appointed.

### **Internal audit**

The Council's internal audit service is outsourced to Mazars. For 2023/24 Internal audit delivers its work in accordance with to the requirements of the Public Sector Internal Audit Standards (PSIAS).

Internal Audit adhere to the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors.

Internal Audit remain independent of the business, and they shall report to the Chief Audit Executive who, in turn, shall report functionally Audit Committee and administratively to the Section 151 officer. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation using the recommendation tracking software.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which they would normally audit.

Internal Audit update the Audit Committee regularly on the work of Internal Audit and issues an annual statement that provided the Internal Audit assurance opinion.

### **Head of Internal Audit Statements and Opinion 2024/25 (DRAFT)**

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

## Opinion (DRAFT)

Our opinion is as follows:

**On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.**

No significant control weaknesses have been identified that they considered needing to be included in this AGS.

The effectiveness of the internal financial controls is also reviewed annually by the external auditor whose Annual Audit Letter will be considered formally by the Audit Committee.

## Significant internal control issues

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

## Prior years issues

In 2023/24 our external auditors noted a control weakness in our VFM arrangements and recommended that:

- The Audit Committee's terms of reference are reviewed, and
- an annual work plan is created to ensure the committee receives appropriate and timely information from management and other key stakeholders to allow it to discharge its remit effectively.

Areas noted were the Audit Committee had responsibility but had not been receiving information relating to that responsibility were:

- providing independent assurance to Council of the adequacy of the risk management framework,
- monitoring the effective development and operation of risk management in the council,
- reviewing the assessment of fraud risks and potential harm to the council from fraud and corruption,
- monitoring the counter-fraud strategy, actions and resources.

It was noted that External Audit were of the view that for 2023/24 adequate compensating arrangements were not in place to gain assurance on the points above through other committees or oversight functions. As a result, oversight of risk management and counter fraud arrangements within the council was viewed as not being effective.

### How this issue has been addressed in 2024/25

The Audit Committee had already recognised areas for improvement and proactively completed the self-assessment which was undertaken before this external audit review.

During 2024/25 the Audit Committee updated its Terms of Reference to ensure the adequacy of the risk management framework, monitoring the effective development and operation of risk management. It now receives information on risk management and reviews the corporate risk register as part of its responsibilities. It provided an Annual Report to Council on its work in January 2025.

The Audit Committee has adopted a Counter Fraud Framework during 2024/25 as part of its process of strengthening its assessment of fraud risks and potential harm to the council from fraud and corruption. It has also received reports on the outcomes of the National Fraud Initiative to give it broad assurance in relation to fraud risk.

The Council's recent Corporate Peer Challenge noted we had a sound system of overall Risk Governance but also indicated that there was room for improvement in the role of members in the risk management process, which will be accomplished via implementations of the action plan already in place.

An annual work plan is being created and will be provided to the Audit Committee to ensure the introduced practices are part of the regular work of the Audit Committee.

In addition the Finance and Performance Scrutiny review the Council's risks by exception, and the Senior Leadership Team regularly review risks throughout the year. Therefore, the risks of the Council are being managed but this process and how they are managed is now also reported to the Audit Committee as part of the action plan approved by the Audit Committee to inform their assessment of governance.

### 2024/25 Conclusion

No significant control weaknesses have been identified for reporting in 2024/25. This has been confirmed by the Council's Internal Auditors in their yearend opinion.

