



Rutland
County Council

Statement of Accounts

2023/24

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Rutland County Council

Statement of Accounts 2023/24

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Narrative Report

1. The Statement of Accounts

The Statement of Accounts brings together the major financial statements for the financial year 2023/24. 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 2024.
- **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 2023/24 (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 489 members of staff¹ and holds key contracts with partners 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 website². Some key achievements from the past 12 months include:

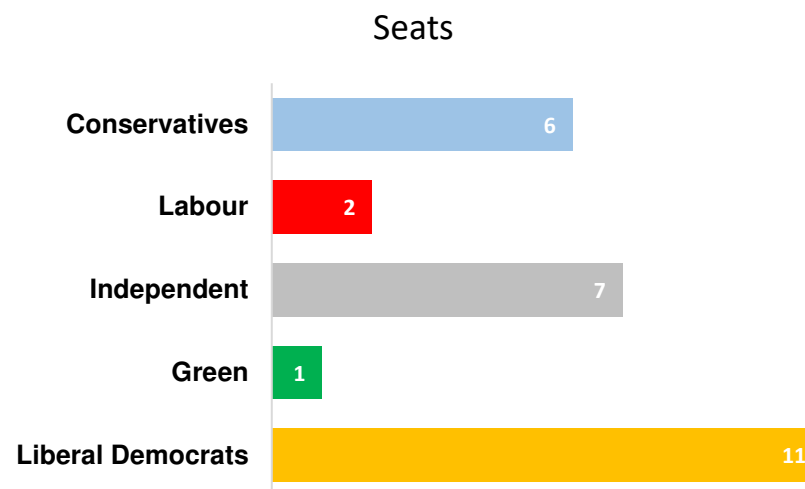
- 1,437 Local Council Tax Support provided to households totalling £1.5m
- 96% of child protection cases seen within statutory timescales.
- 100% Primary School Children offered a school place and 99% of Secondary School Children offered a school place
- 100% of Highways of Category 1 defects are repaired in 7 working days
- £0.3m distributed through the household support fund
- 98% of customers satisfied with bus service standards
- In the top five best Unitary Authority crime rankings based on total recorded offences per 1,000 people

¹ [About us | Rutland County Council](#)

- 91% of other planning applications are processed within timescales
- 268 approaches for housing managed by Council officers
- 93% of new birth visits completed within 14 days
- 35,195 calls taken by our Customer Service Team

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:

² [Our Corporate Strategy | Rutland County Council](#)

- Providing leadership
- Running services and ensuring best value is delivered
- 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 and Risk Committee, which is responsible for providing independent scrutiny of the Council's financial statements and risk management.

5. Council Priorities

Rutland County Council refreshed its Corporate Strategy³ setting out its priorities for the next three years (2024-2026).

The Corporate Strategy guides everything the Council does across all its services. It lists a total of 16 objectives covering everything from sustainable development and carbon reduction, to reducing health inequalities and supporting vulnerable people. The Corporate Strategy has been informed by residents. Each of the Council's 16 objectives will help to achieve the aspirations that were voiced by residents and then captured in the Strategy with the commitments covering four key priority areas shown:



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 and businesses. However, the Council recognises that its financial position means it cannot continue to provide services in the same way and remain within its resource envelope.

Budget managers receive detailed budgetary control information each month, with Departmental Management Teams and the Corporate Leadership Team considered the financial position on a regular basis throughout 2023/24.

The Council operates a financial risk management approach which is linked to the Council's budget monitoring process, and is complimentary to its Strategic Risk Register. Further details on

³ [Our Corporate Strategy | Rutland County Council](#)

the Council's risk management arrangements are contained within the Annual Governance Statement which is included as an annex to this document once reviewed by the Audit and Risk Committee.

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 Cabinet on a regular basis.

7. Revenue Position

The outturn position shows that 98.6% of the budget was spent resulting in a small underspend of £0.6m. This result was achieved through better investment income receipts of £1.4m than budgeted but was offset by the deficit position on the Dedicated Schools Grant (DSG) of £1.6m where expenditure is greater than the grant received mainly as a result of expenditure on the High Needs Block.

The proactive approach to financial management throughout the year by senior management has meant that £0.7m of savings planned for future years have been achieved early during 2023/24, alongside £1.2m of one-off savings and £1.9m of additional income. These include holding vacancies pending future redesign of service delivery, planning application income and interest receipts income, and more effective use of grant income.

However, these savings have been offset by £3.1m of other pressures that have materialised during the year such as on expenditure on the High Needs block within the school's budget £1.6m, home to school transport £0.8m, road maintenance £0.2m, increasing supplier costs and complexity of care within adult social care services £0.2m, and costs of ensuring the safeguarding of children through the necessary use of more expensive high cost care placements and agency staffing £0.2m.

The strategic risk has remained high across 2023/24 regarding the Council's ability to recruit and importantly retain staff members. The Council has benefitted financially from being able to deliver MTFS savings early by holding vacancies however management is mindful of the level of turnover placing undue workload burdens on remaining staff members. The Council is making positive steps to reduce this risk through additional investment in staff related initiatives and the development of a revised workforce strategy, updating the built environment and tools provided to staff to operate efficiently and effectively in a modern work environment.

The table shows the directorates financial performance against budget with further detail and explanation contained in the 2023/24 Financial Outturn Report as published to the [Cabinet in June 2024](#).

Directorate & Function	Revised Budget £000	Net Expenditure £000	Variance to Budget £000
Adults & Health	16,669	16,430	(239)
Places	13,520	13,468	(52)
Childrens & Families	6,852	6,735	(117)
Resources	5,329	5,139	(190)
Law & Governance	3,281	2,888	(394)
Chief Executive	192	202	10
Dedicated Schools Grant	-	1,550	1,550
Financial Sustainability			
Investment	-	209	209
Net Cost Of Services	45,843	46,620	777
Financing & Corporate Costs	(45,843)	(47,249)	(1,406)
(Surplus) / Deficit		(629)	(629)

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 42. This Note provides detail as to the purpose of each of the earmarked reserves.

In summary the 2023/24 financial performance contributes to the overall financial sustainability of the Council. However, financial

sustainability is not achieved through the performance of single years alone, but from the performance and decisions made over the medium to long term. The additional budget pressures of £3.1m mean that the Council's operating environment remains challenging especially in the context that 82% of the budget mitigations found in year were from one-off saving opportunities and interest receipt income. To deliver financial sustainability, the Council is required to develop options for permanent cost reductions and increases to income.

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 2023/24 under proper accounting practices (see page 12).
- The Expenditure and Funding Analysis (EFA) shows net revenue expenditure for 2023/24 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 14, page 31).

Both of these formats include comparative figures for 2022/23. The statements use the Council's management structure as used during the 2023/24 year for reporting net expenditure.

8. Capital and Treasury Position

Major projects which progressed during 2023/24 are:

- **Highways 2023/24**, budget £2.9m - grant funded from the Department for Transport (DfT). Initiatives include, 21 roads were patched, three major roads within the county underwent resurfacing and five major junctions were refurbished with the latest LED technology. As part of the Council's commitment to

carbon reduction, the Council implemented innovative green technology to fully recycle Manor Road at Barleythorpe

- **Integrated Transport**, budget £1.7m - 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 now completed. .
- **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

The following table shows the capital outturn position for 2023/24.

Approved Projects by Priority	Total Project Budget £000	Prior Years Outturn £000	Outturn 2023/24 £000	Future Years £000	Estimate Total Cost £000	Total Project Variance £000
Vulnerable	10,724	6,302	1,241	3,136	10,676	(45)
Economy	26,921	76	3,442	23,359	26,887	(44)
Climate	452	85	-	367	452	-
Public Services	9,121	876	2,889	5,267	9,032	(89)
Total	47,218	7,339	7,572	32,129	47,040	(178)
Financed By:						
Grant	(40,463)	(6,893)	(4,600)	(28,923)	(40,416)	47
Internal Borrowing	(2,069)	-	(2,069)	-	(2,069)	-
Capital Receipts	(719)	(37)	(16)	(667)	(720)	(1)
Revenue Contributions	(606)	(66)	(68)	(422)	(556)	50
Developers Contribution	(3,361)	(343)	(819)	(2,117)	(3,279)	82
Total Financing	(47,218)	(7,339)	(7,572)	(32,129)	(47,040)	178

Borrowing and Investments

The Council's Treasury Management Strategy outlines the Council's approach to borrowing and investment. Borrowing is from the Public Works Loan Board (PLWB) and is historical in nature with no additional borrowing having been taken since 2007.

