



**Rutland**  
County Council

# Statement of Accounts

2022/23

For further copies of this document or questions about it please contact:

Strategic Director for Resources

Rutland County Council

Catmose House

Oakham

Rutland

LE15 6HP

email: [RCCFinance@rutland.gov.uk](mailto:RCCFinance@rutland.gov.uk)

Tel: 01572 722577

[www.rutland.gov.uk](http://www.rutland.gov.uk)

---

# Rutland County Council

## Statement of Accounts 2022/23

---

<b>Contents</b>	<b>Page</b>
Narrative Report .....	2
Independent Auditors' Report to the Members of Rutland County Council .....	9
Statement of Responsibilities.....	10
Comprehensive Income and Expenditure Statement (CIES).....	11
Movement in Reserves Statement.....	13
Balance Sheet .....	15
Cash Flow Statement .....	16
Notes to the Accounts.....	17
Collection Fund.....	65
Statement of Accounting Policies .....	68
Glossary .....	84
Table of Acronyms.....	88
Index of Notes to the Core Financial Statements.....	89
Annual Governance Statement 2022/23 .....	90

# Narrative Report

---

## 1. The Statement of Accounts

The Statement of Accounts brings together the major financial statements for the financial year 2022/23. The statements and the notes that accompany them give a full and clear picture of the financial position of Rutland County Council.

The sections are:

- **Narrative Report** – an overview of the Council’s financial and operational performance, main objectives, key risks and strategies for future service delivery
- **Statement of Responsibilities** – the responsibilities of the Council and its Chief Financial Officer in respect of the Statement of Accounts
- **Comprehensive Income and Expenditure Statement** – this shows the accounting cost in the year of providing services. It is prepared in accordance with generally accepted accounting practices. This is different from the amount to be funded from taxation
- **Movement in Reserves Statement** – the movement in the year on the different reserves held by the Council
- **Balance Sheet** – the value of the assets and liabilities recognised by the Council on 31 March 2023
- **Cash Flow Statement** – inflows and outflows of cash or cash equivalents. The flows are revenue and capital transactions with third parties
- **Notes to the Financial Accounts** – the Statements are supported by technical notes
- **The Collection Fund and Notes** – shows the transactions of the separate fund used for the collection of Council Tax and

Non-Domestic Rates (NNDR) and its distribution to local government bodies and the government

- **Statement of Accounting Policies** – outlines the significant accounting policies adopted by the Council

The statement of Accounts been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003
- Accounts and Audit Regulations 2015
- Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code).

## 2. Our County

Rutland County Council is a Unitary Authority located in the East Midlands, with Lincolnshire, Leicestershire and Northamptonshire being the bordering counties.

It covers an area of 151.5 square miles (392.5 square kilometres). In the centre of the county is Rutland Water, Anglian Water’s drinking water reservoir, covering an area of 4.19 square miles (10.86 square kilometres), which attracts a great number of visitors to the county each year. The county town is Oakham, which is the administrative centre of the county. The main council offices are located in Oakham and serve the towns and villages of the county from Thistleton in the north to Caldecott in the south and across from Ryhall, Belmsthorpe and Essendine in the east to Whissendine in the west.

The population of the county is 41,000 as per the 2021 Census. The demographics for the county show 25.5% of the County is 65 or over. The area is relatively affluent when compared with other areas of England, with only small pockets of deprivation. This is shown in the overall employment rate of the working age

population in Rutland of 81.9% compared to the East Midlands average of 77.4%. The make-up of the county's population shapes the delivery of services by the Council, with the aims and objectives of the Council being set to meet to the needs of its residents.

### 3. Our Council Services and Performance

The Council provides a breadth of services to the community and businesses. It employs 545 members of staff<sup>1</sup> and holds key contracts who provide services on the Council's behalf.

The Council works closely with other Leicestershire Local Authorities, NHS health organisations, in addition to the voluntary sector, to provide value for money services which deliver outcomes and meet the needs of the community.

The Council has continued to provide vital services and how effectively the Council is delivering against our Corporate Strategy is contained on the Council's website<sup>2</sup>. Some key achievements from the past 12 months include:

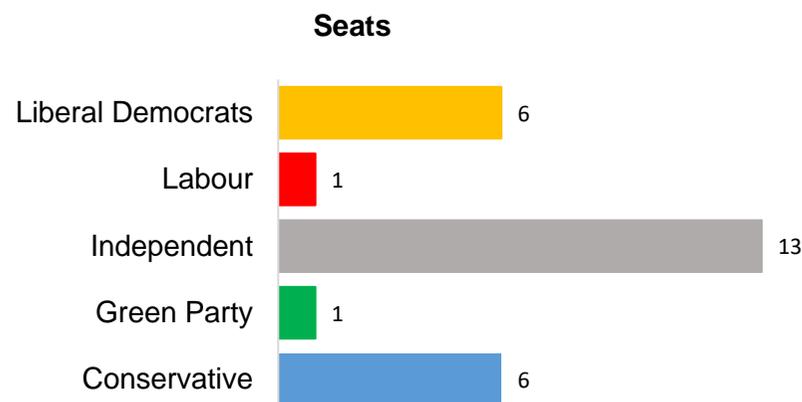
- 11,277 energy bill payments provided to households totalling £1.84m
- 100% of children in need are seen within statutory timescales
- 100% of Highways of Category 1 defects are repaired in 7 working days
- £304k distributed through the household support fund
- 93% of customers satisfied with bus service standards with 146,629 bus users this year
- In the top three of Unitary Authority crime ranking
- 96% of other planning applications are processed within timescales
- 253 approaches for housing managed by Council officers

<sup>1</sup> [About us | Rutland County Council](#)

- 89% of new birth visits completed within 14 days
- 37,824 calls taken by our Customer Service Team
- £23m awarded to Rutland County Council and Melton Borough Council to help boost the local economy and improve connectivity as part the Government's Levelling Up Fund

### 4. Council Democracy

The Council has 27 councillors which make up the following political representation:



The Council's Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are efficient, transparent and accountable to local people. The Council appoints a Leader of the Council who appoints Cabinet Members, each with responsibility for a specific portfolio of services. The role of Cabinet is to:

- Providing leadership
- Running services and ensuring best value is delivered

<sup>2</sup> [Our Corporate Strategy | Rutland County Council](#)

- Implementing policies and delivering services

The Council's Scrutiny Committee supports the work of the Cabinet and the Council by:

- Monitoring decisions of the Cabinet and holding them to account where required
- Allowing all Councillors, members of the public and partners to have a say, highlighting areas of concern
- Make recommendations to Council to support the development of policies and decisions

The Regulatory Committees are responsible for the functions which Cabinet, by law cannot undertake, or those that the Council has agreed should not be considered by Cabinet. This includes the Audit Committee, which is responsible for providing independent scrutiny of the Council's financial statements and risk management

## 5. Council Priorities

Rutland County Council adopted a new Corporate Strategy<sup>3</sup> setting out its priorities for the next five years (2022-2027) on the 24 May 2022.

The Corporate Strategy guides everything the Council does across all its services. It lists a total of 25 commitments covering everything from sustainable development and carbon reduction, to reducing health inequalities and supporting vulnerable people. The Corporate Strategy is directly linked to the results of the county's recent Future Rutland Conversation. Each of the Council's 25 commitments will help to achieve the aspirations that were voiced by residents throughout the Conversation and then captured in the final Future Rutland Vision, the commitments cover 5 key priority areas.

### 1. A special place:

Sustaining a vibrant rural county that harnesses the enterprise of its businesses, the ambition and creativity of its residents, and the passion of its local communities

### 2. Sustainable Lives:

Living sustainably and combatting the climate crisis through the power of choice, the removal of barriers, and real collective action

### 3. Healthy and well:

Promoting health, happiness and wellbeing for people of all ages and backgrounds

### 4. A county for everyone:

Celebrating diversity and ensuring everyone has the opportunity to live well, be heard and overcome any challenges they may face

### 5. A modern and effective Council:

Transforming the way we work to deliver effective and efficient services fit for the future

## 6. Managing Organisational Performance

The Council has arrangements in place to ensure that it achieves economy, efficiency and effectiveness, to deliver value for money services to residents. However, the Council recognises that its financial position means it cannot continue to provide services at the current levels and remain within its resource envelope.

Budget managers receive detailed budgetary control information each month, with Departmental Management Teams and the Corporate Leadership Team considering the financial position on a regular basis throughout 2022/23.

<sup>3</sup> [Our Corporate Strategy | Rutland County Council](#)

The Council operates a risk management approach which is linked to the Council's budget monitoring process. Further details on the Council's risk management arrangements will be contained within the Annual Governance Statement which will be included as an annex to this document.

The Council's Treasury Management Strategy (TMS) contains the Council's Prudential Indicators, which are set each year as part of the budget setting process. These indicators are designed to assist members to overview and confirm that the cost of the capital programme is sustainable. The capital programme and treasury activities are monitored throughout the year, with performance against the indicators reported to members.

## 7. Revenue Position

During the year the Council faced a challenging financial environment largely the result of national and international events. Within days of the budget being approved, Russia invaded Ukraine, leading to global economic turmoil. In the following months significant inflationary pressures emerged which created a considerable challenge for the Council in managing its 2022/23 budget and impacted on estimates for future years budgets.

To manage the in-year position an additional £1.7m from reserves was agreed as part of the July 2022 Outturn report. This increased the 2022/23 budget from the £42.3m set in February 2022, to a revised budget of £44.0m.

Despite these challenging circumstances the Council's revenue outturn position for 2022/23 reflects a small underspend of £0.4m as a result of monies received in advance of activity being undertaken. This funding is requested to be carried forward to be used in future years through use of reserves.

Of the additional reserves requested to be applied in the July 2022 report of £1.7m, £1.4m was drawn down to support Council services. The table shows the directorates final financial performance against budget with further detail and explanation

contained in the outturn report as published to the Cabinet in July 2023.

	Revised Budget £000	Net Expenditure £000	Variance to Budget £000
People	20,745	21,035	290
Places	15,875	15,973	98
Resources	7,963	7,740	(223)
Projects	217	198	(19)
Covid	-	444	444
<b>Directorate Total</b>	<b>44,800</b>	<b>45,390</b>	<b>590</b>
Appropriations	(2,478)	(2,473)	5
Revenue Contribution to Capital	243	187	(56)
Capital Financing	1,647	1,648	1
Interest Receivable	(200)	(1,182)	(982)
<b>Net Cost Of Services</b>	<b>44,012</b>	<b>43,570</b>	<b>(442)</b>

Other earmarked reserve movements, which reflect the known commitments of the reserve for specific activity include the contribution to capital from revenue funds of £0.2m and £0.4m for legacy Covid-19 expenditure.

Total movements on reserve balances are incorporated within the transfer to and from reserves within Earmarked General Fund Reserves in the Movement in Reserves Statement (MIRS), Note 16, page 43. This Note provides detail as to the purpose of each of the earmarked reserves.

### ***Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis***

The Statement of Accounts presents the Council's financial performance in two different formats:

- The Comprehensive Income and Expenditure Statement (CIES), shows revenue expenditure; income; and net expenditure for 2022/23 under proper accounting practices (see page 11).

- The Expenditure and Funding Analysis (EFA) shows net revenue expenditure for 2022/23 as it impacts on the General Fund balance and the statutory adjustments between accounting and funding bases required to reconcile to the net expenditure shown in the CIES (see Note 0, page 30).

Both of these formats include comparative figures for 2021/22. The statements use the Council's management structure as used during the 2022/23 year for reporting net expenditure.

## 8. Capital and Treasury Position

The table below shows the capital outturn position for 2022/23. The majority of the £543k underspend, resulted from the Digital Rutland project, which is now completed.

	Total Project Budget	Prior Years Outturn (A)	Outturn 2022/23	Future Years Outturn	Estimate Outturn	Total Project Variance
	£000	£000	£000	£000	£000	£000
<b>Approved Projects:</b>						
Not Started	5,076	-	-	5,076	5,076	-
In Progress	33,371	3,363	4,254	25,700	33,316	(55)
Completed	5,087	1,708	2,890	0	4,599	(488)
<b>Total</b>	<b>43,534</b>	<b>5,071</b>	<b>7,145</b>	<b>30,775</b>	<b>42,991</b>	<b>(543)</b>
<b>Financed By:</b>						
Grant	(39,810)	(4,640)	(6,852)	(28,131)	(39,622)	188
Prudential Borrowing	(349)	-	-	-	-	349
Capital Receipts	(595)	-	-	(595)	(595)	-
Revenue Contributions	(311)	(66)	(187)	(58)	(311)	-
Developers Contribution	(2,469)	(365)	(106)	(1,992)	(2,463)	6
<b>Total Financing</b>	<b>(43,534)</b>	<b>(5,071)</b>	<b>(7,145)</b>	<b>(30,775)</b>	<b>(42,991)</b>	<b>543</b>

Major projects which progressed during 2022/23 are:

- Highways 2022/23**, budget £2.6m - grant funded from the Department for Transport (DfT).
- Integrated Transport**, budget £1.3m - grant funded from the DfT to improve the safety and amenity of smaller transport schemes.
- Catmose School Expansion Project** budget £5.4m - to deliver 30 additional places through development of an 8 Form Entry secondary school through the College with works expected to be completed by the October 2023.
- Digital Rutland** - the original project was funded by Building Digital UK (BDUK) and Rutland County Council (RCC) based on a ratio split. The clawback amount relating to Digital Rutland phases 1 – 3 has been agreed with BDUK, and the clawback payment was repaid in 2022/23, and the project is now closed.
- Levelling Up Fund** - in January 2023, it was confirmed that Rutland and Melton had successfully secured a joint Levelling Up Fund (LUF) bid of £23m to support the economic development and focus on health innovation, sustainable transports and growing the County's visitor's economy.

## Borrowing and Investments

The Council's TMS outlines the Council's approach to borrowing and investment. The main source of borrowing is from the Public Works Loan Board (PLWB) and is historical in nature with no additional borrowing from this source having been taken since 2007.

On 31 March 2023 the Council had net investments including cash and outstanding interest of £24.6m (£25.6m in 2021/22).

2021/22		2022/23	
£m		£m	
21.4	Long Term Borrowing	21.4	
(47.0)	Short Term Investments	(46.0)	
<u>(25.6)</u>	<b>Net Investments</b>	<u>(24.6)</u>	

The Council's cash flow position is monitored daily to ensure sufficient funding is available to meet its obligations and to maximise return on surplus balances.

## 9. Risks, Challenges and Mitigating Action

Risk Management is embedded in the Council through the Risk Management Strategy. Risk management is an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making. The Audit and Risk Committee receives regular reports on risk management, with the ability to refer particular risks to Scrutiny Panels if there is a need to look at them in more detail.

The Strategic Risk Register was reviewed by Audit and Risk Committee<sup>4</sup> in September 2022. The Risk Management Policy was reviewed and updated in February 2022 before being approved in April 2022. The Policy included the requirement for risk registers at a Directorate level.

An overview of the types of risk that the Council is managing include:

- **Demand led services** - the Council provides services where the need for support lies outside the Council's direct control, for example in children's, and adult social care services. These services have faced an increasing demand in recent years due to a rising population, the impact Covid-19 and changes to the economy. The performance in these services are closely monitored by management.
- **Financial resilience** – there is the risk that Council has reduced reserve balances and is less able to withstand further budget pressures from reduced grant funding, increased cost of service delivery, non-delivery of savings or an emergency situation. The Council is progressing work outlined in the

Corporate Strategy to deliver financially sustainable budget over the medium term.

- **Business Rates, Council Tax and other fees and charges** - the Council relies on income generated from council tax, business rates and other income streams such as parking and planning. There is a risk that collection rates could decline, or growth assumptions built into the budget are too ambitious. Provisions are set aside to take account of the risk from business rates appeals and bad debt, and both are closely monitored on a regular basis.
- **Local Government funding reforms** – uncertainty remains regarding the future funding model for all Councils. This creates a challenge when assessing available resources the Council has to be able to deliver services and inform the plans for the medium-term financial strategy.
- **Adult Social Care Reforms** – whilst this programme has been delayed the proposals previously being considered could result in a significant rise in costs in the future for the Council.
- **Inflation and the economy** – the Council has been impacted during 2022/23 impacting on the Council's expenditure with the cost of supplies and services. The future impact of this experience along with future changes is being monitored, with scenarios considered as part of the in-year monitoring and future financial planning processes.

## 10. Strategy for Future Sustainability

The Council have two key financial objectives which are clearly stated in the approved Corporate Strategy:

- The Council is committed to being financially sustainable. This means ensuring it can live "within its means", only spending the funding it receives and balancing the budget in any given year

<sup>4</sup> [Committee details - Audit and Risk Committee | Rutland County Council \(moderngov.co.uk\)](https://www.moderngov.co.uk)

without using General Fund reserves. This is the Council's number one priority. The Corporate Strategy reaffirms this commitment, and it was supported by most Members. This is an important message to all stakeholders – Members, staff, partners and public alike.

- The second key priority is to maintain our reserves above the current recommended minimum limit of £3m as approved by Council. This is important because the context we are working in is changing all the time and is laced with uncertainty.

In October 2022 the Cabinet approved the Financial Sustainability Strategy, which is based on 10 financial principles:

Seed fund initiatives that will deliver long term savings	Work with others who are better placed to deliver objectives	Enable and empower our communities to do more for themselves
Borrow to capital invest (and reduce revenue costs)	Focus on those in greatest need	Identify services that we will operate commercially (minimum break-even)
Not deliver services that have low value	Focus ringfenced/grant funding on prevention/work that reduces ongoing revenue costs	Charge for services where we can
	Provide information, guidance and advice to help people self-serve	

## 11. Conclusion

I am extremely grateful to all the finance and operational staff across the Council for the support and enthusiasm which they have brought to the many and challenging tasks they have faced during 2022/23 and continue to face. The willingness to go above and beyond has been apparent, staff have embraced the strategic direction for the Council as contained in the Corporate Strategy. I would also like to extend my gratitude to the individual volunteers and organisations that have continued to work closely with the Council to support the residents and businesses of Rutland through these unprecedented times.

I hope readers will find the following pages helpful and interesting in providing an insight into the finances and performance of the Council.



Kirsty Nutton

Strategic Director for Resources (S151)

# Independent Auditors' Report to the Members of Rutland County Council

---

To be added following the conclusion of the audit – TBC

# Statement of Responsibilities

---

## The Council's Responsibilities

The Council is required to:

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

## Chairman's Approval of the Statement of Accounts

I certify the Statement of Accounts for the year ended 31 March 2023.