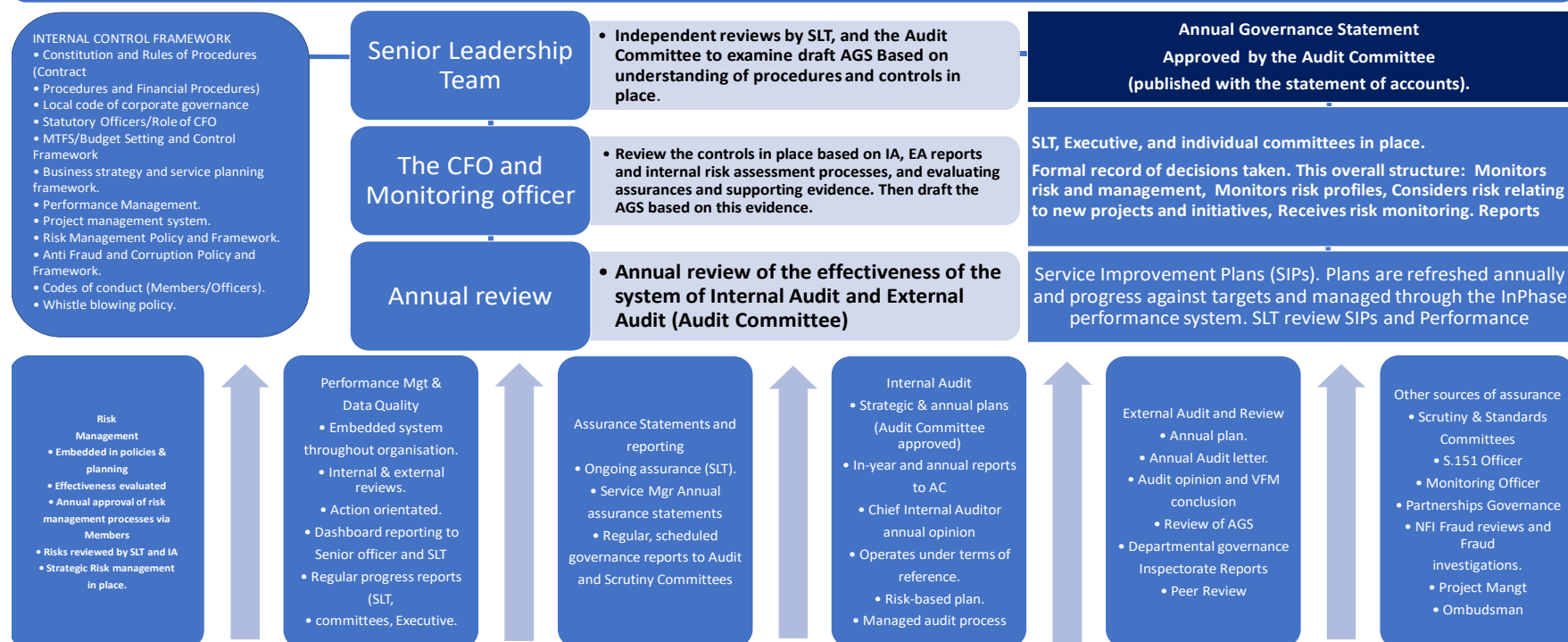
.....  
Bill Cullen MBA(ISM), BA(Hons), MRTPI  
Chief Executive

.....  
Stuart Bray  
Leader of the Council

APPENDIX 1

## ANNUAL GOVERNANCE STATEMENT- Overview of Governance Framework

Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities. It enable the Council to effectively delvier on our: Corporate Plan Objectives, Statutory



# UPDATE PROPOSAL - AUDIT COMMITTEE ANNUAL SELF ASSESSMENT

2025



# Forward

As Chair, it is my pleasure to begin the second Audit Committee self-assessment. Since we completed our first assessment in late 2023, we have monitored the action plan and seen improvements. We still have a journey to travel, but I am proud of the progress made so far. It is time to complete a second self-assessment and begin to include an annual self-assessment update each year as considered best practice by CIPFA.



Cllr David Cope AC Chair

## Audit Committee Membership

### Councillors

DS Cope (Chair)

R Webber-Jones (Vice-Chair)

CM Allen

REH Flemming

SM Gibbens

E Hollick

C Lambert

A Pendlebury

MJ Surtees

BE Sutton

P Williams

# Introduction

The best functioning Audit Committees are self-aware of their strength, and their weaknesses and strive to eliminate the latter. To begin the process for the annual update of the Audit Committee’s self-assessment I provide a summary of where we are and invite my fellow members to join me in an assessment of where we feel we have moved to since our first assessment. The score for the original assessment is in the appendix to this report. We will need to meet outside of the normal Audit Committee schedule to assess how we would score our current position and identify if there are any new actions needed to improve our role in the governance of the council.