On 31 March 2024 the Council had net investments, including cash and outstanding interest, of £30.6m (£24.6m in 2022/23).

2022/23		2023/24	
£m		£m	
21.4	Long Term Borrowing	21.4	
(46.0)	Short Term Investments	(52.0)	
(24.6)	Net Investments	(30.6)	

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 is reviewed by Audit and Risk Committee⁴ every six months with the last report taken in December 2023 and July 2024, and Cabinet in June 2024.

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, and adult social care services. These services have faced increasing demand in recent years due to a rising population. The performance in these services is closely monitored by management with alternative service provision designed where better outcomes are available.
- **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 weather an emergency. 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, bad debt, and both are closely monitored on a regular basis. Cover for these income risks form part of the reserves strategy approach.
- **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.
- **Cost of Living and the economy** – 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

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

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

- **Dedicated Schools Grant Deficit - High Needs** - the Council continues to experience an increase in demand for Special Educational Needs support. The position for 2023/24 is a deficit in year of £1.6m, increasing the overall deficit balance to £3.0m. The Council needs to mitigate the funding risk following the end of the statutory override in March 2026, and account for the cost of funding the cashflow of this deficit position as the Council has provided the cash to pay for the deficit position in the absence of grant funding. A series of actions are outlined in the 2023/24 Financial Outturn Report.
- **Staff Retention** – the Council continues to experience a high turnover of staff, approximately 17.9%, which results in a greater use of agencies and interim arrangements to cover vacant posts. A new Workforce Strategy is in development and mitigating actions are being undertaken by the corporate leadership team as detailed in the Strategic Risk Register mitigation actions.
- **Winter Pressures** – during 2023/24 the Council has experienced an increase in extreme weather events leading to flooding in some parts of the County.

10. Strategy for Future Sustainability

The Integrated Budget Plan has been designed to achieve the two key financial objectives previously approved as part of the Financial Sustainability Strategy (Council 7 November 2022, Item 10). That

- The Council is committed to being financially sustainable - only spending the funding it receives and balancing the budget in any given year without the use General Fund reserves.
- To maintain a recommended minimum limit of £3.0m as its General Fund balance. This helps protect the Council's

financial resilience whilst operating in a challenging financial context with medium to longer term funding uncertainty.

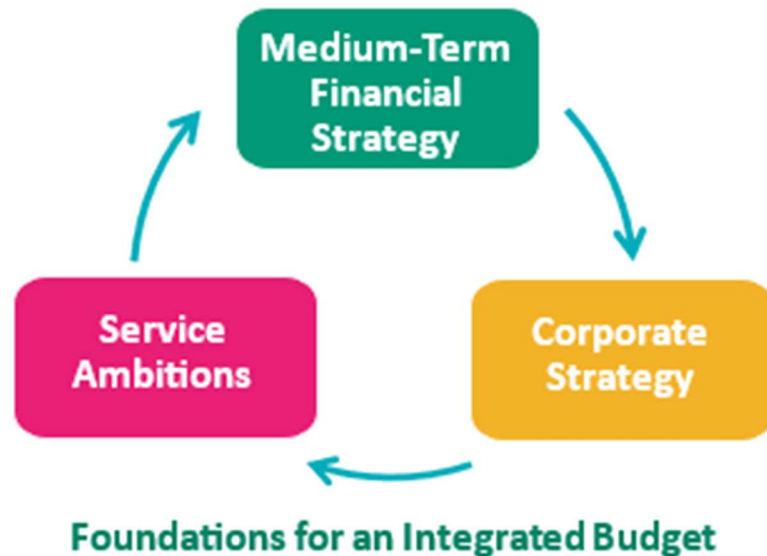
The Medium Term Financial Strategy is based on the objectives above and three underlying principles:

- raising council tax to maximise funding available
- delivering the transformation programme and an “affordable service offer” and any other savings required
- using up to £2m of reserves to subsidise the budget to enable time for savings to be delivered.

With focus on the above objectives and principles the Council commenced an enhanced budget setting process in April 2023. The Council's leadership team, working alongside the Portfolio Holder for finance, the Leader, and Cabinet members have undertaken the following activities to create a financially sustainable position through:

- ✓ The approval and adoption by Full Council of the Reserve Strategy to facilitate financial resilience through use of balances to finance risk the Council may be exposed to, alongside identification of an investment provision to deliver medium to long-term saving plans.
- ✓ Adopting an enhanced Budget Setting Process for 2024/25 and future years called the Integrated Budget Plan. This approach commenced in April 2023 with Directors and Heads of Service in May 2023.
- ✓ Initial Cash Limits allocated to Directors and in turn Heads of Service to enable services to be designed within an affordability envelope across the MTFS period to ensure financial sustainability is a focus.
- ✓ Linked to above, Heads of Service drafted Service Ambitions that detail their vision for their services alongside the actions required to deliver these plans within the Cash Limit allocated. This has helped ensure that medium- and longer-term saving

opportunities can be captured rather than a focus on short-term saving delivery only.



- ✓ Delivery of the 12 workstreams identified as part of the Transformation Programme is incorporated into the Service Ambitions and budget proposals.
- ✓ Detailed discussions were held with the Strategic Director for Resources, Chief Executive, Strategic Directors, and associated Heads of Service to fully understand proposals for increases in investment and saving opportunities identified.
- ✓ Directors have worked with portfolio holders developing both investment and saving proposals in detail to ensure that proposals meet the objectives of the Corporate Strategy.
- ✓ Cabinet have reviewed the Corporate Strategy with the refresh incorporated into this budget plan and associated medium term financial strategies.
- ✓ Developed revised budget consultation approach.

11. Chief Finance Officer Conclusion

I am extremely grateful to the finance team and wider staff across the Council for the support and enthusiasm which they have brought to the many and challenging tasks they have faced during 2023/24 and continue to face. The willingness to go above and beyond has been apparent, and staff have embraced the strategic direction for the Council as contained in the refreshed Corporate Strategy and designed their service plans accordingly with the revised budget approach.

The future remains financially challenging with uncertainty across all services of the Council. However, the Council has put in place a firm foundation on which to develop solutions to these challenges.

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 2024.

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 18 to 66 presents a true and fair view of the financial position of the Council at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Strategic Director for Resources
(Chief Financial Officer):



Kirsty Nutton

Date:

31 May 2024

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 2022/23 audit is finalised. The second table shows the 2022/23 draft figures as published on the Council's website.

<i>Revised 2022/23</i>			Comprehensive Income & Expenditure Statement (CIES)	Notes <i>(page 1818+)</i>	2023/24		
<i>Gross Expenditure</i>	<i>Gross Income</i>	<i>Net Expenditure</i>			Gross Expenditure	Gross Income	Net Expenditure
<i>£000</i>	<i>£000</i>	<i>£000</i>			£000	£000	£000
19,869	(5,059)	14,810	Adults & Health	2	23,035	(6,587)	16,448
22,145	(11,617)	10,528	Childrens & Families	1, 6	27,175	(11,140)	16,035
2,934	(58)	2,876	Law & Governance	4	2,942	(140)	2,802
20,225	(3,623)	16,602	Places		23,577	(6,614)	16,963
11,403	(4,949)	6,454	Resources	3	9,336	(4,428)	4,908
76,576	(25,306)	51,270	Cost of Services	5, 7, 8, 12	86,065	(28,909)	57,156
2,657	(969)	1,688	Other Operating Expenditure	9	1,260	(315)	945
2,212	(1,183)	1,029	Financing & Investment Income & Expenditure	10	1,204	(3,482)	(2,278)
565	(48,155)	(47,590)	Taxation & Non-Specific Grant Income	11	346	(55,204)	(54,859)
82,010	(75,613)	6,397	(Surplus) / Deficit on Provision of Services		88,466	(87,491)	965
		1,785	Surplus on Revaluation of property, plant, and equipment				(1,133)
		(41,313)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	7			6,753
		(39,528)	Other Comprehensive (Income) & Expenditure				5,620
		(33,131)	Total Comprehensive (Income) & Expenditure				6,585

The following table compares the draft published version of the accounts and the partially audited, not signed, revised version. The main change between the two draft versions of the 2022/23 accounts is for revaluations of Property, Plant and Equipment where estimates used have been considered in more detail by external audit. The main changes between the draft and Revised relate to

s106 restatement (£6m) which was included in 2022/23 but was processed in 2021/22 accounts and changes to the Pension Liability based on the revised closing position in 2021/22 which was confirmed after the publication of the 22/23 draft accounts as those accounts remained open due to delays in the external audit.