Signed on behalf of Rutland County Council:

Chairperson of the meeting  
approving the accounts:

*To be signed following the  
completion of the audit opinion*

**Cllr Karen Payne**

Date:

## The Chief Financial Officers Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

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

The Chief Financial Officer has also:

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

## Chief Financial Officer's Certificate

I certify that the Statement of Accounts on pages 17 to 67 presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.

Strategic Director for Resources  
(Chief Financial Officer):



Kirsty Nutton

Date:

31 May 2023

## Comprehensive Income and Expenditure Statement (CIES)

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

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The second table shows the 2021/22 draft figures as published on the Council's website.

Revised 2021/22			Comprehensive Income & Expenditure Statement (CIES)	Notes (page 17+)	2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
37,846	(18,183)	19,663	People	1, 2, 6	42,385	(16,716)	25,669
21,101	(4,700)	16,401	Places		22,121	(4,536)	17,585
11,567	(4,266)	7,301	Resources	3, 4	12,096	(4,053)	8,043
<b>70,514</b>	<b>(27,149)</b>	<b>43,365</b>	<b>Cost of Services</b>	<b>5, 7, 8, 12</b>	<b>76,602</b>	<b>(25,305)</b>	<b>51,297</b>
1,673	(448)	1,225	Other Operating Expenditure	9	2,657	(969)	1,688
2,260	(117)	2,143	Financing & Investment Income & Expenditure	10	2,212	(1,183)	1,029
185	(45,994)	(45,809)	Taxation & Non-Specific Grant Income	11	565	(42,382)	(41,817)
<b>74,632</b>	<b>(73,708)</b>	<b>924</b>	<b>(Surplus) / Deficit on Provision of Services</b>		<b>82,036</b>	<b>(69,839)</b>	<b>12,197</b>
		450	Surplus on Revaluation of property, plant, and equipment				1,785
		(19,759)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	7			(43,403)
		<b>(19,309)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>				<b>(41,618)</b>
		<b>(18,385)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>				<b>(29,421)</b>

The following table comparing the draft published version of the accounts and the audited by not signed revised version. The main change between the two draft versions of the 2021/22 accounts is for revaluations of Property, Plant and Equipment where estimates used have been considered in more detail by external audit.

<i>Comprehensive (Income) &amp; Expenditure Statement (CIES) for 2021/22 - comparing the draft published version of the accounts and the audited by not signed revised version</i>	<i>Original 2021/22</i>			<i>Revised 2021/22</i>		
	<i>Gross Expenditure</i>	<i>Gross Income</i>	<i>Net Expenditure</i>	<i>Gross Expenditure</i>	<i>Gross Income</i>	<i>Net Expenditure</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>People</i>	37,846	(18,183)	19,663	37,846	(18,183)	19,663
<i>Places</i>	19,630	(4,700)	14,930	21,101	(4,700)	16,401
<i>Resources</i>	11,567	(4,266)	7,301	11,567	(4,266)	7,301
<i>Cost of Services</i>	69,043	(27,149)	41,894	70,514	(27,149)	43,365
<i>Other Operating Expenditure</i>	1,673	(449)	1,224	1,673	(448)	1,225
<i>Financing &amp; Investment Income &amp; Expenditure</i>	2,260	(117)	2,143	2,260	(117)	2,143
<i>Taxation &amp; Non-Specific Grant Income</i>	185	(45,994)	(45,809)	185	(45,994)	(45,809)
<i>(Surplus) / Deficit on Provision of Services</i>	73,161	(73,709)	(548)	74,632	(73,708)	924
<i>Surplus on Revaluation of property, plant, and equipment</i>			80			450
<i>Re-measurements of the net defined benefit liability / (asset)</i>			(19,759)			(19,759)
<i>Other Comprehensive (Income) &amp; Expenditure</i>			(19,679)			(19,309)
<i>Total Comprehensive (Income) &amp; Expenditure</i>			(20,227)			(18,385)

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie. those that 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 cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement, page 11. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council, for more detailed movements, see Note 16.

<b>Movement in Reserves during 2022/23 and 2021/22</b>	<b>General Fund Balance £000</b>	<b>Earmarked Reserves £000</b>	<b>Capital Receipts Reserve £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Total Useable Reserves £000</b>	<b>Unusable Reserves £000</b>	<b>Total Council Reserves £000</b>
<i>Balance at 31 March 2021</i>	11,508	19,583	1,443	7,184	39,718	(4,659)	35,060
<i>Total Comprehensive Income &amp; Expenditure</i>	(924)	-	-	-	(924)	19,309	18,385
<i>Adjustments between accounting basis and funding basis under regulations (Note 15)</i>	3,402	1,234	148	26	4,810	(4,810)	-
<i>Transfers to / (from) Reserves</i>	(657)	654	-	3	-	-	-
<i>Increase/(Decrease) in 2021/22</i>	1,821	1,888	148	29	3,886	14,499	18,385
<i>Balance 31 March 2022</i>	13,329	21,471	1,591	7,213	43,605	9,840	53,445
<b>Balance at 31 March 2022</b>	<b>13,329</b>	<b>21,471</b>	<b>1,591</b>	<b>7,213</b>	<b>43,605</b>	<b>9,840</b>	<b>53,445</b>
Total Comprehensive Income & Expenditure	(12,197)	-	-	-	(12,197)	41,618	29,421
Adjustments between accounting basis and funding basis under regulations (Note 15)	2,777	19	65	(2,783)	78	(78)	-
Transfers to / (from) Reserves	7,749	(7,749)	-	-	-	-	-
<b>Increase/(Decrease) in 2022/23</b>	<b>(1,671)</b>	<b>(7,730)</b>	<b>65</b>	<b>(2,783)</b>	<b>(12,119)</b>	<b>41,540</b>	<b>29,421</b>
<b>Balance 31 March 2023</b>	<b>11,658</b>	<b>13,741</b>	<b>1,656</b>	<b>4,430</b>	<b>31,486</b>	<b>51,380</b>	<b>82,866</b>

The comparative figures provided in the table above include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The following table shows the 2021/22 draft figures as published on the Council's website.

2021/22 figures as previously published on the Council's website	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<i>Restated Balance at 01 April 2021</i>	11,508	19,583	1,443	7,184	39,718	(4,659)	35,060
<i>Total Comprehensive Income &amp; Expenditure</i>	548	-	-	-	548	19,679	20,227
<i>Adjustments between accounting basis and funding basis under regulations (Note 13)</i>	1,931	1,234	148	26	3,339	(3,339)	-
<i>Transfers to / (from) Reserves</i>	(658)	655	-	3	-	-	-
<i>Net Increase/(Decrease) before transfers to or from Earmarked Reserves</i>	1,821	1,889	148	29	3,887	16,340	20,227
<i>Balance 31 March 2022</i>	13,329	21,472	1,591	7,213	43,605	11,682	55,287

## Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserve are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes the reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement, page 13, line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022 £000	1 April 2022 £000	Balance Sheet	Notes	31 March 2023 £000
75,305	73,463	Property, Plant & Equipment	17	71,349
53	53	Intangible Assets	18	22
117	117	Long Term Debtors		110
<b>75,475</b>	<b>73,633</b>	<b>Long Term Assets</b>		<b>71,481</b>
116	116	Inventories - Salt Stocks		116
47,035	47,035	Short Term Investments	25, 26	46,304
4,373	4,373	Short Term Debtors	27	4,655
7,732	7,732	Cash & Cash Equivalents	31, 32, 33, 34	6,060
<b>59,256</b>	<b>59,256</b>	<b>Current Assets</b>		<b>57,135</b>
(13,246)	(13,246)	Short Term Creditors	28	(21,284)
(2,054)	(2,054)	Provisions	30	(908)
<b>(15,300)</b>	<b>(15,300)</b>	<b>Current Liabilities</b>		<b>(22,192)</b>
(22,047)	(22,047)	Long Term Borrowing	25, 26	(21,386)
(42,097)	(42,097)	Other Long-Term Liabilities	7	(2,172)
<b>(64,144)</b>	<b>(64,144)</b>	<b>Long Term Liabilities</b>		<b>(23,558)</b>
<b>55,287</b>	<b>53,445</b>	<b>Net Assets</b>		<b>82,866</b>
(43,605)	(43,605)	Usable Reserves	15, 16	(31,486)
(11,682)	(9,840)	Unusable Reserves	15	(51,380)
<b>(55,287)</b>	<b>(53,445)</b>	<b>Total Reserves</b>		<b>(82,866)</b>



Kirsty Nutton  
Strategic Director for Resources  
31 May 2023

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

31 March 2022 £000	1 April 2022 £000	<b>Cash Flow Statement</b>	<b>Notes</b>	<b>31 March 2023 £000</b>
(548)	924	Net (Surplus)/Deficit on the Provision of Services		12,197
(15,123)	(16,594)	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	31	(12,150)
5,305	5,305	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	31	2,653
(10,367)	(10,365)	<b>Net Cash Flow from Operating Activities</b>		<b>2,700</b>
12,111	12,110	Investing Activities	32	1,915
(770)	(770)	Financing Activities	33	(2,944)
975	975	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>1,672</b>
(8,707)	(8,707)	Cash & cash equivalents at the beginning of the reporting period	34	(7,732)
(7,732)	(7,732)	<b>Cash &amp; cash equivalents at the end of the reporting period</b>	34	<b>(6,060)</b>

# Notes to the Accounts

## 1. Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2022/23 and for the previous financial year follows:

<b>Schools Budget Funded by Dedicated Schools Grant 2022/23</b>	<b>Central Expenditure</b>	<b>ISB</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Final DSG for 2022/23 before Academy Recoupment			(35,540)
Academy Figure Recouped for 2022/23			26,605
<b>Total DSG after Academy recoupment for 2022/23</b>			<b>(8,935)</b>
Agreed initial budgeted distribution in 2022/23	(2,482)	(6,453)	(8,935)
Less actual central expenditure	2,521	-	2,521
Less actual ISB deployed to schools	-	6,659	6,659
<b>In-year Carry forward to 2023/24</b>	<b>39</b>	<b>206</b>	<b>245</b>
DSG Unusable Reserve at the end of 2021/22			1,081
Addition to DSG Unusable Reserve at the end of 2022/23			244
Total of DSG Unusable Reserve at the end of 2022/23			1,325
<b>Net DSG position at the end of 2022/23</b>			<b>1,325</b>

*ISB = Individual School Budget*

The Council's expenditure on schools is funded primarily by grant i.e., the Dedicated Schools Grant (DSG) which is provided by the Department for Education. An element of DSG is recouped by the Department to fund academy schools within the Council's area.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. The deficit carry-forward for 2021/22 was £0.7m which was taken to

an unusable reserve on the balance sheet. The 2022/23 deficit of £0.2m has been added to the unusable reserve so that the overall deficit balance is £1.3m. The Council is part of the Delivering Better Value Programme commissioned by the DfE to support Local Authorities to identify high impact changes to support children better and reduce / remove the deficit on the DSG.

<i>Schools Budget Funded by Dedicated Schools Grant 2021/22</i>	<i>Central Expenditure</i>	<i>ISB</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Final DSG for 2021/22 before Academy Recoupment</i>			<i>(34,062)</i>
<i>Academy Figure Recouped for 2021/22</i>			<i>25,785</i>
<b><i>Total DSG after Academy recoupment for 2021/22</i></b>			<b><i>(8,277)</i></b>
<i>Agreed initial budgeted distribution in 2021/22</i>	<i>(3,598)</i>	<i>(4,678)</i>	<i>(8,276)</i>
<i>Less actual central expenditure</i>	<i>3,707</i>	<i>-</i>	<i>3,707</i>
<i>Less actual ISB deployed to schools</i>	<i>-</i>	<i>5,262</i>	<i>5,262</i>
<b><i>In-year Carry forward to 2022/23</i></b>	<b><i>109</i></b>	<b><i>584</i></b>	<b><i>693</i></b>
<i>DSG Unusable Reserve at the end of 2020/21</i>			<i>388</i>
<i>Addition to DSG Unusable Reserve at the end of 2021/22</i>			<i>693</i>
<b><i>Net DSG position at the end of 2021/22</i></b>			<b><i>1,081</i></b>

*ISB = Individual School Budget*

\* There were no changes to the prior year figures for Members allowances as a result of the audit of the 2021/22 accounts.

## 2. Pooled Funds

Under the terms of a Section 75 (S75) Agreement (Health Act 2006), the Council's social services department has entered into a pooled budget arrangement for the supply of aids for daily living with Leicester City Council, Leicestershire County Council and the three Clinical Commissioning Groups (CCGs) covering the area. Leicester City Council acts as the host authority. The total income to the pool for 2022/23 was £7.1m (£6.6m in 2021/22) of which Rutland County Council contributed £0.1m (£0.1m 2021/22). Total expenditure from the pool was £7.1m (£6.6m 2021/22).

### Better Care Fund (BCF) – Pooled Budget

From 1 April 2022 the Council entered a £3.2m pooled budget arrangement (S75) for the Better Care Fund. Officers and Members of the Council are working across Leicester, Leicestershire, and Rutland (LLR) to integrate reform and transform services. This is a budget to improve the ways health services and social care services work together, starting with services for older people and people with long term conditions. The Council and East Leicestershire and Rutland Clinical Commissioning Group (ELRCCG) have agreed a Better Care Fund plan; this has been fully approved by NHS England.

The contributions from the Council are shown in the Peoples Directorate line in the Comprehensive Income and Expenditure Statement.

The Council is holding £0.7m (£0.9m in 2021/22) in a BCF earmarked reserve which will be spent on BCF projects in future years.

I certify that the above pooled budget memorandum account accurately discloses the expenditure incurred.



Kirsty Nutton, Strategic Director for Resources (CFO)

2021/22 £000	Better Care Fund	2022/23 £000
	<b>Funding Provided to the Pool</b>	
2,493	ELRCCG	2,747
483	Rutland County Council	489
138	Use of Reserves	66
<b>3,114</b>	<b>Total Funding</b>	<b>3,302</b>
982	Additional funding provided by ICB	98
<b>4,096</b>	<b>Total Section 75 funding</b>	<b>3,400</b>
	<b>Expenditure For BCF Purposes</b>	
388	Unified Prevention Offer	390
1,416	Holistic Management of Health and Wellbeing in the Community	1,391
1,001	Hospital Flows	1,355
93	Enablers	25
<b>2,898</b>	<b>Total Expenditure for BCF Purposes</b>	<b>3,161</b>
364	Other BCF expenditure	522
<b>3,262</b>	<b>Total Section 75 expenditure</b>	<b>3,683</b>
	<b>Expenditure Repayment of Funds</b>	
40	ELRCCG	39
<b>40</b>	<b>Total Expenditure Repayment of Funds</b>	<b>39</b>
256	Surplus/ (Deficit) on BCF	180
618	Surplus/ (Deficit) on additional funding	(424)
<b>874</b>	<b>Total Section 75 Surplus / (Deficit)</b>	<b>(244)</b>
	<b>Share of Surplus / (Deficit)</b>	
40	ELRCCG	60
216	Rutland County Council	120
<b>256</b>	<b>Total Shared Surplus / (Deficit) on BCF</b>	<b>180</b>
618	<b>Total shared Surplus / (Deficit) on additional funding - RCC</b>	<b>(424)</b>
<b>874</b>	<b>Total Surplus / (Deficit) shared S75</b>	<b>(244)</b>

\* There were no changes to the prior year figures for termination benefits as a result of the audit of the 2021/22 accounts).

### 3. External Audit Costs

The Council has incurred the following cost in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors, Grant Thornton UK LLP.

2021/22* £000	External Audit Costs	2022/23 £000
82	Fees payable with regard to external audit services carried out by the appointed auditor for the year	58
-	Provision relating to external audit services carried out by the appointed auditor for the year with fees yet to be agreed	54
20	Fees payable for the certification of grant claims and returns for the year	17
-	Fees payable in respect of other services provided by the appointed auditor during the year	-
<b>102</b>	<b>Total</b>	<b>129</b>

\* There were no changes to the prior year figures for termination benefits as a result of the audit of the 2021/22 accounts).

### 4. Members Allowances

The level of member allowances is recommended by an independent panel. The Council is required by law to ask an independent panel to review its members' allowances on a regular basis. The following amounts were paid to members of the Council.

2021/22* £000	Members Allowances	2022/23 £000
137	Basic allowances	139
118	Special responsibility allowances	104
1	Expenses	3
<b>256</b>	<b>Members allowances</b>	<b>246</b>

\* There were no changes to the prior year figures for Members allowances as a result of the audit of the 2021/22 accounts.

### 5. Termination Benefits

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Compulsory No.	Voluntary No.	Total No.	Bands	Compulsory	Voluntary	Total
				£000	£000	£000
<b>Termination &amp; Exit Packages 2022/23</b>						
1	-	1	£0 – £20,000	1	-	1
-	-	-	£20,001 – £40,000	-	-	-
-	-	-	£40,001 – £60,000	-	-	-
<b>1</b>	<b>-</b>	<b>1</b>	<b>Total</b>	<b>1</b>	<b>-</b>	<b>1</b>
<i>Termination &amp; Exit Packages 2021/22*</i>						
2	-	-	£0 – £20,000	18	-	18
-	-	-	£20,001 – £40,000	-	-	-
1	-	-	£40,001 – £60,000	59	-	59
<b>3</b>	<b>-</b>	<b>-</b>	<b>Total</b>	<b>77</b>	<b>-</b>	<b>77</b>

\* There were no changes to the prior year figures for termination benefits as a result of the audit of the 2021/22 accounts.

The total cost of £1k has been charged to the authority's Comprehensive Income and Expenditure Statement (CIES) in the current year.

### 6. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement and the Council contributes towards the cost by making contributions

based on a percentage of members' pensionable salaries through the DSG allocation (Note 1).

The scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded, and the DfE uses a national fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23 the authority paid £0.3m to Teacher's Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay (£0.3 million and 23.7% in 2021/22). There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and included in Note 7. The Council is not liable to the Scheme for any other entities' obligations under the plan.

There were no changes to the prior year figures for the Teachers' Pension Scheme as a result of the audit of the 2021/22 accounts.

## **7. Defined Benefit Pension Schemes**

### **Participation in pension schemes**

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

The Council participates in the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council. This is a funded defined benefit final and career average salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Employee contribution rates are tiered according to an employee's pay band. Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no fund assets built up to meet these pension liabilities.

### **Transactions relating to post-employment benefits**

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

The net pensions liability has decreased by £39.925 million. The major cause of this reduction is a significant increase in the discount rate used to calculate the value of the liabilities. The discount rate is linked to CPI, because of the hyperinflation situation in the UK at present this has had a significant impact on the level of liability for the Council.

The following table outlines the transactions that have been made in the CIES and the General Fund balance via the Movement in Reserves Statement during the year.