# SUMMARY OF ACTION TAKEN IN RESPONSE TO THE LAST ACTION PLAN

At our last self-assessment in 2023 we scored ourselves as 65 out of a possible total of 200. We need to review the self-assessment scores and set about compiling a new action plan to address any of the areas identified as requiring improvement currently. The table below sets out a summary of the current progress on the actions plan and areas for assessment or action by Audit Committee members. completed the following since 2023/24.

| Good practice questions                                                                                                             | Action taken/Needed      | RAG rating | Previous Score |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------|----------------|
| 1 Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)? | No further action needed |            | 5              |
| 2 Does the audit committee report directly to the governing body                                                                    | Annual report provided   |            | 2              |

| Good practice questions                                                                                                                                                              | Action taken/Needed                                                                       | RAG rating | Previous Score |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------|----------------|
| <b>3</b> Has the committee maintained its advisory role by not taking on any decision-making powers?                                                                                 | Authorisation of accounts retained by Audit Committee                                     |            | <b>2</b>       |
| <b>4</b> Do the terms of reference clearly set out the purpose of the committee in accordance with <b>CIPFA's 2022 Position Statement?</b>                                           | ToR updated                                                                               |            | <b>2</b>       |
| <b>5</b> Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?                                            | Audit Committee Training provided                                                         |            | <b>1</b>       |
| <b>6</b> Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?                                                                 | Minutes of Audit Committee to be provide to Council. Constitution change needed to enable |            | <b>1</b>       |
| <b>7</b> Does the governing body hold the audit committee to account for its performance at least annually?                                                                          | Annual report provided                                                                    |            | <b>0</b>       |
| <b>8</b> Does the committee publish an annual report in accordance with the 2022 guidance, including:                                                                                | Annual report provided<br>Needs to be done annually                                       |            | <b>0</b>       |
| • compliance with the CIPFA Position statement                                                                                                                                       | To be covered                                                                             |            | <b>0</b>       |
| • results of the annual evaluation, development work undertaken and planned improvements                                                                                             | To be covered                                                                             |            | <b>0</b>       |
| • how it has fulfilled its terms of reference and the key issues escalated in the year?                                                                                              | To be covered                                                                             |            | <b>0</b>       |
| <b>9</b> Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?                                            | ToR Updated to comply                                                                     |            | <b>0</b>       |
| Governance arrangements                                                                                                                                                              |                                                                                           |            |                |
| Risk management arrangements<br>Internal control arrangements, including:<br>• financial management<br>• value for money<br>• ethics and standards<br>• counter fraud and corruption | Ethics and Standards covered by separate Committee.<br>Risk register provided.            |            | <b>1</b>       |



| Good practice questions                                                                                                                                                       | Action taken/Needed                                                                       | RAG rating | Previous Score |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------|----------------|
|                                                                                                                                                                               | Further work need on counter Fraud and corruption                                         |            |                |
| Annual governance statement                                                                                                                                                   | Covered as part of presentation of final accounts                                         |            | <b>1</b>       |
| Financial reporting                                                                                                                                                           | Covered as part of presentation of final accounts                                         |            | <b>1</b>       |
| <b>11</b> Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance? | Work programme set out's compliance with Tor as now updated                               |            | <b>1</b>       |
| <b>12</b> Has the committee met privately with the external auditors and head of internal audit in the last year?                                                             | Audit Committee Chair has, but private meeting with Committee to be formalised biannually |            | <b>1</b>       |
| • Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation                                                                      | Due to LGR selection independent members paused                                           |            | <b>0</b>       |
| <b>14</b> Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?                                           | For members to self-assess annually                                                       |            | <b>1</b>       |
| <b>15</b> Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?                        | For members to self-assess annually                                                       |            | <b>0</b>       |
| <b>16</b> Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?                                                   | Training provided, further training for members to self-assess annually                   |            | <b>0</b>       |



| Good practice questions                                                                                                                                                      | Action taken/Needed                                                              | RAG rating | Previous Score |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------|----------------|
| <b>17</b> Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?                                                      | For members to self-assess annually                                              |            | <b>2</b>       |
| <b>20</b> Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?                                  | Annual report to Council gives provision for feed back                           |            | <b>0</b>       |
| <b>24</b> Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers? | A wide range of officers attend audit committee meetings as requested by members |            | <b>0</b>       |
| <b>25</b> Does the committee make recommendations for the improvement of governance, risk and control arrangements?                                                          | Annual report provided                                                           |            | <b>0</b>       |
| <b>26</b> Do audit committee recommendations have traction with those in leadership roles?                                                                                   | For members to self-assess annually                                              |            | <b>0</b>       |
| <b>27</b> Has the committee evaluated whether and how it is adding value to the organisation?                                                                                | For members to self-assess annually                                              |            | <b>3</b>       |
| <b>28</b> Does the committee have an action plan to improve any areas of weakness?                                                                                           | Action plan in place and monitored                                               |            | <b>0</b>       |

## Next steps

The Audit Committee members need to meet and complete an updated self-assessment before the next formal audit committee meeting.

To inform this is recommended that the Contents of this report is noted.