<i>Comprehensive (Income) & Expenditure Statement (CIES) for 2022/23 - comparing the draft published version of the accounts and the audited by not signed revised version</i>	<i>Draft 2022/23</i>			<i>Revised 2022/23</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>	42,385	(16,716)	25,669	42,385	(16,716)	25,669
<i>Places</i>	22,121	(4,536)	17,585	22,094	(4,536)	17,558
<i>Resources</i>	12,096	(4,053)	8,043	12,096	(4,053)	8,043
<i>Cost of Services</i>	76,602	(25,305)	51,297	76,575	(25,305)	51,270
<i>Other Operating Expenditure</i>	2,657	(969)	1,688	2,657	(969)	1,688
<i>Financing & Investment Income & Expenditure</i>	2,212	(1,183)	1,029	2,212	(1,183)	1,029
<i>Taxation & Non-Specific Grant Income</i>	565	(42,382)	(41,817)	565	(48,155)	(47,591)
<i>(Surplus) / Deficit on Provision of Services</i>	82,036	(69,839)	12,197	82,036	(75,615)	6,397
<i>Surplus on Revaluation of property, plant, and equipment</i>			1,785			1,785
<i>Re-measurements of the net defined benefit liability / (asset)</i>			(43,403)			(41,313)
<i>Other Comprehensive (Income) & Expenditure</i>			(41,618)			(39,528)
<i>Total Comprehensive (Income) & Expenditure</i>			(29,421)			(33,129)

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 12. 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.

Movement in Reserves during 2023/24 and 2022/23	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
<i>Balance at 31 March 2022</i>	13,329	15,698	1,591	7,213	37,831	6,815	44,646
<i>Total Comprehensive Income & Expenditure</i>	(6,397)	-	-	-	(6,397)	38,208	31,811
<i>Adjustments between accounting basis and funding basis under regulations (Note 15)</i>	3,647	19	65	(2,783)	52	(52)	-
<i>Transfers to / (from) Reserves</i>	1,976	(1,976)	-	-	-	-	-
Increase / (Decrease) in 2022/23	(1,671)	(1,957)	65	(2,783)	(6,345)	38,156	31,811
<i>Balance 31 March 2023</i>	11,658	13,741	1,656	4,430	31,486	44,971	76,457
Balance at 31 March 2023	11,658	13,741	1,656	4,430	31,486	44,971	76,457
<i>Total Comprehensive Income & Expenditure</i>	(965)	-	-	-	(965)	(5,620)	(6,585)
<i>Adjustments between accounting basis and funding basis under regulations (Note 15)</i>	2,492	(10)	-	4,518	7,000	(7,000)	-
<i>Transfers to / (from) Reserves</i>	(10,185)	10,185	-	-	-	-	-
Increase / (Decrease) in 2023/24	(8,658)	10,175	-	4,518	6,035	(12,620)	(6,585)
Balance 31 March 2024	(3,000)	23,916	1,661	8,948	37,521	35,132	72,653

The comparative figures provided in the table above include audit adjustments, but these are provisional figures until the 2022/23 audit is finalised. The following table shows the 2022/23 draft figures as published on the Council's website.

Draft 2022/23 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 2022</i>	13,329	21,471	1,591	7,213	43,605	9,840	53,445
<i>Total Comprehensive Income & Expenditure</i>	(12,197)	-	-	-	(12,197)	41,618	29,421
<i>Adjustments between accounting basis and funding basis under regulations (Note 13)</i>	2,777	19	65	(2,783)	78	(78)	-
<i>Transfers to / (from) Reserves</i>	7,749	(7,749)	-	-	-	-	-
<i>Net Increase/(Decrease) before transfers to or from Earmarked Reserves</i>	(1,671)	(7,730)	65	(2,783)	(12,119)	41,540	29,421
<i>Balance 31 March 2023</i>	11,658	13,741	1,656	4,430	31,486	51,380	82,866

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 14, line 'Adjustments between accounting basis and funding basis under regulations'.

Draft 31 March 2023 £000	Revised 31 March 2023 £000	Balance Sheet	Notes	31 March 2024 £000
71,349	70,055	Property, Plant & Equipment	17	67,408
22	23	Intangible Assets	18	14
110	110	Long Term Debtors	27	110
71,481	70,188	Long Term Assets		67,532
116	116	Inventories - Salt Stocks		144
46,304	46,304	Short Term Investments	25, 26	53,096
4,655	4,655	Short Term Debtors	27	8,369
6,060	6,061	Cash & Cash Equivalents	30, 0, 32, 33	3,669
57,135	57,135	Current Assets		65,278
(21,284)	(21,284)	Short Term Creditors	28	(27,837)
(908)	(908)	Provisions	29	(1,044)
(22,192)	(22,192)	Current Liabilities		(28,881)
(21,386)	(21,386)	Long Term Borrowing	25, 26	(21,386)
(2,172)	(4,506)	Other Long-Term Liabilities	7	(9,890)
(23,558)	(25,892)	Long Term Liabilities		(31,276)
82,866	79,240	Net Assets		72,653
(31,486)	(31,486)	Usable Reserves	15, 16	(37,521)
(51,380)	(47,752)	Unusable Reserves	15	(35,132)
(82,866)	(79,238)	Total Reserves		(72,653)



Kirsty Nutton
Strategic Director for Resources
31 May 2024

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.

<i>31 March 2023 £000</i>	Cash Flow Statement	Notes	31 March 2024 £000
12,197	Net (Surplus)/Deficit on the Provision of Services		965
(12,150)	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	30	(9,583)
2,653	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	30	6,185
<u>2,700</u>	Net Cash Flow from Operating Activities		(2,433)
1,915	Investing Activities	0	3,591
(2,944)	Financing Activities	32	1,233
<u>1,672</u>	Net (increase) or decrease in cash and cash equivalents		2,392
(7,732)	Cash & cash equivalents at the beginning of the reporting period	33	(6,061)
<u>(6,060)</u>	Cash & cash equivalents at the end of the reporting period	33	(3,669)

Notes to the Accounts

1. Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2023/24 and for the previous financial year follows:

Schools Budget funded by Dedicated Schools Grant 2023/24	Central Expenditure £000	ISB £000	Total £000
Final DSG for before Academy recoupment			(37,757)
Academy figure recouped			29,414
Total DSG after Academy recoupment			(8,343)
Agreed initial budgeted distribution	(4,783)	(3,560)	(8,343)
Less actual central expenditure	6,206	-	6,206
Less actual ISB deployed to schools	-	3,797	3,797
In-year Carry forward to 2024/25	(1,423)	(237)	(1,660)
DSG Unusable Reserve at the end of 2022/23			1,325
Addition to DSG Unusable Reserve at year end			1,660
Net DSG deficit position at the end of 2023/24			2,985

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 (DfE). 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 (ISB), which is divided into a budget share for each maintained school.

The Council has a deficit balance on the DSG. From 1 April 2020 a regulation was introduced that enabled any deficit on the schools budget to be transferred to the DSG Adjustment Account. This had the effect of separating schools budget deficits from the local authority General Fund for a period, initially set at three years but extended until March 2026. This statutory override removes the immediacy to fund this deficit position, though as the expenditure has been incurred the cash has been spent on service provision.

The deficit carry-forward for 2022/23 was £1.3m which was taken to an unusable reserve on the balance sheet in accordance with regulations. The 2023/24 deficit of £1.7m has been added to the unusable reserve so that the overall deficit balance is £3.0m.