2021/22 £000	<b>Comprehensive Income &amp; Expenditure Statement (CIES)</b>	2022/23 £000
	Cost of Service	
6,463	Current Service Cost	5,800
30	Past Service Cost	-
	Financing & Investment Income & Expenditure	
1,181	Net interest expense	1,167
<b>7,674</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>6,967</b>
	Other post-employment benefits charged to the CIES	
(8,440)	Return on plan assets (excluding the amount included in the net interest expense)	1,898
(737)	Actuarial gains and losses arising on changes in demographic assumptions	(56,130)
-	Remeasurements – other experience	1,571
(10,623)	Actuarial gains and losses arising on changes in financial assumptions	(834)
41	Other	10,092
<b>(19,759)</b>	<b>Total re-measurements recognised in CIES</b>	<b>(43,403)</b>
<b>(12,085)</b>	<b>Total post-employment benefit charged to the CIES</b>	<b>(36,436)</b>
	<b>Movement in Reserves Statement</b>	
(7,674)	Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	(6,967)
4,304	Actual Amount charged against the General Fund Balance for Pensions in the year	3,478
<b>(3,370)</b>	<b>Total Movement in Reserves Statement</b>	<b>(3,489)</b>

2021/22 £000	<b>Pensions Assets and Liabilities Recognised in the Balance Sheet</b>	2022/23 £000
(102,036)	Fair Value of Employer Assets	(102,206)
144,133	Present Value of Defined Benefit Obligation	104,378
<b>42,097</b>	<b>Net liability arising from defined benefit obligation</b>	<b>2,172</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

2021/22 £000	<b>Reconciliation of the Fair Value of the Scheme Assets</b>	2022/23 £000
90,840	Opening fair value of Scheme Assets	102,036
1,825	Interest Income	2,765
8,440	Return on plan assets, excluding the amount included in the net interest expense	(1,898)
-	Remeasurements – other experience	(1,571)
3,370	Contributions from Employer	3,489
837	Contributions from Employees	853
(3,276)	Benefits Paid	(3,468)
<b>102,036</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>102,206</b>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £2.172 million has an impact on the net worth of the authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

2021/22 £000	Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)	2022/23 £000
148,392	Opening Liability at 1 April	144,133
6,463	Current Service Cost	5,800
3,006	Interest Cost	3,932
837	Contributions from Scheme Participants	853
(737)	Actuarial gains/losses arising from changes in demographic assumptions	(56,130)
(10,623)	Actuarial gains/losses arising from changes in financial assumptions	(834)
41	Other	10,092
30	Past Service Costs	-
(3,276)	Benefits Paid	(3,468)
<b>144,133</b>	<b>Closing Liability at 31 March</b>	<b>104,378</b>

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2024 is £3.5m.

The following table details the composition of the Scheme Assets into classes that distinguish the nature and risks of those asset.

2021/22		Local Government Pension Scheme Assets	2022/23	
Quoted prices in active markets	not in active markets		Quoted prices in active Markets	not in active markets
£000	£000		£000	£000
851	-	<b>Equity Securities</b>	852	-
		<b>Debt Securities</b>		
5,111	12	UK	5,119	12
191	-	Other	192	-
<b>5,302</b>	<b>12</b>	<b>Total debt securities</b>	<b>5,310</b>	<b>12</b>
		<b>Private Equity</b>		
-	6,824	<b>Real Estate</b>	-	6,835
-	7,851		-	7,863
		<b>Investment Funds &amp; Unit Trusts</b>		
29,240	17,740	Equities	29,289	17,769
-	2,561	Commodities	-	2,565
-	5,334	Infrastructure	-	5,344
8,675	12,282	Other	8,690	12,304
<b>37,915</b>	<b>37,917</b>	<b>Total investment funds &amp; unit trusts</b>	<b>37,979</b>	<b>37,982</b>
212	-	<b>Derivatives</b>	212	-
5,152	-	<b>Cash &amp; Cash Equivalents</b>	5,161	-
<b>49,432</b>	<b>52,604</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>49,514</b>	<b>52,692</b>

### Basis for estimating assets and liabilities

The Local Government Pension Scheme liabilities have been assessed on an actuarial basis by Hymans Robertson, the independent actuaries to the Leicestershire County Council Pension Fund based on the latest assumptions of the scheme as at the 31 March 2023. The projected unit credit method has been used - an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The significant assumptions used by the actuary are:

31 March 2022	1 April 2022		2022/23
<b>Mortality Assumptions</b>			
Longevity at 65 for Current Pensioners:			
21.5	21.5	Men (years)	21.8
24.0	24.0	Women (years)	24.4
Longevity at 65 for Future Pensioners:			
22.4	22.4	Men (years)	22.7
25.7	25.7	Women (years)	26.0
<b>Financial Assumptions</b>			
3.30%	3.65%	Rate of Inflation	3.20%
3.70%	3.70%	Rate of increase in salaries	3.45%
3.20%	3.20%	Rate of increase in pensions	2.95%
2.70%	2.70%	Rate for discounting scheme liabilities	4.75%
50.00%	50.00%	Take-up of option to convert annual pension into retirement lump sum pre-April 2008 service	55.00%
75.00%	75.00%	Take-up of option to convert annual pension into retirement lump sum post April 2008 service	N/A

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table. The sensitivity analysis has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and 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. The methods and types of assumptions used in preparing the sensitivity analysis as previously shown did not change from those used in the previous period.

The impact of those assumptions is shown in Note 40 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

### Impact on the Council's Cash Flows

The Council's contribution to the fund is independently determined by the fund actuary. The actuary undertook the triennial valuation of the funding during 2019, and their recommendations will have been implemented from April 2020. The actuary has recommended a combination of a stable employer contribution percentage of 19.5% along with a cash lump sum into the fund of £0.9m for the current years. These rates have been confirmed for the new triannual period commencing 2023/24 as being 22.8% and a lump sum of £0.7m. The Council anticipates paying £3.8m expected contributions to the scheme in 2023. These contributions are provided for in the Council's Medium Term Financial Strategy (MTFS).

The weighted average duration of the defined benefit obligation for active members is 18 years.

## 8. Officers Remuneration

The number of employees whose remuneration was £50,000 or more in bands of £5,000 is shown in the following table. The table includes the Senior Employees who are disclosed on the following page.

The disclosure is based on gross pay rather than taxable pay i.e. before employee contributions to pension funds. The bands include those employees who have received remuneration and lump sum payments during the year, but not any associated pension strain. This makes comparison between years difficult, but data showing the termination and exit packages is detailed in Note 5.

The Council shares a post with Leicestershire County Council (LCC), see Note 13. Where LCC holds the employment contract they are disclosed by way of explanation text in this note.

The Council has a Pay Policy Statement approved by Council for each financial year setting out the policies relating to the

remuneration of its chief officer, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. The Pay Policy Statement for 2022/23 was approved on 3 March 2023.

2021/22 Number of Employees*	Remuneration Bands	2022/23 Number of Employees
4	£50,000 - £54,999	14
4	£55,000 - £59,999	6
2	£60,000 - £64,999	2
7	£65,000 - £69,999	4
1	£70,000 - £74,999	5
2	£75,000 - £79,999	4

\* There were no changes to the prior year figures for Officers remuneration as a result of the audit of the 2021/22 accounts.

## Senior Employees Remuneration

The following table shows the remuneration paid to the Council's senior employees, either those who report to the head of paid service (Chief Executive) or officers who hold statutory positions.

Officers Remuneration	Year	Salary	Agency/ Recharge	Expense Allowance	Pension Contribution	Total
Chief Executive – Mark Andrews	<b>2022/23</b>	<b>£138,621</b>	-	-	<b>£27,031</b>	<b>£165,652</b>
	2021/22	£134,761	-	-	£26,278	£161,039
Strategic Director of Adults & Health (1)	<b>2022/23</b>	<b>£2,675</b>	-	-	<b>£522</b>	<b>£3,197</b>
	2022/23	£94,348	-	-	£18,398	£112,746
Strategic Director of Childrens Services	2021/22	£91,712	-	-	£17,884	£109,596
	<b>2022/23</b>	<b>£94,348</b>	-	-	<b>£18,398</b>	<b>£112,746</b>
Strategic Director of Places	2021/22	£91,712	-	-	£17,884	£109,596
	<b>2022/23</b>	<b>£96,008</b>	-	-	<b>£18,722</b>	<b>£114,730</b>
Strategic Director of Resources (2)	2021/22	£94,083	-	-	£18,346	£112,429
	<b>2022/23</b>	<b>£8,078</b>	-	-	<b>£1,575</b>	<b>£9,653</b>
Deputy Director of Resources (3)	2022/23	£89,849	-	-	£17,520	£107,369
	2021/22	£94,083	-	-	£18,346	£112,429
Director Legal & Governance (4)	<b>2022/23</b>	-	<b>£21,680</b>	-	-	<b>£21,680</b>
	2021/22	£51,208	£64,380	-	£9,614	£125,202
Director of Public Health (5)	<b>2022/23</b>	<b>£69,754</b>	-	-	<b>£13,602</b>	<b>£83,356</b>
	2021/22	-	-	-	-	-
Head of Communications (6)	<b>2022/23</b>	-	<b>£37,228</b>	-	-	<b>£37,228</b>
	2021/22	-	£35,455	-	-	£35,455
Head of Corporate Services (6)	<b>2022/23</b>	-	-	-	-	-
	2021/22	£22,698	-	-	£4,246	£26,944
Head of Corporate Services (6)	<b>2022/23</b>	-	-	-	-	-
	2021/22	£65,140	-	-	£12,702	£77,842

(1) Director of Adults left on 09/04/2023. New appointment started on 21/03/23 for a handover period.  
(2) Director of Resources left on 05/03/2023. New appointment started on 27/02/23 for a handover period.  
(3) Deputy Director of Resources left on 25/07/2021. Interim support through an agency appointed from 27/09/21 to 31/05/22.  
(4) Director Legal & Governance started 23/05/2022. New post incorporated responsibilities from the Deputy Director of Resources.  
(5) The Director of Public Health is shared with Leicestershire County Council. Rutland County Council is recharged a proportion of the salary costs.  
(6) Neither of these posts report to the Chief Executive and are no longer required to be disclosed.

**9. Comprehensive Income and Expenditure Statement (CIES) – Other Operating Expenditure**

31 March 2022 £000	01 April 2022 £000		2022/23 £000
		<b>Other Operating Expenditure</b>	
799	799	Parish Council Precepts	792
95	95	External Levies	104
(106)	(106)	Net (Gains) / Losses on Disposal of Non-Current Assets	(52)
-	-	Transformation & Other Corporate Expenditure	104
436	437	Covid 19 Specific Expenditure	740
<u>1,224</u>	<u>1,225</u>	<b>Total</b>	<b>1,688</b>

**10. Comprehensive Income and Expenditure Statement (CIES) – Financing & Investment Income & Expenditure**

2021/22* £000		2022/23 £000
	<b>Financing &amp; Investment Income &amp; Expenditure</b>	
1,049	Interest payable & similar charges	1,045
1,181	Net interest on the net defined benefit liability / (asset)	1,167
30	Past Service Cost (including curtailments)	-
(117)	Interest receivable and similar income	(1,183)
<u>2,143</u>	<b>Total</b>	<b>1,029</b>

\* There were no changes to the prior year figures for Financing & Investment Income & Expenditure as a result of the audit of the 2021/22 account.

**11. Comprehensive Income and Expenditure Statement (CIES) – Taxation & Non-Specific Grant Income**

Included in the Taxation and Non-Specific Grant Income line in the CIES is grant funding that relates to Covid 19. It is income that cannot be attributed to specific service lines. The following Note shows grant income allocated to Council services.

There has been a change to the way S106 contributions are accounted for, leading to a large debit being charged to the Taxation & Non-Specific Grant Income line in the CIES. See Note 44 for more details.

2021/22 £000		2022/23 £000
	<b>Taxation &amp; Non-Specific Grant Income</b>	
29,560	Council Tax income	31,045
3,007	Retained business rates income	4,600
<u>32,567</u>	<b>Total Taxation Income</b>	<b>35,645</b>
	Non-specific grants	
2,350	Small Business Rate Relief (S31)	2,577
518	New Homes Bonus	461
2,519	Better Care Fund (including iBCF)	2,726
959	Adult Social Care funding	1,514
890	Rural Delivery Grant	890
-	Services Grant	307
479	Covid 19 Grants	126
551	Reimbursement	-
507	Other	24
<u>8,773</u>	<b>Total Non-Specific Grants</b>	<b>8,625</b>
1,361	Section 106 contributions adjustment	(5,549)
3,108	Capital Receipts, Grants & Contributions	3,096
<u>4,469</u>	<b>Total Other Income</b>	<b>(2,453)</b>
<u>45,809</u>	<b>Total</b>	<b>41,817</b>

\* There were no changes to the prior year figures for Taxation & Non-Specific grant Income as a result of the audit of the 2021/22 accounts.

## 12. Grant Income

In addition to the grants shown in the previous Note the Council credited the following grants, contributions and donations within the CIES within the cost of services line in 2022/23.

During 2022/23, and the two previous years, the Government provided grant funding to support businesses and individuals that were affected by the Covid 19 pandemic and in 2022/23 by the cost of living crisis. The majority of the funding provided was to be “passported” directly to recipients with the Council acting as an agent of central government. For these grants, central government determined the criteria to be met to be eligible for funding and set the amounts to be awarded. All the grant funding passed on in this way has been removed from the Council’s Statement of Accounts, as it is not the Council’s income or expenditure.

Only grant funding where the Council had discretion as to its use is included in the Statement of Accounts. In this case the Council was acting as principal. See Note 0 – Expenditure & Funding Analysis for details of these amounts.

2021/22	Credited to Services	2022/23
£000		£000
40	School Sport Partnership	24
3,707	Housing Benefit Subsidy	3,398
27	Benefits Administration Subsidy	54
-	Council Tax Administration Subsidy	22
473	Adult Learning (Various)	411
8,284	Dedicated Schools Grant (Note 1)	8,842
187	Unaccompanied Asylum-Seeking Children	414
1,329	Public Health	1,366
19	School Improvement and Brokering	-
54	Looked After Children	-
122	Homelessness Grant	76
11	Garden Village Funding	-
62	Revenues	64
15	Armed Forces Covenant	13

2021/22	Credited to Services	2022/23
£000		£000
171	Bus Service Operator	48
65	Bus Recovery Grant	-
55	National Bus Strategy	39
58	Elections	-
232	Pupil Premium	240
318	Troubled Families Programme	225
54	Universal Infant Free School Meals	45
58	Holiday Activities & Food	84
162	Home to School Transport	10
60	Land Charges Grant	21
150	Cyber Security Funding	-
35	Care Leavers Grant	7
113	Domestic Abuse	63
55	Discretionary Housing Payments	23
906	Covid 19 Grants	194
-	- Neighbourhood Planning Front Runners	40
-	- ASC Charging Reform	97
-	- Redmond Review - Audit	25
-	- Biodiversity	35
-	- Supplementary Grant	46
-	- Household Support Fund	311
-	- MOD Early years	17
-	- Multiply	41
-	- Transport Capability Fund	31
-	- Local Transport Fund	31
-	- UK Shared Prosperity Fund	25
-	- Virtual School	169
87	Other Grants	215
<b>16,909</b>	<b>Total</b>	<b>16,766</b>

The value of Dedicated Schools Grant is £7k more than the budgeted income shown in Note 1, due to an Early Years adjustment which was caused through timing differences of the confirmation being received in July 2022 after the year end.

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if they are not used in accordance with those conditions. These grants are included within Creditors on the Council's Balance Sheet. The balances at the year-end are as follows:

2021/22 £000	Revenue Grants & Contributions - Receipts in Advance	2022/23 £000
73	Transport Grant	429
220	Learning & Skills Grant	179
15	Heritage Study – Water Fossil	13
40	Hub Feasibility Study	13
20	Biodiversity Grant	-
95	National Bus Grant	77
29	Clinical Commissioning Group (NHS)	-
1,042	Covid 19 Grants	-
-	Homes for Ukraine	940
-	Garden Community Funding	145
-	SEND Delivering Better Value	45
-	Energy Price Guarantee	87
-	Energy Bill Support	183
-	UK Shared prosperity Fund	31
23	Other Grants	35
<b>1,557</b>	<b>Total</b>	<b>2,177</b>

The following capital grants, contributions and donations are included in the Taxation & Non-Specific Grant Income line within the Comprehensive Income and Expenditure Statement in 2022/23:

2021/22* £000	Capital Grants & Contributions	2022/23 £000
146	Schools Capital Maintenance	-
1,058	Highways Capital Maintenance	1,058
462	Highways Integrated Transport	462
265	Highways Incentive Funding	265
1,058	Pothole Action Funding	1,058
-	Devolved Formula Capital	-
88	Better Care Fund (BCF)	66
-	Basic Needs Funding	-
3	Heritage Lottery Funding	-
-	Special Funding Provision (SEND)	115
-	Levelling Up Fund	10
-	UKSPF	23
28	Other Grants & Contributions	39
<b>3,108</b>	<b>Total</b>	<b>3,096</b>

\*There were no changes to the prior year figures for any of the grants shown in the tables in Note 12 as a result of the audit of the 2021/22 accounts.

### 13. Related Parties

The Council is required to disclose material transactions with related parties, i.e., bodies or individuals that have the potential to control or influence the authority or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. The disclosures do not include transactions with related parties that the Council has no discretion over such as council tax and rate payments, the award of benefits, Covid relief payments and Nursery Education Funding payments whose terms apply commonly across

the local population and for which the relate party would have a duty or entitlement if the relationship did not exist.

### **Central Government**

The UK Government has significant influence over the general operations of the Council, it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties, (e.g., council tax bills and housing benefits). Grants received from Government departments are set out in the subjective analysis in Note 14 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2023 are shown in Note 12.

### **Members of the Council**

The current Register of Members' Interest is available for public inspection at the Council offices and details of Members Interests are disclosed in the Council area by Member on the Council's website.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members allowances paid in 2022/23 is shown in Note 4. During 2022/23, no significant works and services were commissioned from parties where Members had an interest.

Grants and other exchanges were made between the Council and a number of voluntary organisations upon which the Council's Members served as trustees or similar. In most cases Members had been appointed by the Council to the organisation concerned to represent the authority's interests and oversee the use of the

authority's funds. The complete List of Outside Bodies is in the Council area of the Council's website.

Members make an annual declaration of, and declare interests in, any items under discussion at meetings of the Council or any of its committees or panels or Cabinet. Details of all these transactions are recorded in the Register of Members Interests, which is open to public inspection at the council offices during office hours and can be viewed on the Council's website.

### **Officers of the Council**

Officers who have any influence over the authority's financial operations are required to make an annual declaration of any material transactions they or their immediate family have with the authority. There were no transactions in 2022/23 that are considered material and would require their disclosure.

### **Other Public Bodies (subject to common control by central government)**

As part of its normal business operations the Council has relationships with other local authorities, these include the provision of:

- Legal services from Peterborough City Council
- Procurement services from Melton District Council
- Finance & Human Resource System from Herefordshire Council
- Licensing Services from Peterborough City Council
- Out of Hours Service from Leicester City Council
- Public Health Services from Leicestershire County Council

A full list of the Councils relationships can be found on our website<sup>5</sup>

---

<sup>5</sup> <https://www.rutland.gov.uk/sites/default/files/2023-04/Transparency%20Code%20Jan%20Feb%20Mar%202023.pdf>

#### 14. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Council (ie government grants, rents, council tax, and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

<i>Revised 2021/22</i>		<b>2022/23</b>			
<i>Net Expenditure in the CIES</i>	<b>Expenditure and Funding Analysis (EFA)</b>	<b>Expenditure Chargeable to the General Fund £000</b>	<b>Covid 19, Projects &amp; S106 Adjustment £000</b>	<b>Adjustments between Funding basis &amp; Accounting Basis £000</b>	<b>Net Expenditure in the CIES £000</b>
19,663	People	21,035	(11)	4,645	25,669
16,401	Places	15,973	(56)	1,668	17,585
7,301	Resources	7,740	-	303	8,043
-	Covid 19 Income & Expenditure as in Outturn report	444	(444)	-	-
-	Project Income & Expenditure as in Outturn report	198	(198)	-	-
<b>43,365</b>	<b>Cost of Services</b>	<b>45,390</b>	<b>(709)</b>	<b>6,616</b>	<b>51,297</b>
1,225	Other Operating Expenditure	-	835	854	1,689
2,143	Financing & Investment Income & Expenditure	466	-	563	1,029
<b>(45,809)</b>	Taxation & Non-Specific Grant Income	<b>(42,210)</b>	<b>5,647</b>	<b>(5,255)</b>	<b>(41,818)</b>
<b>924</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>3,646</b>	<b>5,773</b>	<b>2,778</b>	<b>12,197</b>
(11,509)	Opening General Fund Balance	(13,329)			
(1,820)	(Surplus) / Deficit on General Fund Balance in Year	3,646			
-	Transfers to/from Reserves	(1,974)			
<b>(13,329)</b>	Closing General Fund Balance	<b>(11,667)</b>			

The comparative figures provided in the previous table include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The following table shows the 2021/22 draft figures as published on the Council's website.

2021/22 Expenditure and Funding Analysis	Original 2021/22				Revised 2021/22			
	Net Expenditure Chargeable to the General Fund	Covid 19 Adjustment	Adjustments between Funding Basis & Accounting Basis	Expenditure in the CIES	Net Expenditure Chargeable to the General Fund	Covid 19 Adjustment	Adjustments between Funding Basis & Accounting Basis	Expenditure in the CIES
	£000	£000	£000	£000	£000	£000	£000	£000
People	18,642	(920)	1,941	19,663	18,642	(920)	1,941	19,663
Places	13,906	(37)	1,061	14,930	13,906	(37)	2,532	16,401
Resources	6,729	-	572	7,301	6,729	-	572	7,301
*Covid 19 Income & Expenditure as in Outturn report	(599)	599	-	-	(599)	599	-	-
* Covid 19 Grants as in Outturn report	-	-	-	-	-	-	-	-
Cost of Service	38,678	(358)	3,574	41,894	38,678	(358)	5,045	43,365
Other Operating Expenditure	-	436	788	1,224	-	437	788	1,225
Financing & Investment Income & Expenditure	1,531	-	612	2,143	1,531	-	612	2,143
Taxation & Non-Specific Grant Income	(43,271)	(479)	(2,059)	(45,809)	(43,270)	(479)	(2,060)	(45,809)
(Surplus) / Deficit on Provision of Services	(3,062)	(401)	2,915	(548)	(3,061)	(400)	(4,385)	924
Opening General Fund Balance	(11,509)				Opening General Fund Balance			(11,509)
Additional transfers to/(from) Reserves	(1,820)				Additional transfers to/(from) Reserves			(1,820)
Closing General Fund Balance	(13,329)				Revised Closing General Fund Balance			(13,329)

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The second table shows the 2021/22 draft figures as published on the Council's website.

Revised 2021/22		2022/23				
Total Adjustments	Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes <sup>1</sup>	Net Change for Pension Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Covid 19, Projects & S106 differences	Total Adjustments
		£000	£000	£000		£000
1,021	People	3,171	1,230	244	(11)	4,634
1,912	Places	(555)	615	1,607	(56)	1,611
572	Resources	-	458	(155)	-	303
599	*Covid 19 & Projects Income & Expenditure	-	-	-	(642)	(642)
<b>4,104</b>	<b>Cost of Services</b>	<b>2,616</b>	<b>2,303</b>	<b>1,696</b>	<b>(709)</b>	<b>5,906</b>
1,225	Other Operating Expenditure	(51)	8	897	835	1,689
612	Financing & Investment Income & Expenditure	(615)	1,167	11	-	563
(2,539)	Taxation & Non-Specific Grant Income	(1,293)	-	(3,962)	5,647	392
<b>(3,402)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>657</b>	<b>3,478</b>	<b>(1,358)</b>	<b>5,773</b>	<b>8,550</b>

<sup>1</sup>Adjustments for Capital Purposes: depreciation, impairment charges and revaluation gains and losses are included within the net cost of services.

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e., Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP); and
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

<sup>2</sup>Net change for the removal of pension contributions and the addition of the IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs; and
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES

<sup>3</sup>Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For taxation and non-specific grant income - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under the Code of Practice. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

The following table compares the original 2021/22 figures as previously published on the Council's website to the revised 2021/22 expected following external audit but subject to final approval.

2021/22 Adjustments from General Fund to arrive at the CIES Amounts	Original 2021/22					Revised 2021/22				
	Adjustments for Capital Purposes <sup>1</sup>	Net Change for Pension Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Covid-19 Differences	Total Adjustments	Adjustments for Capital Purposes <sup>1</sup>	Net Change for Pension Adjustments <sup>2</sup>	Other Differences <sup>3</sup>	Covid-19 Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	306	1,637	918	(920)	1,941	304	1,637	-	(920)	1,021
Places	2,516	810	(2,228)	(37)	1,061	4,069	810	(2,930)	(37)	1,912
Resources	104	629	(161)	-	572	135	629	(192)	-	572
Covid 19 Income & Expenditure*			(599)	599	-	-	-	-	599	599
Cost of Services	2,926	3,076	(2,070)	(358)	3,574	4,508	3,076	(3,122)	(358)	4,104
Other Operating Expenditure	-	-	352	436	788	(106)	-	894	437	1,225
Financing & Investment Income & Expenditure	(615)	1,211	16	-	612	(615)	1,211	16	-	612
Taxation & Non-Specific Grant Income	(1,990)	-	410	(479)	(2,059)	(1,990)	17	(87)	(479)	(2,539)
(Surplus) / Deficit on Provision of Services	321	4,287	(1,292)	(401)	2,915	1,797	4,304	(2,299)	(400)	(3,402)

(for notes to the columns see previous comparison table for explanations)

\* In the Outturn figures reported to Council, Covid 19 income and expenditure is shown separately to normal service expenditure to demonstrate the impact of the pandemic. However, in the CIES they are included within service lines, and within the Other Operating Expenditure and Taxation & Non-Specific Grants.

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The second table shows the 2021/22 draft figures as published on the Council's website.

31 March 2022	1 April 2022	<b>Expenditure / Income Analysed by Nature</b>	<b>2022/23</b>
£000	£000	<b>Expenditure</b>	<b>£000</b>
22,396	22,396	Employee Benefits	23,257
42,742	42,742	Other Service Expenditure	48,270
4,494	6,465	Capital Charges	7,505
2,230	2,230	Interest Payments	2,212
799	799	Precepts and Levies	792
<b>73,161</b>	<b>74,632</b>	<b>Total Expenditure</b>	<b>82,036</b>
		<b>Income</b>	
(6,136)	(6,135)	Fee, Charges, & other Service Income	(6,201)
(117)	(117)	Interest & Investment Income	(1,183)
(39,394)	(39,394)	Income from Council Tax and Business Rates	(38,222)
(27,921)	(27,921)	Government Grants & Contributions	(24,192)
(141)	(141)	Gain on the Disposal of Assets	(41)
<b>(73,709)</b>	<b>(73,708)</b>	<b>Total Income</b>	<b>(69,839)</b>
<b>(548)</b>	<b>924</b>	<b>Total</b>	<b>12,197</b>

Covid 19 grant income amounting to £0.6m (£2.6m in 2021/22) and expenditure amounting to £1.0m (£1.6m in 2021/22) together are included in the CIES in the appropriate service lines, but also in the Other Operating Expenditure line and the Taxation & Non-Specific Grant Income line. The following tables show the impact on the CIES of all amounts relating to Covid 19.

In summary the Council's treatment and presentation is:

- Income - grant funding has been provided by central government to support local businesses. Where the Council has discretion

as to how this funding is used, and the amounts to be given to individual businesses, this funding is included in the CIES as income but is not included in the Outturn report as it is not funding for Council services.

- Expenditure - the difference between the expenditure in the management accounts and in the CIES relates to year end accounting adjustments where the expenditure replates to the prior, or next year and cannot be included in the 2022/23 accounts.

The comparative figures provided in the tables over the following page include audit adjustments, however these are provisional figures until the 2021/22 audit is finalised. The second table that follows shows the 2021/22 draft figures as published on the Council's website.

Revised 2021/22		2022/23			
Net Council Expenditure	Covid 19 Impact on the CIES - 2022/23	Net Expenditure in the CIES	Adjustment Covid 19 Expenditure	Adjustment Covid 19 Grant Income	Net Council Expenditure
£000		£000	£000	£000	£000
20,583	People	25,669	(68)	183	25,785
14,968	Places	17,585	71	(15)	17,641
7,300	Resources	8,043	-	-	8,043
<b>42,852</b>	<b>Cost of Services</b>	<b>51,297</b>	<b>3</b>	<b>168</b>	<b>51,469</b>
787	Other Operating Expenditure	1,689	(965)	224	948
2,143	Financing & Investment Income & Expenditure	1,029	-	-	1,029
(45,330)	Taxation & Non-Specific Grant Income	(41,817)	-	126	(41,691)
<b>452</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>12,197</b>	<b>(962)</b>	<b>518</b>	<b>11,755</b>
80	Surplus on Revaluation of property, plant, and equipment	1,785	-	-	1,785
(19,759)	Re-measurements of the net defined benefit liability (asset)	(43,403)	-	-	(43,403)
<b>(19,679)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>	<b>(41,618)</b>	<b>-</b>	<b>-</b>	<b>(41,618)</b>
<b>(19,227)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>	<b>(29,421)</b>	<b>(962)</b>	<b>518</b>	<b>(29,863)</b>

Covid 19 Impact on the CIES - 2021/22 - as previously published on the Council's website	Original 2021/22				Revised 2021/22			
	Net Expenditure in the CIES	Adjustment Covid 19 Expenditure	Adjustment Covid 19 Grant	Net Council Expenditure	Net Expenditure in the CIES	Adjustment Covid 19 Expenditure	Adjustment Covid 19 Grant Income	Net Council Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000
People	19,663	(847)	1,767	20,583	19,663	(847)	1,767	20,583
Places	16,401	-	38	16,439	14,930	-	38	14,968
Resources	7,301	-	-	7,301	7,301	-	-	7,300
Cost of Services	43,365	(847)	1,805	44,323	41,894	(847)	1,805	42,852
Other Operating Expenditure	1,225	(730)	293	788	1,224	(730)	293	787
Financing & Investment Income & Expenditure	2,143	-	-	2,143	2,143	-	-	2,143
Taxation & Non-Specific Grant Income	(45,809)	-	479	(45,330)	(45,809)	-	479	(45,330)
(Surplus) / Deficit on Provision of Services	924	(1,577)	2,577	1,924	(548)	(1,577)	2,577	452
Surplus on Revaluation of property, plant, and equipment	450	-	-	450	80	-	-	80
Re-measurements of the net defined benefit liability (asset)	(19,759)	-	-	(19,759)	(19,759)	-	-	(19,759)
Other Comprehensive (Income) & Expenditure	(19,309)	-	-	(19,309)	(19,679)	-	-	(19,679)
Total Comprehensive (Income) & Expenditure	(18,385)	(1,577)	2,577	(17,385)	(20,227)	(1,577)	2,577	(19,227)

## 15. Movement in Reserves Statement - Adjustments Between Accounting Basis & Funding Basis Under Regulations

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

- **General Fund Balance** - is the statutory fund into which all the receipts of an authority are required to be paid in and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.
- **Capital Receipts Reserve** – holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.
- **Capital Grants Unapplied Account** – holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is not restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

**Usable Reserves** are those reserves that can be applied to fund expenditure or reduce local taxation; however, the Council is restricted in the use of these as the schools balances are held by schools and can only be spent by schools. The Capital Grants Unapplied Account can only be used to finance the Capital Programme and the General Fund is used by the Council to maintain a prudent level of reserves.

**Unusable Reserves** are those reserves that absorb the timing differences arising from different accounting arrangements.

The comparative figures provided in the following tables include audit adjustments, however these are provisional figures until the 2021/22 audit is finalised. The third table shows the 2021/22 draft figures as originally published on the Council's website.

Adjustments between Accounting Basis & Funding Basis Under Regulations 2022/23	General Fund Balance £000	Usable Reserves			Movement in Unusable Reserves £000
		Capital Receipts Reserve £000	Oakham North Reserve £000	Capital Grants Unapplied £000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>					
<u>Reversal of items debited or credited to the CIES:</u>					
Charges for depreciation and impairment of non-current assets	2,650	-	-	-	(2,650)
Revaluation losses on Property, Plant & Equipment	596	-	-	-	(596)
Capital grants & contributions applied	(4,175)	-	-	(2,783)	6,958
Revenue expenditure funded from capital under statute	4,256	-	-	-	(4,256)
Amounts of non-current assets written off on derecognition	3	-	-	-	(3)
Statutory provision for the financing of capital investment	(615)	-	-	-	615
Capital expenditure charged against the General Fund	(187)	-	-	-	187
<b>Adjustments primarily involving the Capital Receipts Reserve</b>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	(55)	55	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	5	-	-	(5)
Repayment of Capital Loan	-	5	-	-	(5)
<b>Adjustment primarily involving the Oakham North Reserve &amp; Commuted Sums</b>					
Use of the reserves to finance expenditure	(19)	-	19	-	-
<b>Adjustments primarily involving the Financial Instruments Account</b>					
Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements	12	-	-	-	(12)
<b>Adjustment primarily involving the Pension Reserve</b>					
Reversal of items relating to retirement benefits debited or credited to the CIES	6,967	-	-	-	(6,967)
Employer's pension contributions and direct payments to pensioners payable in the year	(3,489)	-	-	-	3,489
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	(3,430)	-	-	-	3,430
<b>Adjustments primarily involving the Accumulated Absences Account</b>					
Adjustment for short-term compensated absences	19	-	-	-	(19)
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>					
Reporting of Schools Budget Deficit to unusable reserves	244	-	-	-	(244)
<b>Total Adjustments</b>	<b>2,777</b>	<b>65</b>	<b>19</b>	<b>(2,783)</b>	<b>(78)</b>

Revised 2021/22 subject to final audit - Adjustments between Accounting Basis & Funding Basis Under Regulations 2021/22	General Fund Balance	Usable Reserves			Movement in Unusable Reserves
		Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
<i>Reversal of items debited or credited to the CIES:</i>					
<i>Charges for depreciation and impairment of non-current assets</i>	2,643	-	-	-	(2,643)
<i>Revaluation losses on Property, Plant &amp; Equipment</i>	1,603	-	-	-	(1,603)
<i>Capital grants &amp; contributions applied</i>	(4,803)	-	(72)	(218)	5,093
<i>Capital Receipts Applied</i>	(32)	-	-	-	32
<i>Revenue expenditure funded from capital under statute</i>	2,168	-	-	-	(2,168)
<i>Amounts of non-current assets written off on derecognition</i>	50	-	-	-	(50)
<i>Statutory provision for the financing of capital investment</i>	(615)	-	-	-	615
<i>Capital expenditure charged against the General Fund</i>	(46)	-	-	-	46
<i>Adjustment primarily involving the Capital Grants Unapplied Accounts</i>					
<i>Capital grants &amp; contributions unapplied</i>	(246)	-	-	246	-
<i>Adjustments primarily involving the Capital Receipts Reserve</i>					
<i>Transfer of cash sale proceeds credited as part of the gain or loss on disposal</i>	(123)	123	-	-	-
<i>Transfer from Deferred Capital Receipts Reserve upon receipt of cash</i>	-	9	-	-	(9)
<i>Repayment of Capital Loan</i>	-	15	-	-	(15)
<i>Adjustment primarily involving the Section 106 Reserve</i>					
<i>Section 106 contributions unapplied transferred to reserves</i>	(1,361)	-	1,361	-	-
<i>S106 reserves to finance revenue expenditure</i>	55	-	(55)	-	-
<i>Adjustments primarily involving the Financial Instruments Account</i>					
<i>Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements</i>	16	-	-	-	(16)
<i>Adjustment primarily involving the Pension Reserve</i>					
<i>Reversal of items relating to retirement benefits debited or credited to the CIES</i>	7,674	-	-	-	(7,674)
<i>Employer's pension contributions and direct payments to pensioners payable in the year</i>	(3,370)	-	-	-	3,370
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>					
<i>Amount by which council tax income is different from income calculated in accordance with statutory requirements</i>	(908)	-	-	-	908
<i>Adjustments primarily involving the Accumulated Absences Account</i>					
<i>Adjustment for short-term compensated absences</i>	6	-	-	-	(6)
<i>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</i>					
<i>Reporting of Schools Budget Deficit to unusable reserves</i>	693	-	-	-	(693)
<b>Total Adjustments</b>	<b>3,404</b>	<b>147</b>	<b>1,234</b>	<b>28</b>	<b>(3,311)</b>