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 and remove the deficit balance on the DSG.

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

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 2023/24 was £7.4m (£7.1m in 2022/23) of which Rutland County Council contributed £0.1m (£0.1m 2022/23). Total expenditure from the pool was £6.8m (£7.1m 2022/23).

Better Care Fund (BCF) – Pooled Budget

From 1 April 2023 the Council entered a £3.3m 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. 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 Adults & Health Directorate line in the Comprehensive Income and Expenditure Statement.

The Council is holding £0.7m (£0.7m in 2022/23) 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)

2022/23 £000	Better Care Fund	2023/24 £000
	Funding Provided to the Pool	
2,747	ELRCCG	2,814
489	Rutland County Council	513
66	Use of Reserves	188
<u>3,302</u>	Total Funding	3,514
98	Additional funding provided by ICB	-
<u>3,400</u>	Total Section 75 funding	3,514
	Expenditure For BCF Purposes	
390	Unified Prevention Offer	439
1,391	Holistic Management of Health and Wellbeing in the Community	1,450
1,355	Hospital Flows	1,214
25	Enablers	243
<u>3,161</u>	Total Expenditure for BCF Purposes	3,345
522	Other BCF expenditure	-
<u>3,683</u>	Total Section 75 expenditure	3,345
	Expenditure Repayment of Funds	
39	ELRCCG	-
<u>39</u>	Total Expenditure Repayment of Funds	-
180	Surplus/ (Deficit) on BCF	169
(424)	Surplus/ (Deficit) on additional funding	-
<u>(244)</u>	Total Section 75 Surplus / (Deficit)	169
	Share of Surplus / (Deficit)	
60	ELRCCG	-
120	Rutland County Council	169
<u>180</u>	Total Shared Surplus / (Deficit) on BCF	169
(424)	Total shared Surplus / (Deficit) on additional funding - RCC	-
<u>(244)</u>	Total Surplus / (Deficit) shared S75	169
737	Balance on BCF Reserve	718

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 relating to Teacher Pensions and Housing Benefits and to non-audit services provided by the Council's external auditors, Grant Thornton UK LLP.

2022/23* £000	External Audit Costs	2023/24 £000
58	Fees payable with regard to external audit services carried out by the appointed auditor for the year	189
54	Provision relating to external audit services carried out by the appointed auditor for the year with fees yet to be agreed	-
17	Fees payable for the certification of grant claims and returns for the year	36
-	Fees payable in respect of other services provided by the appointed auditor during the year	-
129	Total	225

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.

2022/23* £000	Members Allowances	2023/24 £000
134	Basic allowances	137
109	Special responsibility allowances	113
3	Expenses	4
246	Members allowances	254

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.

Due to the possibility of being able to identify individuals the table has been amended. Termination and exit packages fall within the following bandings for 2023/24:

- £0 – £20,000
- £20,001 – £40,000
- £100,001 – £150,000

Compulsory No.	Voluntary No.	Total No.	Bands		
			Compulsory £000	Voluntary £000	Total £000
Termination & Exit Packages 2023/24					
3	-	3	162	-	162
<i>Termination & Exit Packages 2022/23</i>					
1	-	1	1	-	1
<i>Total - £0 – £20,000</i>					

The total cost of £162k 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 2023/24 the authority paid £0.1m to Teacher's Pensions in respect of teachers' retirement benefits, representing 23.7% of pensionable pay (£0.3 million and 23.7% in 2022/23). The reduction between years reflects one school transferring to an academy during the year. 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.

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 value of the Council's pension commitment was an asset of £5.0m. However, this pension fund surplus, reported under IAS19, is not fully realisable by the Council in the form of either refunds or a reduction in employer's contributions, and so the

application of an asset ceiling is applied. This ensures the reported asset is limited to the present value of economic benefits realisable by the Council. A further implication from standard IFRIC 14 is that the net defined benefit asset will be measured at the lower of:

- the surplus in the defined benefit plan, and
- the asset ceiling

The asset ceiling calculation revises the asset position to a liability position of £9.9m. This is the lower of the valuations and becomes the revised liability value used in the balance sheet and has resulted in a movement of £5.4m from 2022/23 value. Under IAS19 the Council has recognised the maximum economic benefit available as a reduction in future contributions being the present value of future service costs less the present value of minimum funding requirement contributions for future service.

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.

2022/23 £000	Comprehensive Income & Expenditure Statement (CIES)	2023/24 £000
	Cost of Service	
5,800	Current Service Cost	3,016
-	Past Service Cost	-
-	Effects of Settlements	(410)
1,167	Financing & Investment Income & Expenditure – net interest expense	171
6,967	Total post-employment benefits charged to the surplus or deficit on the provision of services	2,777
	Other post-employment benefits charged to the CIES	
4,021	Return on plan assets (excluding the amount included in the net interest expense)	4,903
(56,130)	Actuarial gains and losses arising on changes in demographic assumptions	(6,089)
(834)	Actuarial gains and losses arising on changes in financial assumptions	(621)
-	Actuarial gains and losses from changes in asset ceiling	14,931
1,538	Remeasurements – other experience	3,435
10,092	Other	-
(41,313)	Total re-measurements recognised in CIES	6,753
(34,346)	Total post-employment benefit charged to the CIES	9,530
	Movement in Reserves Statement	
(6,967)	Reversal of net charges made to the surplus or deficit on the provision of services for post- employment benefits in accordance with the Code	(2,777)
3,478	Actual amount charged against the General Fund Balance in the year	4,146
(3,489)	Total Movement in Reserves Statement	1,369

2022/23 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	2023/24 £000
(100,116)	Fair Value of Employer Assets	(110,064)
104,622	Present Value of Defined Benefit Obligation	119,954
4,506	Net liability arising from defined benefit obligation	9,890

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.

2022/23 £000	Reconciliation of the Fair Value of the Scheme Assets	2023/24 £000
100,479	Opening fair value of Scheme Assets	100,116
2,723	Interest Income	4,752
(3,960)	Return on plan assets, excluding the amount included in the net interest expense	4,903
-	Effects of Settlements	(672)
3,489	Contributions from Employer	4,146
853	Contributions from Employees	945
(3,468)	Benefits Paid	(4,126)
100,116	Closing Fair Value of Scheme Assets	110,064

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £9.9m 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.

2022/23 £000	Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)	2023/24 £000
145,602	Opening Liability at 1 April	104,622
5,901	Current Service Cost	3,016
3,973	Interest Cost	4,923
853	Contributions from Scheme Participants	945
(56,300)	Actuarial gains/losses arising from changes in demographic assumptions	(6,089)
(836)	Actuarial gains/losses arising from changes in financial assumptions	(621)
-	Actuarial gains/losses arising from changes in asset ceiling	14,931
8,897	Other	3,435
-	Effects of Settlements	(1,082)
(3,468)	Benefits Paid	(4,126)
104,622	Closing Liability at 31 March	119,954

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2025 is £3.9m.

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

2022/23		Local Government Pension Scheme Assets		2023/24	
Quoted prices in active markets	not in active markets			Quoted prices in active Markets	not in active markets
£000	£000			£000	£000
314	-			357	-
		Equity Securities			
		Debt Securities			
4,599	12	UK		4,837	12
423	-	Other		444	-
5,022	12	Total debt securities		5,281	12
-	6,854	Private Equity		-	6,734
-	7,095	Real Estate		-	7,137
		Investment Funds & Unit Trusts			
43,624	215	Equities		46,805	198
1	-	Hedge Funds		1	-
-	2,571	Commodities		-	2,548
-	8,190	Infrastructure		-	9,450
13,612	10,307	Other		12,687	10,062
57,237	21,283	Total investment funds & unit trusts		59,492	22,259
46	-	Derivatives		6	-
2,252	-	Cash & Cash Equivalents		8,786	-
64,872	35,244	Closing Fair Value of Scheme Assets		73,923	36,141

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 2024. 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:

2022/2023		2023/24
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
21.8	Men (years)	21.7
24.4	Women (years)	24.2
	Longevity at 65 for Future Pensioners:	
22.7	Men (years)	22.6
26.0	Women (years)	25.8
	Financial Assumptions	
3.20%	Rate of Inflation	3.10%
3.45%	Rate of increase in salaries	3.25%
2.95%	Rate of increase in pensions	2.75%
4.75%	Rate for discounting scheme liabilities	4.85%
55.00%	Take-up of option to convert annual pension into retirement lump sum pre-April 2008 service	55.00%
N/A	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 38 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 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 £3.9m expected contributions to the scheme in 2024/25. 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 2023/24 was approved on 3 March 2023.