Original 2021/22 as published on the Council's website - Adjustments between Accounting Basis & Funding Basis Under Regulations 2021/22	Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000
<i>Adjustments primarily involving the Capital Adjustment Account:</i>					
<i>Reversal of items debited or credited to the CIES:</i>					
Charges for depreciation and impairment of non-current assets	2,673	-	-	-	(2,673)
Revaluation losses on Property, Plant & Equipment	102	-	-	-	(102)
Capital grants & contributions applied	(4,803)	-	(72)	(218)	5,093
Capital Receipts Applied	(32)	-	-	-	32
Revenue expenditure funded from capital under statute	2,168	-	-	-	(2,168)
Amounts of non-current assets written off on derecognition	50	-	-	-	(50)
Statutory provision for the financing of capital investment	(615)	-	-	-	615
Capital expenditure charged against the General Fund	(48)	-	-	-	48
<i>Adjustment primarily involving the Capital Grants Unapplied Accounts</i>					
Capital grants & contributions unapplied	(246)	-	-	246	-
<i>Adjustments primarily involving the Capital Receipts Reserve</i>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	(123)	123	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	10	-	-	(10)
Repayment of Capital Loan	-	15	-	-	(15)
<i>Adjustment primarily involving the Section 106 Reserve</i>					
Section 106 contributions unapplied transferred to reserves	(1,361)	-	1,361	-	-
S106 reserves to finance revenue expenditure	55	-	(55)	-	-
<i>Adjustments primarily involving the Financial Instruments Account</i>					
Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements	16	-	-	-	(16)
<i>Adjustment primarily involving the Pension Reserve</i>					
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,370)	-	-	-	3,370
Employer's pension contributions and direct payments to pensioners payable in the year	7,674	-	-	-	(7,674)
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	(908)	-	-	-	908
<i>Adjustments primarily involving the Accumulated Absences Account</i>					
Adjustment for short-term compensated absences	6	-	-	-	(6)
<i>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</i>					
Reporting of Schools Budget Deficit to unusable reserves	693	-	-	-	(693)
<b>Total Adjustments</b>	<b>1,931</b>	<b>148</b>	<b>1,234</b>	<b>26</b>	<b>(3,339)</b>

- **Summary of Usable and Unusable Reserves**

The table below shows the movement on each reserve to give total balances as at 31 March for usable and unusable reserves

31 March 2022	01 April 2022	Summary of Usable & Unusable Reserves	Movement	31 March 2023
£000	£000		£000	£000
		<b>Usable Reserves</b>		
13,329	13,329	General Fund Balance	(1,671)	11,658
772	772	School Balances	(53)	719
20,700	20,700	Specific Reserves (Note 16)	(7,677)	13,023
1,591	1,591	Capital Receipts Reserve	65	1,656
7,213	7,213	Capital Grants Unapplied	(2,783)	4,430
<b>43,605</b>	<b>43,605</b>	<b>Total Usable Reserves</b>	<b>(12,119)</b>	<b>31,486</b>
		<b>Unusable Reserves</b>		
17,054	16,680	Revaluation Reserve	(1,968)	14,712
39,688	38,220	Capital Adjustment Account	433	38,653
4	4	Deferred Capital Receipts	(5)	-
12	12	Financial Instruments Adjustment Account	(12)	-
(42,097)	(42,097)	Pension Fund Reserve	39,925	(2,172)
(1,698)	(1,698)	Collection Fund Adjustment Account	3,430	1,732
(201)	(201)	Accumulating Compensated Absences Adjustment Account	(20)	(221)
(1,081)	(1,081)	Dedicated Schools Grant Adjustment Account	(244)	(1,325)
<b>11,682</b>	<b>9,839</b>	<b>Total Unusable Reserves</b>	<b>41,540</b>	<b>51,380</b>
<b>55,287</b>	<b>53,444</b>	<b>Total Reserves</b>	<b>29,421</b>	<b>82,866</b>

- **Revaluation Reserve**

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

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

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

31 March 2022	1 April 2022		2022/23
£000	£000		£000
17,352	17,352	Balance at start of the year	16,680
(214)	565	Upward revaluation of assets	2,783
		Downward revaluation of assets & impairment losses not charged to the (Surplus) / Deficit on the Provision of Services	(4,568)
102	(1,016)		
-	(31)	Release of revaluation gains on disposal	-
(186)	(190)	Difference between fair value depreciation and historical depreciation	(183)
<b>17,054</b>	<b>16,680</b>	<b>Balance at 31 March</b>	<b>14,712</b>

- **Capital Adjustment Account (CAA)**

The CAA 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 additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES. 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.

31 March 2022	1 April 2022		2022/23
£000	£000		£000
38,688	38,688	<b>Capital Adjustment Account</b>	
(2,673)	(2,643)	Balance at the start of the year	38,220
		Charges for depreciation & impairment of non-current assets	(2,650)
(102)	(1,571)	Revaluation Losses on Property, Plant & Equipment	(596)
(2,168)	(2,169)	Revenue expenditure funded from capital under statute	(4,256)
2,168	2,169	Grant Funding of Revenue expenditure funded from capital under statute	4,256
		Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	
(18)	(50)	Statutory provision for the financing of capital investment charged against the General Fund balance	(3)
615	615	Capital expenditure charged to the General Fund balance	615
46	47	Capital expenditure charged to the General Fund balance	-
(15)	(15)	Capital Loans	(5)
33	32	Use of the Capital Receipts Reserve to finance new capital expenditure and repay debt	-
2,864	2,863	Capital grants and contributions credited to the CIES that have been applied to capital financing	2,660
		Application of grants to capital financing from the Capital Grants Unapplied Account	
64	64		229
186	190	Adjusting amounts written out of the Revaluation Reserve	183
<b>39,688</b>	<b>38,220</b>	<b>Balance at 31 March</b>	<b>38,653</b>

- **Deferred Capital Receipts Reserve**

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

2021/22*	Deferred Capital Receipts Reserve	2022/23
£000		£000
13	Balance as at the start of the year	4
(9)	Transfer of deferred sale proceeds	(4)
<u>4</u>	<b>Balance at 31 March</b>	<u>-</u>

\* There were no changes to the prior year figures for Deferred Capital Receipts as a result of the audit of the 2021/22 accounts.

- **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2021/22*	Financial Instruments Adjustment Account	2022/23
£000		£000
28	Balance at the start of the year	12
(16)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(12)
<u>12</u>	<b>Balance at 31 March</b>	<u>-</u>

\* There were no changes to the prior year figures in the Financial Instruments Adjustment Account as a result of the audit of the 2021/22 accounts).

- **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. Statutory arrangements will ensure that funding has been set aside when benefits come to be paid. For further information see Note 7.

2021/22*	Pensions Reserve	2022/23
£000		£000
(57,552)	Balance at the start of the year	(42,097)
19,759	Re-measurements of the net defined benefit liability (asset)	43,403
(7,674)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(6,967)
3,370	Employers' pensions contributions and direct payments to pensioners payable in the year	3,489
<u>(42,097)</u>	<b>Balance at 31 March</b>	<u>(2,172)</u>

\* There were no changes to the prior year figures in the Pensions Reserve as a result of the audit of the 2021/22 accounts.

- **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22* £000	<b>Collection Fund Adjustment Account</b>	2022/23 £000
(2,606)	Balance as at the start of the year	(1,698)
908	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	3,430
<u>(1,698)</u>	<b>Balance at 31 March</b>	<u>1,732</u>

\* There were no changes to the prior year figures in the Collection Fund Adjustment Account as a result of the audit of the 2021/22 account).

- **Dedicated Schools Grant Adjustment Account**

The Dedicated Schools Grant Adjustment Account was created to enable separate accounting for any deficits on the Schools budget so that they do not impact on the General Fund or Earmarked Reserves Balances. The account must be used for any deficits for three years from 2020/21 to 2022/23 inclusive.

2021/22* £000	<b>Dedicated Schools Grant Adjustment Account</b>	2022/23 £000
(388)	Balance as at the start of the year	(1,081)
(693)	Schools Budget Deficit in year	(244)
<u>(1,081)</u>	<b>Balance at 31 March</b>	<u>(1,325)</u>

\* There were no changes to the prior year figures in the Dedicated Schools Grant Adjustment Account as a result of the audit of the 2021/22 accounts.

- **Accumulated Absences Account**

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

2021/22* £000	<b>Accumulated Absences Account</b>	2022/23 £000
(195)	Balance as at the start of the year	(201)
195	Settlement or cancellation of accrual made at the end of the preceding year	201
(201)	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	(221)
<u>(201)</u>	<b>Balance at 31 March</b>	<u>(221)</u>

\* There were no changes to the prior year figures in the Accumulated Absences Account as a result of the audit of the 2021/22 accounts.

## 16. Movement in Reserves Statement – Transfer to/from Earmarked Reserves

This note includes the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23.

Following a review of reserve balances contributions received as S106 are now presented in the balance sheet as Creditors better reflecting the terms and conditions of such funds, see Note 28 for more details.

There were no changes to the prior year figures of Transfers To/From Earmarked reserves as a result of the audit of the 2021/22 account).

General Fund Earmarked Reserves	31 March 2022*	Transfers out	Transfers In	31 March 2023	Purpose of the Earmarked Reserve
	£000	£000	£000	£000	
Contractual Commitments	(1,344)	253	(1,025)	(2,116)	Held to meet a contractual commitment or to fund activities that meet a legislative requirement
Future Revenue Use	(10,161)	8,982	(2,365)	(3,544)	To support future known revenue expenditure commitments supporting activity of service delivery
Capital Investment	(3,213)	45	-	(3,168)	To fund future planned capital expenditure
Risk Reserves	(527)	-	(9)	(536)	To manage specific risks
Departmental Reserves	(5,455)	2,364	(568)	(3,659)	Held for specific departmental use on service delivery
<b>Total</b>	<b>(20,700)</b>	<b>11,644</b>	<b>(3,883)</b>	<b>(13,023)</b>	

## 17. Property, Plant & Equipment

### Highways Infrastructure Assets

In accordance with the temporary relief offered by the update to the 2021/22 Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets. This is likely to be case until 2024/25 when a longer-term solution will be provided for the measurement and presentation of Infrastructure assets.

The following tables provide the reconciliations for:

- Property, Plant & Equipment value in Balance Sheet

- Movement on the net book value for Infrastructure Assets

31 March 2022	1 April 2022	Reconciliation to PPE value in Balance Sheet	31 March 2023
£000	£000		£000
39,383	39,384	Infrastructure Assets	40,138
35,922	34,079	Other PPE Assets	31,211
<b>75,305</b>	<b>73,463</b>	<b>Total PPE Assets</b>	<b>71,349</b>

31 March 2022	1 April 2022	Movement on Infrastructure Assets by Net Book Value	31 March 2023
£000	£000		£000
38,699	38,699	Net Book Value at 1 April	39,384
2,628	2,628	Additions	2,798
(1,944)	(1,943)	Depreciation	(2,044)
<b>39,383</b>	<b>39,384</b>	<b>Net Book Value at 31 March</b>	<b>40,138</b>

<b>Property, Plant &amp; Equipment (PPE) – 2022/23</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Infrastructure Assets * £000</b>	<b>Assets Under Construction £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>						
<b>At 1 April 2022 Gross Book Value</b>	<b>34,208</b>	<b>1,233</b>		-	-	<b>35,441</b>
Additions	-	81		10	-	91
Revaluation increase / (decrease) recognised in the Revaluation Reserve	(2,023)	-		-	-	(2,023)
Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services.	(635)	-		-	-	(636)
De-recognition – Disposals	-	(115)		-	-	(115)
Transfer to other IFRS categories	(525)	-		-	525	-
<b>At 31 March 2023</b>	<b>31,025</b>	<b>1,199</b>		<b>10</b>	<b>525</b>	<b>32,759</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2022</b>	<b>(838)</b>	<b>(524)</b>		-	-	<b>(1,362)</b>
Depreciation charge in year	(434)	(144)		-	-	(578)
*Depreciation written out to the revaluation reserve	238	-		-	-	238
*Depreciation Written out to the Surplus/ Deficit on the Provision of Services	39	-		-	-	39
*Impairment (losses)/ reversals recognised in Revaluation Reserve	-	-		-	-	-
*Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services	-	-		-	-	-
De-recognition – Disposal	-	115		-	-	115
Transfer to other IFRS Categories	27	-		-	(27)	-
<b>At 31 March 2023</b>	<b>(968)</b>	<b>(553)</b>		-	<b>(27)</b>	<b>(1,548)</b>
<b>Net Book Value At 31 March 2023</b>	<b>30,057</b>	<b>646</b>		<b>10</b>	<b>498</b>	<b>31,211</b>
<i>At 1 April 2022</i>	<i>33,370</i>	<i>709</i>		-	-	<i>34,079</i>

\* see explanation for Infrastructure Assets / Highways Infrastructure Assets at start of this Note.

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The second table shows the 2021/22 draft figures as published on the Council's website.

<i>Revised 2021/22 - Property, Plant &amp; Equipment (PPE)</i>	<i>Other Land &amp; Buildings</i>	<i>Vehicles, Plant &amp; Equipment</i>	<i>Infrastructure Assets</i>	<i>Assets Under Construction</i>	<i>Surplus Assets</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost or Valuation</i>						
<i>At 1 April 2021</i>	36,444	1,055		182	-	37,681
<i>Additions</i>	182	187		-	-	369
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	(810)	-		-	-	(810)
<i>Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services.</i>	(1,738)	-		-	-	(1,738)
<i>De-recognition – Disposals</i>	(52)	-		-	-	(52)
<i>Transfer to other IFRS categories</i>	182	(9)		(182)	-	(9)
<i>At 31 March 2022</i>	<u>34,208</u>	<u>1,233</u>		<u>-</u>	<u>-</u>	<u>35,441</u>
<i>Accumulated Depreciation &amp; Impairment</i>						
<i>At 1 April 2021</i>	(897)	(410)		-	-	(1,307)
<i>Depreciation charge in year</i>	(437)	(117)		-	-	(554)
<i>Depreciation written out to the revaluation reserve</i>	357	-		-	-	357
<i>Depreciation Written out to the Surplus/ Deficit on the Provision of Services</i>	136	-	-	-	-	136
<i>Impairment (losses)/ reversals recognised in Revaluation Reserve</i>	-	-	-	-	-	-
<i>Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services</i>	-	-	-	-	-	-
<i>De-recognition – Disposal</i>	3	-	-	-	-	3
<i>Transfer to other IFRS Categories</i>	-	3	-	-	-	3
<i>At 31 March 2022</i>	<u>(838)</u>	<u>(524)</u>		<u>-</u>	<u>-</u>	<u>(1,362)</u>
<i>Net Book Value At 31 March 2022</i>	<u>33,370</u>	<u>709</u>		<u>-</u>	<u>-</u>	<u>34,079</u>
<i>At 1 April 2021</i>	<u>35,547</u>	<u>645</u>		<u>182</u>	<u>1</u>	<u>36,375</u>

<i>Original 2021/22 - Property, Plant &amp; Equipment (PPE) as published on the Council website</i>	<i>Other Land &amp; Buildings</i>	<i>Vehicles, Plant &amp; Equipment</i>	<i>Infrastructure Assets*</i>	<i>Assets Under Construction</i>	<i>Surplus Assets</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost or Valuation At 1 April 2021</i>	36,444	1,055	54,920	182	-	92,601
<i>Additions</i>	182	187	2,628	-	-	2,997
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	(82)	-	-	-	-	(82)
<i>Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services.</i>	(100)	-	-	-	-	(100)
<i>De-recognition – Disposals</i>	(52)	-	-	-	-	(52)
<i>Transfer to other IFRS categories</i>	182	(9)	-	(182)	-	(9)
<i>At 31 March 2022</i>	<u>36,574</u>	<u>1,233</u>	<u>57,548</u>	<u>-</u>	<u>-</u>	<u>95,355</u>
<i>Accumulated Depreciation &amp; Impairment At 1 April 2021</i>	(897)	(410)	(16,221)	-	1	(17,527)
<i>Depreciation charge in year</i>	(467)	(118)	(1,944)	-	-	(2,529)
<i>*Depreciation written out to the revaluation reserve</i>	-	-	-	-	-	-
<i>*Depreciation Written out to the Surplus/ Deficit on the Provision of Services</i>	-	-	-	-	-	-
<i>*Impairment (losses)/ reversals recognised in Revaluation Reserve</i>	-	-	-	-	-	-
<i>*Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services</i>	-	-	-	-	-	-
<i>De-recognition – Disposal</i>	3	-	-	-	-	-
<i>Transfer to other IFRS Categories</i>	-	3	-	-	-	-
<i>At 31 March 2022</i>	<u>(1,361)</u>	<u>(525)</u>	<u>(18,165)</u>	<u>-</u>	<u>1</u>	<u>(20,050)</u>
<i>Net Book Value At 31 March 2022</i>	<u>35,213</u>	<u>708</u>	<u>39,383</u>	<u>-</u>	<u>1</u>	<u>75,305</u>
<i>At 1 April 2021</i>	<u>35,547</u>	<u>645</u>	<u>38,699</u>	<u>182</u>	<u>1</u>	<u>75,074</u>

The Council has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

## 18. Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. The intangible assets are purchased licenses.

2021/22 £000	Intangible Assets	2022/23 £000
	<b>Balance 1 April</b>	
760	Gross Carrying Amounts	774
(577)	Accumulated Amortisation	(721)
<b>183</b>	<b>Net Carrying Amount at Start of the Year</b>	<b>53</b>
9	Additions	-
-	Assets derecognised in year	(3)
5	Assets transferred (to)/from other IFRS Categories	-
(144)	Amortisation for the period	(28)
<b>53</b>	<b>Net Carrying Amount at End of the Year</b>	<b>22</b>
774	Gross Carrying Amounts	771
(721)	Accumulated Amortisation	(749)
<b>53</b>	<b>Net Carrying Amount at End of the Year</b>	<b>22</b>

\* There were no changes to the prior year figures for Intangible Assets as a result of the audit of the 2021/22 accounts.

## 19. Capital Commitments

As at 31 March 2023 the Council had entered into a number of contracts for the construction of enhancement of Property, Plant and Equipment and Intangible Assets. These contracts, at a budget cost of £6.5m, are part of the approved capital programme within the MTFS. The major commitments are:

Description of Contract / Capital Scheme	Value of contract £000	Value outstanding at 31/03/2023 £000
School Expansion Project	5,400	516
SEND Provision	1,548	156
<b>Total</b>	<b>6,948</b>	<b>672</b>

## 20. Revaluations

The Council has a rolling programme that ensures that all Property, Plant and Equipment is measured at current value and is revalued at least every three years. The valuations in 2022/23 were carried out by Innes England LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. In addition to the rolling three-year programme each year Innes England LLP also assess the whole of the Council's property portfolio to consider if there would be any valuation changes as a result of the current economic climate at the time. Valuations of vehicles, plant and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for condition of the asset.

The significant assumptions applied in estimating the current values are:

- Market Value – the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
- Existing Use Value – as above but including an assumption that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property

that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

- Depreciated Replacement Cost – has been used to arrive at Existing Use Value where specialised property is valued. It is the least cost of purchasing the remaining service potential of the asset at the date of valuation.

The Council revalued £14.6m of Land and Buildings in 2022/23 which is approximately 43% of the Council overall Gross Book Value of the assets held in Land and Buildings.

The valuations have been prepared in accordance with the RICS Valuation – Global Standards: (which incorporate the International Valuation Standards) effective from 31st January 2022 and the RICS Valuation UK National Supplement effective from January 2019 (“the RICS Valuation Standards”), the latest CIPFA guidance and Stock Valuation for Resource Accounting – Guidance for Valuers (2016) published by the Department for Levelling Up, Homes and Communities (“The DLUHC Guidance”).

The following table shows the movement on the Revaluation Reserve over the last five years split over the three asset types which may be revalued during the asset’s life.

Valuations of vehicles, plant and equipment, and infrastructure are at historic cost less accumulated depreciation.

Valued at fair value as at	Other Land & Buildings £000	Total £000
At 1 April 2019	2,781	2,781
At 1 April 2020	12,708	12,708
At 1 April 2021*	-	-
At 1 April 2022	14,568	14,568
<b>Total cost or valuation</b>	<b>30,057</b>	<b>30,057</b>

\* Assets that were revalued as at 1 April 2021 have all been included in the revaluation exercise that took place as at 1 April 2022.

## 21. Impairment Losses

There have been no significant impairment losses on the Council’s Non-Current Assets in 2022/23.

The Council is undertaking a detailed asset review, part of which is to undertake detailed condition surveys of the Council’s key property assets. The results are programmed for receipt during 2023/24 and may result in a requirement for capital expenditure which improves or enhances the Council’s assets but does not significantly increase the value of each individual building.

## 22. Heritage Assets

A Heritage Asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. In Rutland, the exhibits in the Museum and Oakham Castle fall within this definition. The Council’s policies for Heritage Assets are included within its Cultural Strategy and it complies with national acquisitions and disposals for accredited museums.

The museum and castle exhibits have a total insured value of £1.2m but none of the items are valued individually and they are not included on the balance sheet as the average value per item would be below the de minimis value of £10,000 that the council adopts for capital accounting purposes.

The County Museum and Oakham Castle also meet the definition of Heritage Assets but are primarily held for other activities or provide other services) and are therefore accounted for as operational assets and valued in the same way as other assets of that type. They are included within the balance sheet at their depreciated replacement cost.

## 23. Capital Expenditure & Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the table below 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 authority the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2021/22*		2022/23
£000	Capital Financing Requirement	£000
20,039	Opening Capital Financing Requirement	19,426
	<b>Capital Investment</b>	
2,997	Property Plant & Equipment	2,889
9	Intangible Assets	-
2,168	Revenue expenditure funded from capital under statute (REFCUS)	4,256
	<b>Sources of Finance</b>	
(32)	Capital Receipts	-
(5,094)	Government Grants and contributions	(6,958)
(661)	Sums set aside from revenue (including direct revenue financing, MRP, VRP and loans fund principals)	(802)
<b>19,426</b>	<b>Closing Capital Financing Requirement</b>	<b>18,811</b>
	Explanation of movement in year	
(613)	Increase/(reduction) in the underlying need to borrow	(615)

\* There were no changes to the prior year figures for capital expenditure & capital financing as a result of the audit of the 2021/22 accounts.

## 24. Council Leasing Arrangements

### Council as Lessee - Operating leases:

The Council has acquired property, vehicles, and equipment by entering into operating leases. The minimum lease payments due under non-cancellable leases in future years are:

2021/22	Council as Lessee - Operating Leases	2022/23
£000		£000
68	Not later than one year	60
164	Later than one year and not later than five years	89
114	Later than five years	91
<b>346</b>	<b>Total</b>	<b>240</b>

The expenditure charged across the authority in the CIES during the year in relation to these leases was:

2021/22	Council as Lessee - Minimum Lease Payments	2022/23
£000		£000
62	Minimum Lease Payment	62

### Council as Lessor - Operating leases:

The Council leases out property and equipment under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

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

2021/22*	Council as Lessor - Operating Leases	2022/23
£000		£000
468	Not later than one year	437
1,250	Later than one year and not later than five years	1,297
476	Later than five years	396
<b>2,194</b>	<b>Total</b>	<b>2,130</b>

\* There were no changes to the prior year figures for leases as a result of the audit of the 2021/22 accounts.

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

### Council as Lessor - Finance Leases

The Council has leased schools to various trusts as the schools transferred to Academy status as per instruction from DfES. The leases are at peppercorn or minimal value rents only.

## 25. Financial Instruments

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2021/22 audit is finalised. The second table shows the 2021/22 draft figures as published on the Council's website.

Categories of financial instruments

Revised March 2022		Financial Instruments Balances	March 2023	
Long Term	Current		Long Term	Current
£000	£000		£000	£000
(22,233)	(9,295)	Liabilities at Amortised cost	(21,572)	(10,579)
<u>(22,233)</u>	<u>(9,295)</u>	<b>Total</b>	<b>(21,572)</b>	<b>(10,579)</b>
117	56,380	Assets at Amortised cost	110	54,112
<u>117</u>	<u>56,380</u>	<b>Total</b>	<b>110</b>	<b>54,112</b>

The following table provides the March 2022 values as previously published on the Council's website.

Originally published March 2022		Original 2021/22 - Financial Instruments Balances
Long Term	Current	
£000	£000	
(22,233)	(8,273)	Liabilities at Amortised cost
<u>(22,233)</u>	<u>(8,273)</u>	<b>Total</b>
117	47,035	Assets at Amortised cost
<u>117</u>	<u>47,035</u>	<b>Total</b>

The gains and losses recognised in the CIES in relation to financial instruments are made up as follows:

2021/22*	Surplus or Deficit on the Provision of Services	2022/23
£000		£000
(117)	Interest Revenue	(1,183)
1,049	Interest Expense	1,045
<u>952</u>	<b>Total</b>	<b>138</b>

\* There were no changes to the prior year figures of Gains & Losses Recognised in the Comprehensive Income & Expenditure Statement as a result of the audit of the 2021/22 accounts.

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

- For loans from the PWLB payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.

- 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 values of financial instruments are calculated as follows:

2021/22*		Fair Value of Financial Instruments	2022/23	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
21,386	31,527	PWLB Debt	21,386	22,117
672	660	Non PWLB Debt	-	-
3,522	3,522	Short Term Creditors	4,467	4,467
<b>25,580</b>	<b>35,709</b>	<b>Total Financial Liabilities</b>	<b>25,853</b>	<b>26,584</b>
47,000	47,035	Short Term Investments	46,000	46,304
1,178	868	Short Term Debtors	1,329	1,026
<b>48,178</b>	<b>47,809</b>	<b>Total Financial Assets</b>	<b>47,329</b>	<b>47,330</b>

\* There were no changes to the prior year figures for carrying amounts or fair values of financial instruments as a result of the audit of the 2021/22 accounts).

## 26. Nature & 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 – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms

- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

### Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued under the Act.

Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice
- by approving annually in advance prudential indicators for the following three years limiting:
  - the Council's overall borrowing.
  - its maximum and minimum exposures to fixed and variable interest rates
  - its maximum and minimum exposures for the maturity structure of its debt
  - 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 indicators are required to be reported and approved at or before the Council meets to set its annual budget and Council Tax each year. These items are reported with the annual treasury management strategy which outlines the approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members. These

policies are implemented by officers in the finance team within the Resources directorate. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Management Strategy.

No breaches of the Council's counterparty criteria occurred during the reporting period. Following the fiscal events of autumn 2022 and the subsequent period of significant market volatility the impact on the financial instruments held has been considered and included within the credit risk disclosures.

### **Credit Risk Management Practices**

The Council's credit risk management practices are set out on pages 16 to 20 of the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit rating from all three credit rating agencies-Fitch, Moody's, and Standard & Poor's, forming the core element.

However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £46.0m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits but there was no evidence at 31 March 2023 that this was likely to crystallise.

During the reporting period the council held no collateral as security for trade debts.

### **Liquidity Risk**

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the Public Works Loans Board provides access to longer term funds, it also acts as a lender of last resort (although it will not provide funding to an Council whose actions are unlawful). The authority is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The authority 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 cash flow management procedures required by the Code of Practice.

### 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.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments made 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 officers in the finance team within the Resources directorate address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the authority'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 long-term financial liabilities is as follows:

2021/22 £000	Period	2022/23 £000
-	Less than one year	-
-	Between one and two years	-
672	Between two and seven years	-
-	Between seven and 10 years	-
21,386	More than 10 years	21,386
<u>22,058</u>	<b>Total</b>	<u>21,386</u>

The maturity analysis of long-term financial assets, excluding sums due from customers is as follows:

Period	£000
Between one and two years	2
Between two and three years	1
More than three years	107
<b>Total</b>	<b>110</b>

All trade and other payables are due to be paid in less than one year and trade debtors totalling £0.8m are not shown in the table above as they are not classified as long-term liabilities.

### 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 fixed interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances)
- 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 Total CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair value of fixed rate investments, which have a quoted market price, will be reflected within the CIES. The Council has no financial instruments in these classifications.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

Officers in the finance team within the Resources directorate 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.

The increases in interest rates during 2022/23 have resulted in an average interest rate achieved improving from 0.2% in 2021/22 to 2.0% in 2022/23 resulting in a £982k surplus on interest receivable compared with the original budget plan. The Council has no variable rate borrowing and therefore the change in interest rates has no impact on its borrowing. Fixed rate borrowing will continue to be reviewed.

If all interest rates had been 0.25% higher (with all other variables held constant) the financial effect in 2022/23 would be:

Effect	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(145)
<b>Total</b>	<b>(145)</b>

The approximate impact of a 0.25% fall in interest rates would be as above but with the movements being reversed.

### Price risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates. The Council (excluding the

pension fund) has not invested in equity shares or marketable bonds during 2022/23.

*There were no changes to the prior year figures for risks relating to financial instruments as a result of the audit of the 2021/22 accounts.*

## 27. Debtors

2021/22 £000	Short-term debtors	2022/23 £000
682	Central Government Bodies	883
215	Other Local Authorities	245
487	NHS Bodies	358
9	Schools	5
2,980	Other Entities & Individuals	3,164
<b>4,373</b>	<b>Total</b>	<b>4,655</b>

The increase in short-term debtors is the result of:

- Central Government Bodies – an small increase in VAT to be repaid relating to March 2023 as expenditure was higher in March than previous years
- Other Entities and Individuals – and increase in the amount of Council Tax owing at the year end

2021/22* £000	Long-term debtors	2022/23 £000
112	Housing Association	110
5	Other	-
<b>117</b>	<b>Total</b>	<b>110</b>

*\*There were no changes to the prior year figures for Debtors as a result of the audit of the 2021/22 accounts).*

## 29. Creditors

2021/22 £000	Creditors	2022/23 £000
7,140	Central Government Bodies	6,264
812	Other Local Authorities	1,267
137	Schools	5
5,157	Other Entities & Individuals	13,748
<b>13,246</b>	<b>Total</b>	<b>21,284</b>

\* There were no changes to the prior year figures for Creditors as a result of the audit of the 2021/22 accounts.

The increase of £8.0m in creditors is due to a change in the treatment of S106 contributions to reflect the terms and conditions associated with these funds, and an increase in the share of business rates that are due to be paid to central government. See Note 44 for more details.

## 30. Provisions

Provision	Balance 1 April 2022 £000	Addition / (Reduction) to Provision £000	Amount Charged in Year £000	Balance 31 March 2023 £000
Appeals (NDR)	1,788	(1,247)	(81)	460
High-Cost Care case	266	-	-	266
Planning Appeal & Enforcement Decision	-	58	-	58
External Audit fees Concessionary	-	54	-	54
Fares	-	70	-	70
<b>Total</b>	<b>2,054</b>	<b>(1,065)</b>	<b>(81)</b>	<b>908</b>

The Provision for Appeals (NDR) provides for appeals against the rateable valuation set by the Valuation Office Agency (VOA) and represents RCC's share only.

The Council is currently in discussion with other local authorities relating to responsibility for provision of funding for a high-cost care case. The provision has been made to cover costs if it is determined that Rutland County Council is responsible.

A planning appeal is in progress and if awarded to the claimant, the Council may have to pay court costs.

The completion of the external audit of the 2021/22 accounts has been delayed and the Council does not yet know the amount of costs still to be charged.

Due to a change in bus operators on some routes, claims for the cost of Concessionary Fares have not been made since October 2022.

*There were no changes to the prior year figures for Provisions as a result of the audit of the 2021/22 accounts.*

### 31. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

31 March 2022 £000	1 April 2022 £000		2022/23 £000
117	(117)	Interest Received	(1,183)
1,049	1,049	Interest Payable	1,045
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>			
(2,673)	(2,393)	Depreciation and Impairment of Non-Current Assets	(2,650)
(102)	(1,853)	Revaluation Losses on Property, Plant and Equipment	(596)
(4,304)	(4,304)	Movement in Pension Liability	(3,478)
(50)	(50)	Gains or Losses on Disposal of Non-Current Assets	(3)
(648)	(648)	Increase / (Decrease) in Provisions	1,146
(4,006)	(4,006)	Increase / (Decrease) in Creditors	(7,081)
(3,251)	(3,251)	Increase / (Decrease) in Debtors	282
(15)	(15)	Increase / (Decrease) in Long Term Debtors	(6)
33	33	Increase / (Decrease) in Inventories	0
(107)	(107)	Other	238
(15,123)	(16,594)	<b>Total Non-Cash Movements</b>	<b>(12,149)</b>
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>			
6,408	6,409	Capital Grants credited to the CIES	
156	156	Proceed from Disposal of Property, Plant and Equipment	3,405
(2,168)	(2,168)	Revenue Expenditure Funded from Capital in Statute	55
907	907	Proceeds from the Sale of Short-Term Investments	(4,256)
2	1	Other	3,450
5,305	5,305	<b>Total Investing or Financing Activities</b>	<b>2,653</b>

### 32. Cash Flow Statement – Investing Activities

31 March 2022 £000	1 April 2022 £000		2022/23 £000
<b>Investing Activities</b>			
5,176	5,175	Purchase of property, plant and equipment, investment property and intangible assets	7,145
47,000	47,000	Purchase of short-term and long-term investments	46,000
(156)	(156)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(55)
(33,500)	(33,500)	Proceeds from short-term and long-term investments	(47,000)
(6,409)	(6,409)	Capital Grants Received	(4,175)
12,111	12,110	<b>Total</b>	<b>1,915</b>

### 33. Cash Flow Statement – Financing Activities

2021/22 £000		2022/23 £000
<b>Financing Activities</b>		
84	Receipt / Repayment of short and long-term borrowing	672
(854)	Other payments for financing activities	(3,616)
(770)	<b>Total</b>	<b>(2,944)</b>

### 34. Cash Flow Statement – Cash & Cash Equivalents

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

2021/22* £000		2022/23 £000
<b>Cash &amp; Cash Equivalents</b>		
2	Cash held by the authority	2
7,755	Bank current accounts in credit	6,077
(25)	Internal Payments account	(19)
7,732	<b>Total</b>	<b>6,060</b>

\* There were no changes to the prior year figures for Cash Flow – Financing Activities or Cash & Cash Equivalents as a result of the audit of the 2021/22 accounts).

### 35. Trust Funds

The Council acts as custodian trustee for the Emma Molesworth Trust. As a custodian trustee the authority holds the investment but takes no decisions on its use. The funds do not represent the assets of the Council and therefore have not been included in the Balance Sheet.

2021/22*	Trust Funds	2022/23
£000		£000
7	Income	7
(9)	Expenditure	(14)
231	Assets	225

\* There were no changes to the prior year figures for Trust Funds as a result of the audit of the 2021/22 accounts.

### 36. Contingent Liabilities

The former local authority insurer, Municipal Mutual Insurance (MMI) ceased taking new business in 1992. MMI believed they could achieve a solvent run-off and have continued to pay claims. However, as part of the arrangement to do this councils entered into a Scheme of Arrangement whereby, if it was necessary to invoke the Scheme councils would be liable to pay a percentage of all claims paid on their behalf since 1992 and any future claims (i.e., a levy), but only for a cumulative value of claims above £50,000. The Scheme had to be invoked in November 2012 when it became apparent that MMI could no longer achieve the solvent run-off. Rutland County Council's claims paid to date have not yet exceeded the £50,000 threshold and therefore the council is not liable to pay a levy at present. However, this levy (currently set at 15% of the claims value) will be due, when and if, the threshold is exceeded. As the levy also applies to future claims paid, and

these cannot be foreseen, there is a potential that a levy may become payable in the future.

The 2017 Non-Domestic Rating List closed at midnight on 31st March 2023 for ratepayers to submit a Check as part of the Check Challenge Appeal system. During March 2023, 37 Checks were submitted with a ratings value of £2.3m, these are considered to be spurious checks due to the lateness of their submission. However, there is a potential that some of these checks result in a successful appeal, but this cannot be reliably measured at this time.

### 37. Contingent Assets

The Council is party to an agreement by which it will receive an amount due to over-performance against a contract. The amount the Council will receive depends on the performance of the supplier, so this cannot be accurately recognised within the Council's accounts.

### 38. Accounting Standards Issued Not Yet Adopted

The accounting standards the Council must follow when preparing the Statement of Accounts are now endorsed by the UK instead of the EU.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, these are:

- Amendments to IAS 8 – Definitions of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 3 - Updating a Reference to the Conceptual Framework

None of these amendments are expected to have an impact on the Council's accounts in the 2023/24 financial year.

### 39. Critical judgements in applying accounting policies

In applying the accounting policies, set out from page 68, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing the Statement of Accounts are:

- Whether grant funding provided by central government to support businesses and individuals through the cost-of-living crisis and through the Homes for Ukraine scheme was paid out as an agent of central government or by the Council acting as principal. Paragraph 2.6.2.1 of the Code of Practice states that an authority is acting as an agent in situations or circumstances "where the authority is acting as an intermediary." This was analysed by considering the conditions in the grant determinations relating to the funding. If the determination set out a specific amount to be paid, the criteria as to who was eligible, and that the Council would receive more funding if it paid out more than it received, and must repay any excess funding, the income and associated expenditure was treated as being paid out as an agent and removed from the accounts. As shown in Note 14 approximately £1.9m of expenditure and £1.9m of income were treated as being paid as an agent of central government and have therefore been removed from the accounts. The note shows the impact if all this income and expenditure had not been removed from the CIES.
- Whether leases should be classified as Operating Leases or Finance Leases. Paragraph 4.2.2.2 of the Code of Practice sets out the definition of a finance lease – a lease that transfers substantially all the risks and rewards of ownership of an asset (even though title to the property may not be transferred). Leases are assessed at inception by considering which party to the agreement has the risks and rewards of ownership, such as if there is an option for the lessee to purchase the asset at

a lower price than its fair value, whether the present value of the minimum lease payments (as shown in Note 24) amounts to substantially all of the fair value of the asset, and who is responsible for repairs.