<i>2022/23</i>	Remuneration Bands	2023/24
<i>Number of Employees</i>		Number of Employees
14	£50,000 - £54,999	7
6	£55,000 - £59,999	9
2	£60,000 - £64,999	2
4	£65,000 - £69,999	2
5	£70,000 - £74,999	8
4	£75,000 - £79,999	-
-	£80,000 - £84,999	4

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	2023/24	£145,192	-	-	£33,104	£178,296
	<i>2022/23</i>	<i>£138,621</i>	-	-	<i>£27,031</i>	<i>£165,652</i>
Strategic Director of Adults & Health (1)	2023/24	£94,699	-	-	£21,591	£116,290
	<i>2022/23</i>	<i>£2,675</i>	-	-	<i>£522</i>	<i>£3,197</i>
Strategic Director of Childrens Services	<i>2022/23</i>	<i>£94,348</i>	-	-	<i>£18,398</i>	<i>£112,746</i>
	2023/24	£99,368	-	-	£22,656	£122,024
Strategic Director of Places	<i>2022/23</i>	<i>£94,348</i>	-	-	<i>£18,398</i>	<i>£112,746</i>
	2023/24	£99,368	-	-	£22,656	£122,024
Strategic Director of Resources (2)	<i>2022/23</i>	<i>£8,078</i>	-	-	<i>£1,575</i>	<i>£9,653</i>
	<i>2022/23</i>	<i>£89,849</i>	-	-	<i>£17,520</i>	<i>£107,369</i>
Deputy Director of Resources (3)	2023/24	-	-	-	-	-
	<i>2022/23</i>	-	<i>£21,680</i>	-	-	<i>£21,680</i>
Strategic Director Legal & Governance (4)	2023/24	£93,911	-	-	£21,402	£115,313
	<i>2022/23</i>	<i>£69,754</i>	-	-	<i>£13,602</i>	<i>£83,356</i>
Director of Public Health (5)	2023/24	-	£40,801	-	-	£40,801
	<i>2022/23</i>	-	<i>£37,228</i>	-	-	<i>£37,228</i>
Head of Corporate Services (6)	2023/24	-	-	-	-	-
	<i>2022/23</i>	<i>£68,575</i>	-	-	<i>£13,372</i>	<i>£81,947</i>

(1) Strategic Director of Adults left on 09/04/2023. New appointment started on 21/03/2023 for a handover period.
(2) Strategic Director of Resources left on 05/03/2023. New appointment started on 27/02/2023 for a handover period.
(3) Deputy Director of Resources left on 25/07/2021. Interim support through an agency appointed from 27/09/2021 to 31/05/2022.
(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) This post previously reported to the Chief Executive and as a result of this management change are no longer required to be disclosed in the table.

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

2022/23 £000	Other Operating Expenditure	2023/24 £000
792	Parish Council Precepts	892
104	External Levies	104
(52)	Net (Gains) / Losses on Disposal of Non-Current Assets	(11)
104	Transformation, Resident Support & Other Corporate Expenditure	(40)
740	Covid 19 Specific Expenditure	-
1,688	Total	945

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

2022/23* £000	Financing & Investment Income & Expenditure	2023/24 £000
1,045	Interest payable & similar charges	1,033
1,167	Net interest on the net defined benefit liability / (asset)	171
-	Past Service Cost (including curtailments)	(410)
(1,183)	Interest receivable and similar income	(3,062)
1,029	Total	(2,268)

**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 Note 12 shows grant income allocated to Council services.

2022/23 £000	Taxation & Non-Specific Grant Income	2023/24 £000
(31,045)	Council Tax income	(32,772)
(4,600)	Retained business rates income	(3,701)
35,645	Total Taxation Income	36,473
	Non-specific grants	
(2,577)	Small Business Rate Relief (S31)	(3,007)
(461)	New Homes Bonus	(7)
(2,726)	Better Care Fund (including iBCF)	(2,783)
(1,514)	Adult Social Care funding	(2,360)
(890)	Rural Delivery Grant	(995)
(307)	Services Grant	(180)
(126)	Covid 19 Grants	-
(24)	Other	(378)
(8,625)	Total Non-Specific Grants	9,710
(223)	Section 106 contributions adjustment	(779)
(3,096)	Capital Receipts, Grants & Contributions	(7,898)
(3,319)	Total Other Income	(8,677)
(47,591)	Total	(54,859)

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 the two previous years, the Government provided grant funding to support businesses and individuals that were affected by the Covid 19 pandemic and in 2023/24 by the cost-of-living crisis. Most of this

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 14 – Expenditure & Funding Analysis for details of these amounts.

2022/23 £000	Credited to Services	2023/24 £000
24	School Sport Partnership	33
3,398	Housing Benefit Subsidy	3,506
54	Benefits Administration Subsidy	47
22	Council Tax Administration Subsidy	-
411	Adult Learning (Various)	326
8,842	Dedicated Schools Grant (Note 1)	8,132
-	Delivering Better Value	109
414	Unaccompanied Asylum-Seeking Children	656
1,366	Public Health	1,410
-	ASC Market Sustainability Improvement Fund	206
-	Local Electric Vehicle Infrastructure	21
76	Homelessness Grant	142
-	Homes For Ukraine	213
-	Mentoring Programme	124
64	NNDR Cost of Collection	63
13	Armed Forces Covenant	8
48	Bus Service Operator	121
-	Bus Recovery Grant	65
-	Bus Partnership Capacity Grant	149
-	Bus Strategy Improvement Plan	34
39	National Bus Strategy	56
-	Elections	51
240	Pupil Premium	235

2022/23 £000	Credited to Services	2023/24 £000
225	Troubled Families Programme	197
45	Universal Infant Free School Meals	71
84	Holiday Activities & Food	111
10	Home to School Transport	15
21	Land Charges Grant	-
-	Energy Price Guarantee	87
7	Care Leavers Grant	36
63	Domestic Abuse	63
23	Discretionary Housing Payments	22
194	Covid 19 Grants	1
40	Neighbourhood Planning Front Runners	80
97	ASC Charging Reform	-
25	Redmond Review - Audit	-
35	Biodiversity	27
46	Supplementary Grant	76
311	Household Support Fund	296
17	MOD Early years	48
-	SEND & Alternative Provision Change Programme	409
41	Multiply	48
31	Transport Capability Fund	17
31	Local Transport Fund	-
25	UK Shared Prosperity Fund	102
169	Virtual School	225
215	Other Grants	261
16,766	Total	17,899

The value of Dedicated Schools Grant is different to 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 2023 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 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:

2022/23 £000	Revenue Grants & Contributions - Receipts in Advance	2023/24 £000
429	Transport Grant	537
179	Learning & Skills Grant	-
13	Heritage Study – Water Fossil	12
13	Hub Feasibility Study	-
77	National Bus Grant	-
940	Homes for Ukraine	877
-	LUF Capacity & Capability Funding	76
145	Garden Community Funding	122
-	ELSEC Pathfinder	484
45	SEND Delivering Better Value	317
-	SEND and Alternative Provision	1,539
87	Energy Price Guarantee	0
183	Energy Bill Support	0
31	UK Shared prosperity Fund	31
35	Other Grants	114
2,177	Total	4,109

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 2023/24:

2022/23 £000	Capital Grants & Contributions	2023/24 £000
-	Schools Capital Maintenance	77
1,058	Highways Capital Maintenance	1,361
462	Highways Integrated Transport	462
265	Highways Incentive Funding	265
1,058	Pothole Action Funding	1,481
66	Better Care Fund (BCF)	-
-	Basic Needs Funding	1,758
115	Special Funding Provision (SEND)	1,472
10	Levelling Up Fund	311
23	UKSPF	9
-	Food Waste Collection	534
39	Other Grants & Contributions	167
3,096	Total	7,898

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 related 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 2024 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 2023/24 is shown in Note 4. During 2023/24, 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 2023/24 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:

- Procurement services from Melton District Council
- Finance & Human Resource System from Herefordshire County Council
- Licensing Services from Peterborough City Council
- Provision of specialist teachers from Leicester City Council
- Public Health Services from Leicestershire County Council

The above list is based on materiality over £0.1m. A full list of the Councils relationships can be found on our website.