The Council leases in several properties including Ketton Business Centre, the two civic amenity sites, the Catmose Sports Halls, part of St Mary & St John School at North Luffenham, and Brightways Day Centre. The majority of these properties were classified as operating leases prior to the implementation of IFRS.

The Council chose not to reassess these, as they are either for peppercorn value or have short lives remaining, leases as allowed by the transitional arrangements when IFRS were implemented in 2010/11. Some leases have been entered into since 2010/11. If the leases had been assessed as finance leases, the values of the properties would need to be added to the Council's Balance Sheet (and subsequently depreciated), with an associated liability for repayment of the principal – values have not been obtained for the properties, so it is not known how much this would increase the amount of Property, Plant & Equipment and Long-term Liabilities figures but it would be a material amount in the millions. The Council would also need to split the payments made to the lessor between repayments of principal and payments of interest. Repayments of principal would reduce the liability on the Balance Sheet, while payments of interest would be included in the CIES, along with depreciation charges for the leased in assets.

The Council leases out several assets including industrial units, school playing fields and garages - similar assessments were undertaken. If these leases had been assessed as finance leases, which is unlikely due to the nature of the leases, or through low value, the assets would be removed from the Balance Sheet (an amount in excess of £6.5m) and income would be split between repayment of principal (treated as a capital receipt) and interest income.

#### 40. Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

##### **Property assets – carrying value £30.1m at 31 March 2023**

Valuations of property assets use assumptions relating to:

- a) building costs at the date of valuation
- b) comparable evidence and
- c) income – based on rental values, return on investment or income generating potential

Owing to continuing supply-chain difficulties due to the war in Ukraine, and the high levels of inflation and interest, there is a significant risk of a material adjustment where value has been based on building costs at the balance sheet date. The carrying amount of these assets at the balance sheet date is £17.1m.

Where comparable evidence has been used to produce values, there is a risk of material adjustment if there are insufficient comparable properties, special circumstances apply, and/or if valuers have had to adjust values (a subjective judgement) to allow for this. The carrying amount of these assets at the balance sheet date is £3.5m.

The income method assumes that income achievable can be forecast (either through revenue income or capital value). In the current economic climate forecasting is very uncertain leading to

a risk of material adjustment in the next financial year. The carrying amount of these assets at the balance sheet date is £9.5m.

Due to the volatility of the economic climate, government policy changes to combat this, and ongoing global events, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of these assets. However, as some of the assumptions could result in increases to the value of assets (eg. increased building costs) and others could result in decreases (eg. the council offering rent concessions, or market collapse), it is not possible to quantify the effect.

The financial impact in the 2022/23 financial year on the asset values due to changes to the assumptions made at 31 March 2022 are as follows:

- Change in building cost assumptions – increase of £0.03m
- Change in comparable evidence assumptions – reduction of £0.4m
- Change in income assumptions – reduction of £2.9m

##### **Pension Fund Liabilities – carrying value £104.378m at 31 March 2023**

Valuations of pension fund liabilities use many assumptions:

- a) the discount rate (long term expected rate of return on assets)
- b) life expectancy of members of the fund
- c) future increases in salaries leading to higher contributions.
- d) future increases in pensions paid.

The discount rate and future increases in salaries and pensions are impacted by the economic climate, specifically inflation and/or government policy to combat this, and at a time of global volatility, it is likely that these assumptions will change. Similarly, though in

a less direct manner, life expectancy can be impacted by economic pressures and by global health circumstances. The actuaries who calculate the valuations have provided the following sensitivity analysis based on the assumptions used at 31 March 2023:

Change Monetary Impact:

- 0.1% decrease in Discount Rate - £1.9m
- 1 year increase in Life Expectancy - £4.2m
- 0.1% increase in Salary Increase Rate - £0.1m
- 0.1% increase in Pension Increase Rate (CPI) - £1.7m

The financial impact on the pension liabilities of changes to the assumptions made at 31 March 2023 are as follows:

- Change in financial assumptions - reduction of £56.1m
- Change in demographic assumptions – reduction of £0.8m

#### 41. Accounting for Schools

Local authority-maintained schools are considered to be separate entities with the balance of control lying with the Council. As such the Council consolidates the activities of schools into its accounts.

The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements on the basis of whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting arrangements for each school, on a case-by-case basis, under the terms of:

- IAS 16, Property, Plant and Equipment
- IAS 17, Leases
- IFRIC 4, Determining Whether an Arrangement Contains a Lease.

The Council has two Voluntary Controlled primary schools and one Voluntary Aided primary school under its control. Academies are not considered to be controlled by the Council and are not consolidated into the accounts.

In line with the terms of the accounting standards identified previously, the Council has recognised the land for the Voluntary Aided school, and the land and buildings for the Voluntary Controlled schools on its Balance Sheet.

The table below shows the transactions consolidated into the Council's accounts.

2021/22	Schools Transactions Consolidated into Rutland County Council Statement of Accounts	2022/23
£000		£000
3,123	Expenditure	3,393
(3,276)	Income	(3,340)
7,477	Assets	7,409
(133)	Liabilities	(87)
<b>(772)</b>	<b>Total Reserves</b>	<b>(719)</b>

Whilst the Council is required to report the transactions of local authority-maintained schools within its accounts, it has not included details of employees of the schools in Note 8 - Officers' Remuneration, as they are employed by the relevant governing body.

#### 42. Going Concern – as at May 2023

##### Basis of Preparation

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code 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. In

carrying out its assessment that this basis is appropriate, made for the going concern period to 31 May 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cash flow forecasting.

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 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. The Council's accounts are therefore produced under the Code and assume that the Council's services will continue to operate for the foreseeable future.

### **Medium Term Financial Strategy (MTFS)**

During 2022/23 the Council recognised the need for change in approach and produced the Financial Sustainability Strategy (FSS) which was presented to Cabinet in October 2022 and made two key priorities

- The Council is committed to being financially sustainable. This means ensuring it can live “within its means”, only spending the funding it receives and balancing the budget in any given year without using General Fund reserves. This is the Council's number one priority. The Corporate Strategy reaffirms this commitment, and it was supported by the majority of Members. This is an important message to all stakeholders.
- The second key priority is to maintain the Council's reserves above the current recommended minimum limit of £3m as approved by Council. This is important because of the operating context the Council is working within.

The MTFS has been set with these priorities in mind and the process set out within the FSS which has results in a savings target of £4m being built into the MTFS to be delivered by 2027/28.

### **Funding**

A one-year Local Government Finance Settlement for 2022/23 was confirmed. The priority of the settlement was to provide ‘stability in the immediate term’.

Local Authorities have been budgeting based on one-year funding settlements, with 2022/23 being no exception to this trend. This means operating under increased levels of uncertainty and difficulties when setting a strategic financial plan due to nature of short-term budgeting. This makes it difficult for the Council to plan how best to allocate resources and provide services. For the Council to become financially sustainable, certain long-term funding, reflective of the needs within Rutland is required. Although the three-year Spending Review (SR21) provides assurance of nation funding levels for the DLUHC, it does not provide certainty of Councils allocations, especially in light of the anticipated Local Government funding reforms. Additionally, the government has also outlined the timetable for the implementation of the Social Care reforms, and plan to progress a wider government agenda for levelling up. Therefore, there remains some uncertainty with regards to future funding levels.

### **Financial Risk**

The latest budget for the Council relies on factors that are not within the Council's direct control, which naturally creates risk that is harder to manage. In addition, there are assumptions made about the future demand and cost pressures that are uncertain and will need careful monitoring over the coming weeks and months. The biggest uncertainty is the continuing rise in the rate of inflation, especially given the level of third-party spend in the Council's budget. The Chief Finance Officers conclusion is that the 2023/24 budget proposals are realistic and deliverable, albeit very challenging. There are however a number of uncertainties:

- **Demand led services** - the Council provides services where the need for support lies outside the Council's direct control, for example in children's, and adult social care services. These services have faced an increasing demand in recent years due to a rising population, the impact Covid-19 and changes to the economy. The performance in these services is closely monitored by management.
- **Financial resilience** – there is the risk that Council has reduced reserve balances and is less able to withstand further budget pressures from reduced grant funding, increased cost of service delivery, non-delivery of savings or an emergency situation. The Council is progressing work outlined in the Corporate Strategy to deliver financially sustainable budget over the medium term.
- **Business Rates, Council Tax and other fees and charges** - the Council relies on income generated from council tax, business rates and other income streams such as parking and planning. There is a risk that collection rates could decline, or growth assumptions built into the budget are too ambitious. Provisions are set aside to take account of the risk from business rates appeals and bad debt, and both are closely monitored on a regular basis.
- **Local Government funding reforms** – uncertainty remains regarding the future funding model for all Councils. This creates a challenge when assessing available resources, the Council has to be able to deliver services and inform the plans for the medium-term financial strategy.
- **Adult Social Care Reforms** – whilst this programme has been delayed the proposals previously being considered could result in a significant rise in costs in the future for the Council.
- **Inflation and the economy** – the Council has been impacted during 2022/23 impacting on the Council's expenditure with the cost of supplies and services. The future impact of this experience along with future changes is being monitored, with

scenarios considered as part of the in-year monitoring and future financial planning processes.

### Reserves Forecast

The Council held General Fund and Earmarked Reserves balances totalling £24.7m at 31 March 2023.

The approved budget reduces the Council's reliance on the use reserves to fund everyday revenue expenditure, and instead seeks to protect reserve balances to increase the financial resilience of the Council. The following table provides an overview of the reserve's balances forecast:

As at 31 March 2023	2022/23 £000	2023/24 £000	2024/25 £000
General Fund	11,658	10,169	8,788
Contractual Commitments	2,116	2,228	2,228
Future Revenue Use	3,544	4,144	4,144
Capital Investment	3,168	3,168	3,168
Risk Reserves	536	536	536
Departmental Reserves	3,659	3,258	3,258
<b>Total</b>	<b>24,681</b>	<b>23,503</b>	<b>22,122</b>

A Reserve Strategy will form part of the new MTFs to be published by February 2024. The adequacy of reserves balances will be further reviewed and include detailed assessment of all the individual reserve accounts, the collective sum of those reserves against the risks and a reclassification of existing reserves to ensure they cover the Council's greatest areas of risk.

### Cash Flow Forecast

As per legislation, the Council can only borrow to fund capital expenditure, and for short-term cash flow variations. Therefore, factors which the Council takes into consideration for cash flow projections include:

- The Capital Financing Requirement (CFR) - this a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

- The ability for the Council to borrow for its capital programme 'in advance of need' to take advantage of favourable interest rates that might be available now for future capital expenditure. This activity is reflected in the 'Operational Boundary and Authorised Limit' performance measures, with further information about these aspects found in the Treasury Management Strategy, included in the 2023/24 Medium Term Financial Plan.

### **Going Concern Conclusion**

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months to 31 May 2024. This is based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short-term investment balances of £30.4m on 31 March 2023. The forecast position for 30 September 2023 is for short term investment balances of £47.3m. As with all budget's, uncertainty remains with regards to the delivery of savings and efficiencies, and pressures may arise from currently unknown risks. The Council has a reasonable expectation that it will have adequate resources to maintain continuity of service provision as outlined in the budget proposals set out in its budget for 2023/24.

### **43. Material items of Income & Expense**

There are three items of material expense included within the Comprehensive Income & Expenditure Statement (CIES). In the People directorate line, there is £3.0m of expenditure relating to the Schools Expansion Programme. The Council does not own the school, so the expenditure is treated as Revenue Expenditure Funded from Capital Under Statute and charge to the CIES. The funding for this expenditure is from capital grants from central government therefore there is no impact on council tax, but the funding is included in the Adjustments Between Accounting Basis and Funding Basis Under Regulations line in the Movement on Reserves Statement (MIRS), instead of in the CIES, as required by The Code of Practice.

There is a £5.8m expenditure transaction in the Taxation & Non-Specific Grant Income line. This relates to a change in the accounting treatment of Section 106 contributions which the Council receives from developers. In prior years, this income has been taken to reserves. However, there are conditions attached to the income, which if not met, would require the Council to repay the funds received. In line with the Code of Practice, this income is treated as a creditor. In order to reflect this on the Balance Sheet the income previously held in reserves charged to the CIES and Transfers to/from Earmarked reserves line in the MIRS, so that it has no overall impact on council tax.

There is an increase of £23.6m in the Actuarial Gains/Losses on Pension Fund Assets/Liabilities in the CIES. This is due to a reduction in the discount rate used to calculate the value of the liabilities. See Note 7 for further details. The impact of this movement is reversed through the MIRS and there is no overall impact on council tax.

### **44. Authorisation of the Accounts**

The Strategic Director for Resources authorises these accounts to be issued by the 31 May 2023.

# Collection Fund

2021/22		Council Tax £000	2022/23 Business Rates £000	Total £000
<i>Total</i>	<b>Collection Fund</b>			
£000				
	<b>Income</b>			
(34,552)	Council Tax Receivable	(36,371)	-	(36,371)
(9,231)	Business Rates Receivable	-	(9,973)	(19,204)
(89)	Transitional Protection Payments Receivable	-	(36)	(36)
(131)	S13 Reliefs including Local Council Tax Support - General Fund Contribution	(80)	-	(80)
<b>(44,003)</b>	<b>Total Income</b>	<b>-36,451</b>	<b>-10,009</b>	<b>(46,460)</b>
	<b>Expenditure</b>			
	<b>Precepts</b>			
29,384	Rutland County Council	31,084	-	31,084
3,885	Leicestershire Police	4,080	-	4,080
1,085	Leicester, Leicestershire & Rutland Fire Authority	1,174	-	1,174
<b>34,354</b>	<b>Total Precepts</b>	<b>36,338</b>	<b>-</b>	<b>36,338</b>
	<b>Business Rates Shares</b>			
5,819	Central Government	-	4,714	4,714
5,702	Rutland County Council	-	4,620	4,620
116	Leicester, Leicestershire & Rutland Fire Authority	-	94	94
<b>11,637</b>	<b>Total Business Rates Shares</b>	<b>-</b>	<b>9,428</b>	<b>9,428</b>
	<b>Charges to the Collection Fund</b>			
110	Write Off - Uncollectable Amounts	126	24	150
(13)	Increase / (Decrease) in Bad Debt Provision	33	35	68
783	Increase / (Decrease) in Appeals Provision	-	(2,544)	(2,544)
62	Cost of Collection	-	62	62
27	Renewable Energy	-	35	35
<b>969</b>	<b>Total Charges to the Collection Fund</b>	<b>159</b>	<b>(2,388)</b>	<b>(2,229)</b>
	<b>Distribution of Previous Year's Estimated Collection Fund Surplus/(Deficit)</b>			
(2,299)	Central Government	-	(2,254)	(2,254)
(2,261)	Rutland County Council	201	(2,209)	(2,008)
(10)	Leicestershire Police	27	-	27
(48)	Leicester, Leicestershire & Rutland Fire Authority	7	(45)	(38)
<b>(4,548)</b>	<b>Total Distribution of Previous Year's Estimated Collection Fund Surplus / (Deficit)</b>	<b>235</b>	<b>(4,508)</b>	<b>(4,273)</b>
<b>42,412</b>	<b>Total Expenditure</b>	<b>36,732</b>	<b>2,532</b>	<b>39,264</b>
<b>(1,591)</b>	<b>(Surplus) / Deficit on Collection Fund</b>	<b>281</b>	<b>(7,477)</b>	<b>(7,196)</b>
	<b>Collection Fund Balance</b>			
5,144	(Surplus)/Deficit B/Fwd 1 April	(140)	3,693	3,553
(1,591)	(Surplus)/Deficit Arising During the Year	281	(7,477)	(7,196)
<b>3,553</b>	<b>(Surplus)/Deficit Carried Forward 31 March</b>	<b>141</b>	<b>(3,784)</b>	<b>(3,643)</b>

## 1. Collection Fund Overview

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates (BR) and its distribution to local government bodies and the Government. The Council, as a billing authority, has a statutory requirement to operate a Collection Fund as a separate account to the General Fund.

There is no requirement for a separate Collection Fund balance sheet. Instead, Collection Fund balances are distributed across the balance sheet of the billing authority, the Government and precepting authorities.

In 2014/15, the local government finance regime was revised with the introduction of the retained business rates scheme. The scheme allows the Council to retain a proportion of the total BR received. Rutland County Council's share is 49% with the remainder distributed to other bodies. For Rutland the BR bodies are Central Government (50% share) and The Leicestershire Fire Authority (1% share).

In its Spending Review the Government announced that it would localise support for Council Tax from April 2013, this meant that there would no longer be a nationally governed Council Tax Benefit (CTB) scheme and each council set their own schemes.

## 2. Business Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rates set nationally by the Government.

For 2022/23 the total non-domestic rateable value as at the year end is £33.9m (£32.8m 2021/22). The standard national multiplier for 2022/23 at 51.2p and the small business multiplier was 49.9p (51.2p and 49.90p respectively in 2021/22).

## 3. Council Tax

The Council's tax base, i.e., the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2022/23 is calculated as follows:

<i>2021/22 Band D Equivalent</i>	<b>Council Tax Band</b>	<b>Ratio to Band D</b>	<b>Number of Chargeable Dwellings</b>	<b>2022/23 Band D Equivalent</b>
2.36	A*	5/9	4.24	2.36
729.88	A	6/9	1,096.98	754.98
2,649.63	B	7/9	3,444.36	2,697.39
2,443.66	C	8/9	2,773.22	2,481.70
2,279.51	D	9/9	2,278.21	2,289.70
2,647.47	E	11/9	2,172.21	2,676.55
2,250.69	F	13/9	1,565.88	2,284.79
2,064.52	G	15/9	1,242.46	2,086.25
259.00	H	18/9	131.25	277.49
<u>15,326.72</u>		<b>Total</b>	<u>14,708.81</u>	<u>15,551.21</u>
449.10	Ministry of Defence contribution in lieu of council tax			403.17
<u>(193.23)</u>	Allowance for non-collection			<u>(155.51)</u>
<u>15,582.59</u>	<b>Council Tax Base</b>			<u><b>15,798.87</b></u>
<i>* with Disabled Relief</i>				

#### 4. Impairment

The balances owing from businesses and council taxpayers at the reporting date for which there is a risk that they may not be collected are shown below. They have been considered with regard to their age and the likelihood of repayment.