⁵ [Transparency Code Jan, Feb, Mar 2024.pdf \(rutland.gov.uk\)](#)

14. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers 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 2022/23</i>		2023/24		
<i>Net Expenditure in the CIES</i>	Expenditure and Funding Analysis (EFA)	Expenditure Chargeable to the General Fund	Adjustments between Funding basis & Accounting Basis	Net Expenditure in the CIES
<i>£000</i>		£000	£000	£000
25,669	People	-	-	-
	Adults & Health	16,430	18	16,448
	Childrens & Families	6,735	9,195	15,930
	Law & Governance	3,090	(138)	2,952
17,558	Places	13,468	2,278	15,746
8,043	Resources	5,139	940	6,079
	Dedicated Schools Grant	1,550	(1,550)	-
-	Financial Sustainability Investment	209	(209)	-
51,270	Cost of Services	46,621	10,534	57,155
1,689	Other Operating Expenditure	-	948	948
1,029	Financing & Investment Income & Expenditure	-	(2,268)	(2,268)
(47,591)	Taxation & Non-Specific Grant Income	(47,249)	(7,610)	(54,859)
6,397	(Surplus) / Deficit on Provision of Services	(628)	1,604	976
(13,329)	Opening General Fund Balance	(3,000)		
3,646	(Surplus) / Deficit on General Fund Balance in Year	(628)		
(1,974)	Transfers to / (from) Reserves Earmarked Reserves	628		
(11,667)	Closing General Fund Balance	(3,000)		

The comparative figures provided in the previous table include audit adjustments, but these are provisional figures until the 2022/23 audit is finalised. The following table shows the 2022/23 draft figures as published on the Council's website.

2022/23 Expenditure and Funding Analysis	Draft 2022/23				Revised 2022/23			
	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	21,035	(11)	4,645	25,669	21,035	(11)	4,645	25,669
Places	15,973	(56)	1,668	17,585	15,973	(56)	1,641	17,558
Resources	7,740	-	303	8,043	7,740	-	303	8,043
*Covid 19 Income & Expenditure as in Outturn report	444	(444)	-	-	444	(444)	-	-
* Covid 19 Grants as in Outturn report	198	(198)	-	-	198	(198)	-	-
Cost of Service	45,390	(709)	6,616	51,297	45,390	(709)	6,589	51,270
Other Operating Expenditure	-	835	854	1,689	-	835	854	1,689
Financing & Investment Income & Expenditure	466	-	563	1,029	466	-	563	1,029
Taxation & Non-Specific Grant Income	(42,210)	5,647	(5,255)	(41,818)	(42,210)	(126)	(5,255)	(47,591)
(Surplus) / Deficit on Provision of Services	3,646	5,773	2,778	12,197	3,646	-	2,757	6,397
Opening General Fund Balance	(13,329)				Opening General Fund Balance			(13,329)
(Surplus)/Deficit on General Fund Balance in Year	3,646				(Surplus)/Deficit on General Fund Balance in Year			3,646
Additional transfers to/(from) Reserves	(1,974)				Additional transfers to/(from) Reserves			(1,974)
Closing General Fund Balance	(11,667)				Revised Closing General Fund Balance			(11,667)

Revised 2022/23	Adjustments from General Fund to arrive at the CIES Amounts	2023/24			
		Adjustments for Capital Purposes ¹	Net Change for Pension Adjustments ²	Other Differences ³	Total Adjustments
		£000	£000	£000	£000
Total Adjustments £000					
4,634	People	-	-	-	-
-	Adults & Health	183	(318)	152	17
-	Childrens & Families	7,071	(250)	2,374	9,195
-	Law & Governance	00	(139)	2	(137)
1,585	Places	2,537	(264)	5	2,278
303	Resources	309	688	(57)	940
-	Dedicated Schools Grant	-	-	(1,550)	(1,550)
-	Financial Sustainability Investment	(59)	-	(150)	(209)
(642)	*Covid 19 & Projects Income & Expenditure	-	-	-	-
5,880	Cost of Services	10,041	(283)	661	10,534
1,689	Other Operating Expenditure	(10)	-	958	948
563	Financing & Investment Income & Expenditure	0	(239)	(2,029)	(2,268)
(5,381)	Taxation & Non-Specific Grant Income	(9,292)	(847)	2,529	(7,610)
2,751	(Surplus) / Deficit on Provision of Services	739	(1,389)	2,119	1,604

¹Adjustments 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.

²Net 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.

³Other 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 2022/23 figures as previously published on the Council's website to the revised 2022/23 expected following external audit but subject to final approval.

2022/23 Adjustments from General Fund to arrive at the CIES Amounts	Draft 2022/23					Revised 2022/23				
	Adjustments for Capital Purposes ¹	Net Change for Pension Adjustments ²	Other Differences ³	Covid-19 Differences	Total Adjustments	Adjustments for Capital Purposes ¹	Net Change for Pension Adjustments ²	Other Differences ³	Covid-19 Differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
People	3,171	1,230	244	(11)	4,634	3,171	1,230	244	(11)	4,634
Places	(555)	615	1,607	(56)	1,611	(581)	615	1,607	(56)	1,585
Resources	-	458	(155)	-	303	-	458	(155)	-	303
Covid 19 Income & Expenditure*	-	-	-	(642)	(642)	-	-	-	(642)	(642)
Cost of Services	2,616	2,303	1,696	(709)	5,906	2,590	2,303	1,696	(709)	5,880
Other Operating Expenditure	(51)	8	897	835	1,689	(51)	8	897	835	1,689
Financing & Investment Income & Expenditure	(615)	1,167	11	-	563	(615)	1,167	11	-	563
Taxation & Non-Specific Grant Income	(1,293)	-	(3,962)	5,647	392	(1,293)	-	(3,962)	(126)	(5,381)
(Surplus) / Deficit on Provision of Services	657	3,478	(1,358)	5,773	8,550	631	3,478	(1,358)	-	2,751

(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.

<i>Draft</i> 2022/23	<i>Revised</i> 2022/23	Expenditure / Income Analysed by Nature	2023/24
£000	£000	Expenditure	£000
23,257	23,257	Employee Benefits	21,363
48,270	48,270	Other Service Expenditure	53,645
7,505	7,478	Capital Charges	11,361
2,212	2,212	Interest Payments	1,204
792	792	Precepts and Levies	892
82,036	82,009	Total Expenditure	88,465
		Income	
(6,201)	(6,201)	Fee, Charges, & other Service Income	(7,661)
(1,183)	(1,183)	Interest & Investment Income	(3,062)
(38,222)	(38,222)	Income from Council Tax and Business Rates	(39,480)
(24,192)	(29,965)	Government Grants & Contributions	(37,276)
(41)	(41)	Gain on the Disposal of Assets	(11)
(69,839)	(75,613)	Total Income	(87,490)
12,197	6,396	Total	975

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 2022/23 audit is finalised. The third table shows the 2022/23 draft figures as originally published on the Council's website.

Adjustments between Accounting Basis & Funding Basis Under Regulations 2023/24	General Fund Balance £000	Usable Reserves			Movement in Unusable Reserves £000
		Capital Receipts Reserve £000	Oakham North Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the CIES:</u>					
Charges for depreciation and impairment of non-current assets	2,696	-	-	-	(2,696)
Revaluation losses on Property, Plant & Equipment	(6)	-	-	-	6
Capital grants & contributions applied	(4,880)	-	(10)	(529)	5,419
Capital Receipts Applied	(16)	-	-	-	16
Revenue expenditure funded from capital under statute	2,352	-	-	-	(2,352)
Amounts of non-current assets written off on derecognition	6,316	-	-	-	(6,316)
Statutory provision for the financing of capital investment	(615)	-	-	-	615
Capital expenditure charged against the General Fund	(36)	-	-	-	36
Adjustments primarily involving the Capital Receipts Reserve					
Repayment of Capital Loan	-	-	-	-	-
Adjustments primarily involving the Financial Instruments Account					
Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements	-	-	-	-	-
Adjustment primarily involving the Pension Reserve					
Reversal of items relating to retirement benefits debited or credited to the CIES	2,777	-	-	-	(2,777)
Employer's pension contributions and direct payments to pensioners payable in the year	(4,146)	-	-	-	(4,146)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	1,419	-	-	-	(1,419)
Adjustments primarily involving the Accumulated Absences Account					
Adjustment for short-term compensated absences	17	-	-	-	(17)
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account					
Reporting of Schools Budget Deficit to unusable reserves	1,660	-	-	-	(1,660)
Total Adjustments	2,491	5	(10)	4,518	(7,004)

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

Draft 2022/23 as published on the Council's website		Usable Reserves			Movement
Adjustments between Accounting Basis & Funding Basis Under Regulations 2022/23	General Fund Balance	Capital Receipts Reserve	Oakham North Reserve	Capital Grants Unapplied	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>					
<i>Charges for depreciation and impairment of non-current assets</i>	2,650	-	-	-	(2,650)
<i>Revaluation losses on Property, Plant & Equipment</i>	596	-	-	-	(596)
<i>Capital grants & contributions applied</i>	(4,175)	-	-	(2,783)	6,958
<i>Revenue expenditure funded from capital under statute</i>	4,256	-	-	-	(4,256)
<i>Amounts of non-current assets written off on derecognition</i>	3	-	-	-	(3)
<i>Statutory provision for the financing of capital investment</i>	(615)	-	-	-	615
<i>Capital expenditure charged against the General Fund</i>	(187)	-	-	-	187
<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>	(55)	55	-	-	-
<i>Transfer from Deferred Capital Receipts Reserve upon receipt of cash</i>	-	5	-	-	(5)
<i>Repayment of Capital Loan</i>	-	5	-	-	(5)
<i>Adjustment primarily involving the Oakham North Reserve & Commuted Sums</i>					
<i>Use of the reserves to finance expenditure</i>	(19)	-	19	-	-
<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>	12	-	-	-	(12)
<i>Adjustment primarily involving the Pension Reserve</i>					
<i>Reversal of items relating to retirement benefits debited or credited to the CIES</i>	6,967	-	-	-	(6,967)
<i>Employer's pension contributions and direct payments to pensioners payable in the year</i>	(3,489)	-	-	-	3,489
<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>	(3,430)	-	-	-	3,430
<i>Adjustments primarily involving the Accumulated Absences Account</i>					
<i>Adjustment for short-term compensated absences</i>	19	-	-	-	(19)
<i>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</i>					
<i>Reporting of Schools Budget Deficit to unusable reserves</i>	244	-	-	-	(244)
Total Adjustments	2,777	65	19	(2,783)	(78)

- **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

<i>Draft</i> 31 March 2023 £000	<i>Revised</i> 31 March 2023 £000	Summary of Usable & Unusable Reserves	Movement £000	31 March 2024 £000
		Usable Reserves		
11,658	11,658	General Fund Balance	(8,658)	3,000
719	719	School Balances	(707)	12
13,023	13,023	Specific Reserves (Note 16)	10,882	23,905
1,656	1,656	Capital Receipts Reserve	-	1,656
4,430	4,430	Capital Grants Unapplied	4,518	8,948
31,486	31,486	Total Usable Reserves	6,036	37,522
		Unusable Reserves		
14,712	13,419	Revaluation Reserve	(901)	12,518
38,653	38,653	Capital Adjustment Account	(3,239)	35,414
-	-	Deferred Capital Receipts	-	-
-	-	Financial Instruments Adjustment Account	-	-
(2,172)	(4,506)	Pension Fund Reserve	(5,384)	(9,890)
1,732	1,732	Collection Fund Adjustment Account	(1,418)	314
(221)	(221)	Accumulating Compensated Absences Adjustment Account	(17)	(238)
(1,325)	(1,325)	Dedicated Schools Grant Adjustment Account	(1,660)	(2,985)
51,380	47,752	Total Unusable Reserves	(12,619)	35,132
82,866	79,238	Total Reserves	(6,583)	72,655

- **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).

<i>Draft</i> 2022/23 £000	<i>Revised</i> 2022/23 £000	Revaluation Reserve	2023/24 £000
16,680	16,680	Balance at start of the year	13,419
2,783	1,532	Upward revaluation of assets	1,510
(4,568)	(4,638)	Downward revaluation of assets & impairment losses not charged to the (Surplus) / Deficit on the Provision of Services	(377)
-	-	Disposals written out	(1,883)
(183)	(156)	Difference between fair value depreciation and historical depreciation	(151)
14,712	13,419	Balance at 31 March	12,518

- **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.

<i>2022/23</i> £000	Capital Adjustment Account	2023/24 £000
38,220	Balance at the start of the year	38,653
(2,650)	Charges for depreciation & impairment of non-current assets	(2,696)
(596)	Revaluation Gain (Losses) on Property, Plant & Equipment	6
(4,256)	Revenue expenditure funded from capital under statute	(2,352)
4,256	Grant Funding of Revenue expenditure funded from capital under statute	2,354
(3)	Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(4,433)
615	Statutory provision for the financing of capital investment charged against the General Fund balance	615
-	Capital expenditure charged to the General Fund balance	36
(5)	Capital Loans	-
-	Use of the s106 to finance new capital expenditure	205
2,660	Capital grants and contributions credited to the CIES that have been applied to capital financing	2,860
229	Application of grants to capital financing from the Capital Grants Unapplied Account	-
-	Use of the Capital Receipts to finance new capital expenditure and repay debt	16
183	Adjusting amounts written out of the Revaluation Reserve	151
38,653	Balance at 31 March	35,413

- **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.

<i>2022/23*</i> £000	Deferred Capital Receipts Reserve	2023/24 £000
4	Balance as at the start of the year	-
(4)	Transfer of deferred sale proceeds	-
-	Balance at 31 March	-

- **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.

<i>2022/23*</i> £000	Financial Instruments Adjustment Account	2023/24 £000
12	Balance at the start of the year	-
(12)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	-
-	Balance at 31 March	-

- **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in

the 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 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.

<i>2022/23*</i> £000	Pensions Reserve	2023/24 £000
(45,123)	Balance at the start of the year	(4,506)
44,279	Re-measurements of the net defined benefit liability (asset)	(6,753)
(7,151)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,777)
3,489	Employers' pensions contributions and direct payments to pensioners payable in the year	4,146
(4,506)	Balance at 31 March	(9,890)

- **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.

<i>2022/23*</i> £000	Collection Fund Adjustment Account	2023/24 £000
(1,698)	Balance as at the start of the year	1,732
3,430	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	(1,418)
1,732	Balance at 31 March	314

- **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 it does not impact on the General Fund or Earmarked Reserves Balances. The account must be used for any deficits for the years ended March 2021 to March 2026 inclusive.

<i>2022/23*</i> £000	Dedicated Schools Grant Adjustment Account	2023/24 £000
(1,081)	Balance as at the start of the year	(1,325)
(244)	Schools Budget Deficit in year	(1,660)
(1,325)	Balance at 31 March	(2,985)

- **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.

<i>2022/23*</i> £000	Accumulated Absences Account	2023/24 £000
(201)	Balance as at the start of the year	(221)
201	Settlement or cancellation of accrual made at the end of the preceding year	221
(221)	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	(238)
(221)	Balance at 31 March	(238)

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 2023/24.