	<b>Business Rates £000</b>	<b>Council Tax £000</b>
Assets past due but not impaired	0	801
Assets impaired		
2008-09	-	1
2009-10	-	1
2010-11	-	4
2011-12	-	4
2012-13	-	3
2013-14	-	4
2014-15	-	4
2015-16	-	7
2016-17	-	15
2017-18	-	32
2018-19	4	62
2019-20	11	126
2020-21	12	237
2021-22	50	380
2022-23	207	-
<b>Total Assets Impaired</b>	<b>285</b>	<b>1,681</b>

*\* There were no changes to the prior year figures for the Collection Fund or the relevant notes as a result of the audit of the 2021/22 accounts.*

# Statement of Accounting Policies

---

## General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31st March 2023. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

## Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for service or the provision of goods, is recognised when (or as) the good or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date the supplies are received and their consumption, they are carried as inventories on the balance sheet.

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

The year-end de minimis for debtor and creditor accruals is £1,000 until the revenue account is closed. After that point accruals are only made at the discretion of the Finance Manager where the omission would have a material effect on the revenue account or Statement of Accounts.

## Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

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

### **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 fixed assets attributable to the service.

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

### **Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislation framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### ***Accounting for Council Tax and NDR***

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

The Balance Sheet includes the authority's share of the year end balances in respect of council tax and NDR relating to arrears,

impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangement will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **Employee Benefits**

### ***Benefits Payable During Employment***

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

### ***Termination Benefits***

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

withdraw the offer of those benefits or when the authority recognised costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provision 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 Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable but unpaid at the year end.

### ***Post-Employment Benefits***

Employees of the Council are members of two separate pension schemes:

- The Local Government Pension Scheme, administered by Leicestershire County Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that the liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Peoples Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year, and equally the Adult Social Care and Public Health for the NHS scheme.

### *The Local Government Pension Scheme*

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

- The liabilities of the Leicestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bond as identified by the actuary)
- The assets of the Leicestershire County Council pension fund attributable to the authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising
    - Current service cost: the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years

of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs.

- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the authority; the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement; this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements Comprising
  - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Leicestershire County Council pension fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount

calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension 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 measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

### ***Discretionary Benefits***

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

### **Events After the Reporting Date**

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

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

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

### **Financial Instruments**

#### ***Financial Liabilities***

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

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

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

### **Financial Assets**

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

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

#### **Financial Assets measured at Amortised Cost**

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

However, the Council has made loans to voluntary organisations at less than market rates (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 rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year- the reconciliation of amounts debited and credited to the CIES to the net gain required against the general fund balance is managed by a transfer to or from the Financial Instruments Account in the Movement in Reserves Statement.

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

#### **Expected Credit Loss Model**

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

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

The authority has a portfolio of a small number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement

of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

### **Government Grants and Contributions**

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

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

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

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

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

Grants received from central government that are to be passed on to other bodies are treated according to who has control over the way the money is distributed. If central government determines who is eligible for funding and what amount individuals or businesses can receive, then the transactions relating to this are not included in the Council's accounts – the Council is simply acting as an agent. If the Council can set its own eligibility criteria to distribute the funding, and determine the amounts to be paid, then the transactions are included in the accounts. In this case the Council is acting as a principal.

### **Community Infrastructure Levy**

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable development for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (These include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

### **Fair Value Measurement**

The authority measures some of its non-financial assets such as surplus assets, investment properties and some of its financial instruments as applicable 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 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 authority 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 to another market participant that would use the asset in its highest or best use

Where there is not an active market for the asset or liability the authority uses professional services such as qualified valuers to measure the fair value.

### **Heritage Assets**

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. These assets are not held in the Balance Sheet, and as heritage assets held have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation for the assets.

### **Highways Infrastructure Assets**

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg. bridges), street lighting, street furniture (eg. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

### **Expenditure**

Expenditure on the acquisition or replacement of components of the network such as work on an individual road is capitalised on an accrual basis, provided that it is probable that the future economic benefits

associated with the item will flow to the authority and the cost of the item can be measured reliably

### **Measurement**

Highways infrastructure assets are generally measured at a modified form of depreciated historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount. However, the opening balance relating to highways infrastructure assets in the Council's balance sheet when they were transferred from Leicestershire County Council was a lump sum that was deemed to be depreciated historical cost. It was not possible to disaggregate this amount between individual roads, bridges, etc.

### **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Principal Highways Manager using industry standards where applicable. For all infrastructure assets apart from bridges and street lighting, the useful lives have been assessed as 25 years. For bridges it is 100 years, and for street lighting is 40 years.

### **Disposals and derecognition**

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

### **Intangible Assets**

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

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

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

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

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

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

### **Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the good or services transferred to the service recipient during the financial year.

### **Investment Properties**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued

annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

## **Leases**

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

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

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

### ***The Council as Lessee***

#### ***Finance Leases***

Property, plant, and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability

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

Lease payments are apportioned between:

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

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

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

#### ***Operating Leases***

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting 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 (eg. there is a rent-free period at the commencement of the lease).

## ***The Council as Lessor***

### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Asset Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie. 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 non-current assets 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.

### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in 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.

## **Overheads and Support Services**

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

## **Property, Plant and Equipment**

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

## **Recognition**

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

## **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction. A de minimis of £10,000 capital expenditure is applied for an asset to be added to the Balance Sheet.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and expenditure line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is

held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

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

Where non-property assets 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 sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

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

### ***Impairment***

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

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

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

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

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

### ***Depreciation***

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, and equipment – straight-line allocation over the useful life of the asset ranging between 5 and 10 years
- infrastructure – straight-line allocation over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### ***Disposals and Non-current Assets Held for Sale***

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

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

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

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the

Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Provisions, Contingent Liabilities and Contingent Assets**

#### ***Provisions***

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the 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. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

#### ***Contingent Liabilities***

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed

by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

### **Contingent Assets**

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

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

### **Reserves**

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

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

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of council tax.

### **Schools**

Local authority maintained schools, in line with relevant accounting standards and the Code, are considered to be separate entities with the balance of control lying with the Council. As such the Council should consolidate the activities of schools into its accounts. The Code of Practice requires that the income, expenditure, assets, and liabilities of maintained schools be accounted for in local authority entity accounts rather than requiring the preparation of group accounts.

Where it is not clear whether expenditure incurred relates specifically to capital, it will be left as revenue expenditure.

Where a school proposes to transfer to Academy status, the Council will continue to retain any asset subject to transfer on the basis of its last revaluation, which maintains both the asset value and the anticipated useful life until the date of transfer. The Council has taken the view that any asset transferring will continue, on the basis of the permitted use within the lease agreements, to be used for the provision of education services, thus supporting the Council's statutory obligation for the provision of education. On transfer to an Academy, assets are derecognised in the Council's financial statements for nil consideration.

**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 (HMRC). VAT receivable is excluded from income.

# Glossary

---

**Accruals** - The concept that revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are treated on an accruals basis with income and expenditure due as at 31 March brought into the accounts.

**Accumulating Compensated Absences Adjustment Account** – Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

**Agent** – Where the Council acts as an intermediary between other bodies, e.g., central government and local businesses to pass income between the two.

**Amortisation** – The reduction in the useful economic life of a long-term intangible asset, whether arising from time or obsolescence through technological or other changes.

**Annual Governance Statement** – Identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

**Balance Sheet** - Fundamental to the understanding of a local Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, and the long term and net current assets employed in its operations.

**Balances** – The non-earmarked reserves of a local Council, which are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance for all the other services provided by the Council. Adequate revenue balances are needed to meet unexpected expenditure or a shortfall of income. A local

Council may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

**Budget (Medium Term Financial Plan (MTFP))** - A statement of a Council's plans for net revenue and capital expenditure over a specified period of time.

**Capital Adjustment Account** – This account was created at midnight on 31 March 2007 and its opening balance was made up of the balance on the Fixed Asset Restatement Account (FARA) and the Capital Financing Account.

**Capital Charge** - A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of their services.

**Capital Expenditure** - Expenditure on the acquisition or development of major assets which will be of use or benefit to a Council in providing its services beyond the year of account.

**Capital Grant** - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by a Council, for example, to homeowners to meet the cost of improving their houses.

**Capital Receipts** - Proceeds from the sale of non-current assets, e.g., land and buildings. The proceeds can be used to finance new capital expenditure or repay debt. It cannot be used to finance revenue expenditure.

**Collection Fund** - A statutory fund in which a Council records transactions for Council Tax, National Non-Domestic Rates, and residual Community Charges.

**Community Assets** - Assets that the local Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and open spaces.

**Comprehensive Income and Expenditure Statement** - Reports the income and expenditure for all the Council's services and demonstrates how that cost has been financed from general government grants and income from taxpayers.

**Council** – Means 'Rutland County Council' specifically. The Council is a local Council, and this term is used in these definitions, and in the Statement of Accounts', to define any or all Councils.

**Creditor** - An amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period but for which payment has not been made.

**Current Asset** - An asset which can be expected to be consumed or realised during the next accounting period.

**Current Liability** - An amount which will become payable or could be called in within the next accounting period, e.g., creditor, cash overdrawn.

**Debt Redemption** - The repayment of loans raised to finance capital expenditure.

**Debtor** - An amount owed to a local Council within the accounting period, but not received at the Balance Sheet date.

**Dedicated Schools Grant (DSG)** – Grant received from Department for Education to fund schools related expenditure.

**Deferred Capital Receipts Reserve** - Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

**Depreciation** - The measure of the wearing out, consumption or other reduction in the useful economic life of a long-term asset, whether arising from use, time, or obsolescence through technological or other changes.

**Derecognition** – The term used for the removal of an asset or liability from the balance sheet.

**Revenue Contribution to Capital Outlay (RCCO)** - A contribution to the financing of capital expenditure by a charge to the

Comprehensive Income and Expenditure Statement. This can be used to supplement a local Council's other capital resources.

**Effective Rate of Interest** – The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

**Equity Instrument** – A contract that evidences a residual interest in the assets of an entity after deducting all its liabilities (e.g., an equity share in a company).

**Fair Value** – The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Financing Charges** - Annual charges to the Comprehensive Income and Expenditure Statement of a local Council to cover the interest on, and repayment of, loans raised for capital expenditure.

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

**Financial Asset** – A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, and loans receivable.

**Financial Instrument** – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**Financial Instrument Adjustment Account** – This is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund.

**Financial Liability** – An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

**Long Term Asset** - An asset which has value beyond one financial year

**General Fund** - The main revenue account of a local Council which summarises the cost of all services provided by the Council which are paid for from Council Tax, government grant and other income.

**Government Grants and Subsidies** - Grants towards either the revenue or capital cost of local Council services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally e.g., Revenue Support Grant.

**Heritage Assets** – A tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**IAS 19** - This is an International Accounting Standard (which replaces Financial Reporting Standard 17) now universally adopted across all sectors (public and private) for the inclusion and reporting of pension costs in Financial Accounts. It is based on the principle of recognising pension costs in the financial year that they become known rather than the cash transfers made in that year – usually, this means that a higher cost arises. These (higher) costs are calculated each year by Actuaries who forecast changes in future liabilities and the performance of the Pension Fund in determining any potential shortfall. In local government, a Pension Reserve has been introduced to absorb this impact so that no additional costs fall on Council Taxpayers until they are actually due.

**Impairment** – The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

**Infrastructure Assets** - Assets that are inalienable, i.e., may not be sold, transferred, or assigned to another. These include facilities

required to enable other developments to take place e.g., roads and street lighting.

**Investment Properties** – Those properties that are used solely to earn rentals and/or for capital appreciation.

**Loans Outstanding** - The total amounts borrowed from external lenders for capital and temporary revenue purposes and not repaid at the Balance Sheet date.

**Local Council** – A corporate body, established by statute, to undertake specific local functions. It is governed by Members (also known as Councillors) who are either elected or appointed. Rutland City Council is a 'local Council'. In these definitions, the term 'local Council' is used to describe one or all Councils generally. Sometimes, this is shortened to just 'Council'.

**Minimum Lease Payments** – Those lease payments that the Council is, or can be, required to make.

**Minimum Revenue Provision (MRP)** - This is the minimum amount which must be charged to a local Council's Comprehensive Income and Expenditure Statement and set aside to repay debt. It is calculated by charging 4% on all borrowing up to the 1st April 2007 and for any new supported borrowing. For the remaining unsupported borrowing, MRP is charged in line with the life of the asset for which the borrowing was undertaken.

**Movement in Reserves Statement** – This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

**Business Rates (BR)** - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property.

**Operating Leases** - Leases under which the ownership of the asset remains with the lessor.

**Pooling** – The term used for the calculation and payment of a proportion of housing capital receipts into a national pool for redistribution.

**Precept** - The amount a local Council, who cannot levy a council tax directly on the public (e.g., Fire and Police authorities, Parish councils), requires it to be collected on its behalf.

**Principal** – Where the Council is acting on its own behalf e.g., where it has full discretion as to who should receive grant funding and the amount that can be awarded to each recipient.

**Provisions** - Required for any liabilities of uncertain timing or amount that have been incurred. Provisions are set aside in the accounts and charged to individual services. When the relevant expenditure occurs, it is charged direct to the Provision.

**Reserves** - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas or expected future commitments.

**Revaluation Reserve** – This account was created on 1 April 2007 and its balance represents the revaluation gains accumulated since 1 April 2007.

**Revenue Expenditure** - The day-to-day running costs a local Council incurs in providing services (as opposed to capital expenditure).

**Revenue Support Grant (RSG)** - A general grant paid by the government and recognised in the General Fund to help finance local Council revenue expenditure.

**Supported Borrowing** – The amount of borrowing assumed by Government in the calculation of their grant payment.

**Usable Reserves** – Those reserves that can be applied to fund expenditure or reduce local taxation.

**Unusable Reserves** – Those reserves that absorb the timing differences arising from different accounting arrangements.

**Unsupported / Prudential borrowing** – The amount of borrowing for which there is no grant to support its revenue impact.

**VAT** – VAT is an indirect tax levied on most business supplies of goods and service

## Table of Acronyms

Agresso	Rutland County Councils finance software system, also known as Unit4	LTCG	Local Tactical Coordinating Group
AGS	Annual Governance Statement	MHCLG	Ministry for Housing, Communities and Local Government
BCF	Better Care Fund	MICARE	Rutland County Councils Supported Living and Day Opportunities Service – Adults Social Care
CHIS	Covert Intelligent Human Sources	MOD	Ministry of Defence
CIL	Community Infrastructure Levy	MTFP / S	Medium Term Financial Plan / Strategy
CIPFA	Chartered Institute of Public Finance	NDR	Non-domestic Rate
CLT	Corporate Leadership Team	NHS	National Health Service
CPR's	Contract Procedure Rules	NFI	Nation Fraud Initiative
CQC	Care Quality Commission	NPPF	National Planning Policy Framework
DfE	Department for Education	OFSTED	Office for Standards in Education, Children's Services and Skills
DSG	Dedicated Schools Grant	PSN	Public Services Network
DMT	Directorate Management Team	RALSS	Rutland Adult Learning Skills Service
EFA	Expenditure Funding Analysis	RCC	Rutland County Council
EIR	Environmental Information regulations	REFCUS	Revenue Expenditure Funded from Capital under Statute
ELRCCG	East Leicestershire and Rutland Clinical Commissioning Group	RISE	Rutland Integrated Social Empowerment – Adults Social Care
FOI	Freedom of Information	RSCG	Rutland Strategic Commissioning Group
GP	General Practitioner	RTCG	Rutland Tactical Commissioning Group
GDPR	General Data Protection Regulation	SEND	Special Educational Needs and Disabilities
HIF	Housing Infrastructure Fund	SOLACE	Network for local government and public sector professionals
ICO	Information Commissioner's Office	VCF	Voluntary Community Faith
ICS	Integrated Care System		
ICT	Information and communications technology		
ILACS	Inspections of local authority children's services		
IPCO	Investigatory Powers Commissioning Office		
KPI	Key Performance Indicator		
LGA	Local Government Association		
LGPS	Local Government Pension Scheme		
LLR	Leicestershire, Leicester & Rutland		
LRF / G	Local Resilience Forum / Group		
LSCG	Local Strategic Coordinating Group		

## Index of Notes to the Core Financial Statements

1. Dedicated Schools Grant (DSG).....	17	22. Heritage Assets.....	49
2. Pooled Funds.....	18	23. Capital Expenditure & Capital Financing Requirement.....	50
3. External Audit Costs.....	19	24. Council Leasing Arrangements.....	50
4. Members Allowances.....	19	25. Financial Instruments.....	51
5. Termination Benefits.....	19	26. Nature & Extent of Risk Arising from Financial Instruments.....	52
6. Pension Schemes Accounted for as Defined Contribution Schemes..	19	27. Debtors.....	55
7. Defined Benefit Pension Schemes.....	20	29. Creditors.....	56
8. Officers Remuneration.....	24	30. Provisions.....	56
9. Comprehensive Income and Expenditure Statement (CIES)- Other Operating Expenditure.....	26	31. Cash Flow Statement – Operating Activities.....	57
10. Comprehensive Income and Expenditure Statement (CIES) – Financing & Investment Income & Expenditure.....	26	32. Cash Flow Statement – Investing Activities.....	57
11. Comprehensive Income and Expenditure Statement (CIES) – Taxation & Non-Specific Grant Income.....	26	33. Cash Flow Statement – Financing Activities.....	57
12. Grant Income.....	27	34. Cash Flow Statement – Cash & Cash Equivalents.....	57
13. Related Parties.....	28	35. Trust Funds.....	58
14. Expenditure and Funding Analysis.....	30	36. Contingent Liabilities.....	58
15. Movement in Reserves Statement - Adjustments Between Accounting Basis & Funding Basis Under Regulations.....	36	37. Contingent Assets.....	58
16. Movement in Reserves Statement – Transfer to/from Earmarked Reserves.....	43	38. Accounting Standards Issued Not Yet Adopted.....	58
17. Property, Plant & Equipment.....	44	39. Critical judgements in applying accounting policies.....	59
18. Intangible Assets.....	48	40. Assumptions made about the future and other major sources of estimation uncertainty.....	60
19. Capital Commitments.....	48	41. Accounting for Schools.....	61
20. Revaluations.....	48	42. Going Concern – as at May 2023.....	61
21. Impairment Losses.....	49	43. Material items of Income & Expense.....	64
		44. Authorisation of the Accounts.....	64

## Annual Governance Statement 2022/23

---