General Fund Earmarked Reserves	31 March 2023	Transfers In	Transfers Out	31 March 2024	Purpose of the Earmarked Reserve
	£000	£000	£000	£000	
General Fund	(11,657)	-	8,657	(3,000)	The General Fund balance is the statutory fund
Financial Sustainability Strategy & Budget Risk Reserve	-	(2,865)	-	(2,865)	To fund the budget gap whilst transformational activity is undertaken. The use of the reserve is reliant on the delivery of saving plans. Therefore, the balance of this reserve will be used to mitigate the risk of delivering the savings on time and to value and therefore acts as a Budget Risk Reserve.
Departmental Reserves	(9,514)	(51)	6,222	(3,343)	Amounts set aside by departments in accordance with financial guidance. These funds have been received in advance for specific projects covering multiple years ie grant funding, or funding to cover specific activity ie the Local Plan, or for existing commitments. The balance will vary as the projects / commitments progress.
Risk Reserves	(242)	(10,521)	2,369	(8,394)	This reserve is to be used to mitigate some of the financial risk resulting from the uncertainty contained within the budget such as from rising rates of inflation, risks associated with delivering a challenging savings programme not covered by the reserve above, and any timing differences due to Section 31 grants, future tax losses and the impact of the cost-of-living on income generating budgets.
Innovation Fund	-	(4,814)	-	(4,814)	The balance of the sums set aside which can be utilised to fund one off type expenditure such as to fund service transformation
Process Improvement Fund	(3,268)	(232)	10	(3,490)	Fund to invest to improve efficient service delivery
Capital Improvement Fund	-	(1,000)	-	(1,000)	Investment into the Capital Programme
Total	(24,681)	(19,483)	17,258	(26,906)	

17. Property, Plant & Equipment (PPE)

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 2023 £000	Reconciliation to PPE value in Balance Sheet	31 March 2024 £000
40,138	Infrastructure Assets	40,471
29,918	Other PPE Assets	26,937
<u>70,056</u>	Total PPE Assets	<u>67,408</u>

31 March 2023 £000	Movement on Infrastructure Assets by Net Book Value	31 March 2024 £000
39,384	Net Book Value at 1 April	40,138
2,798	Additions	2,488
(2,044)	Depreciation	(2,154)
<u>40,138</u>	Net Book Value at 31 March	<u>40,471</u>

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

2023/24 - Property, Plant & Equipment (PPE)	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets * £000	Assets Under Construction £000	Surplus Assets £000	Total £000
Cost or Valuation						
At 1 April 2023 Gross Book Value	29,624	1,199		10	525	31,357
Additions	10	2,268		446	-	2,724
Revaluation increase / (decrease) recognised in the Revaluation Reserve	865	-		-	-	865
Revaluation increase / (decrease) recognised in the Surplus / Deficit on the Provision of Services.	-	-		-	-	-
De-recognition – Disposals	(6,721)	-		-	-	(6,721)
Transfer to other IFRS categories	-	-		-	-	-
At 31 March 2024	23,778	3,466		456	525	28,225
Accumulated Depreciation & Impairment						
At 1 April 2023	(860)	(523)		-	(27)	(1,440)
Depreciation charge in year	(381)	(137)		-	(9)	(527)
Depreciation written out to the revaluation reserve	268	-		-	-	268
Depreciation written out to the Surplus / Deficit on the Provision of Services	6	-		-	-	6
Impairment (losses) / reversals recognised in Revaluation Reserve	-	-		-	-	-
Impairment (losses) / reversals recognised in the Surplus/ Deficit on the Provision of Services	-	-		-	-	-
De-recognition – Disposal	405	-		-	-	405
Transfer to other IFRS Categories	-	-		-	-	-
At 31 March 2024	(562)	(690)		-	(36)	(1,288)
Net Book Value At 31 March 2024	23,216	2,776		456	489	26,937
<i>At 1 April 2023</i>	<i>28,764</i>	<i>646</i>		<i>10</i>	<i>498</i>	<i>29,918</i>

The comparative figures provided in the first table below include audit adjustments, but these are provisional figures until the 2022/23 audit is finalised. The second table shows the 2022/23 draft figures as published on the Council's website.

<i>Revised 2022/23 - Property, Plant & Equipment (PPE)</i>	<i>Other Land & Buildings £000</i>	<i>Vehicles, Plant & Equipment £000</i>	<i>Infrastructure Assets * £000</i>	<i>Assets Under Construction £000</i>	<i>Surplus Assets £000</i>	<i>Total £000</i>
<i>Cost or Valuation</i>						
<i>At 1 April 2022 Gross Book Value</i>	34,208	1,233		-	-	35,441
<i>Additions</i>	-	81		10	-	91
<i>Revaluation increase / (decrease) recognised in the Revaluation Reserve</i>	(3,423)	-		-	-	(3,423)
<i>Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services.</i>	(635)	-		-	-	(636)
<i>De-recognition – Disposals</i>	-	(115)		-	-	(115)
<i>Transfer to other IFRS categories</i>	(525)	-		-	525	-
<i>At 31 March 2023</i>	<u>29,624</u>	<u>1,199</u>		<u>10</u>	<u>525</u>	<u>31,358</u>
<i>Accumulated Depreciation & Impairment</i>						
<i>At 1 April 2022</i>	(838)	(524)		-	-	(1,362)
<i>Depreciation charge in year</i>	(407)	(144)		-	-	(551)
<i>*Depreciation written out to the revaluation reserve</i>	317	-		-	-	317
<i>*Depreciation Written out to the Surplus/ Deficit on the Provision of Services</i>	39	-		-	-	39
<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>	-	115		-	-	115
<i>Transfer to other IFRS Categories</i>	27	-		-	(27)	-
<i>At 31 March 2023</i>	<u>(860)</u>	<u>(553)</u>		<u>-</u>	<u>(27)</u>	<u>(1,440)</u>
<i>Net Book Value At 31 March 2023</i>	<u>28,764</u>	<u>646</u>		<u>10</u>	<u>498</u>	<u>29,918</u>
<i>At 1 April 2022</i>	<u>33,370</u>	<u>709</u>		<u>-</u>	<u>-</u>	<u>34,079</u>

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

The Council has determined in accordance with Regulation 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.

2022/23 £000	Intangible Assets	2023/24 £000
	Balance 1 April	
774	Gross Carrying Amounts	667
(721)	Accumulated Amortisation	(644)
53	Net Carrying Amount 1 April	23
(64)	Presentation Adjustment GBV	
64	Presentation Adjustment Acc Amortisation	
-	Additions	6
(44)	Assets derecognised in year GBV	-
41	Asset derecognised in Year Amortisation	-
-	Assets transferred (to)/from other IFRS Categories	-
(28)	Amortisation for the period	(15)
22	Net Carrying Amount at End of the Year	14
667	Gross Carrying Amounts	673
(644)	Accumulated Amortisation	(659)
23	Net Carrying Amount at End of the Year	14

19. Capital Commitments

As at 31 March 2024 the Council had entered into a number of contracts for the construction and enhancement of Property, Plant and Equipment, and Intangible Assets. These contracts, at a budget cost of £1.4m, are part of the approved capital programme within the Medium Term Financial Strategy (MTFS). The major commitments are:

Description of Contract / Capital Scheme	Value of contract £000	Value outstanding at 31/03/2024 £000
Affordable Housing	650	488
SEND Provision	822	49
Total	1,472	536

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 four years. The valuations in 2023/24 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 four-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 prevailing economic climate. 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 £6.6m of Land and Buildings in 2023/24 which is approximately 22% 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 31 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 net book value of the four assets split over the last four years.

Valuations of vehicles, plant and equipment and assets under construction are recorded at historic cost less accumulated depreciation.

Valued at fair value as at 1 April	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction & Surplus £000	Total £000
Historical Costs	0	2,776	456	3,232
2020	0	0	489	489
2021	2,243	0	0	2,243
2022	14,389	0	0	14,389
2023	6,584	0	0	6,584
Total cost or valuation	23,216	2,776	945	26,937

21. Impairment Losses

There have been no significant impairment losses on the Council’s Non-Current Assets in 2023/24.

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 2024/25 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 following table together with the resources that have

been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2022/23*		2023/24
£000	Capital Financing Requirement	£000
19,426	Opening Capital Financing Requirement	18,811
	Capital Investment	
2,889	Property Plant & Equipment	5,212
-	Intangible Assets	6
4,256	Revenue expenditure funded from capital under statute (REFCUS)	2,354
	Sources of Finance	
-	Capital Receipts	(16)
(6,958)	Government Grants and contributions	(5,419)
(802)	Sums set aside from revenue (including direct revenue financing, MRP, VRP and loans fund principals)	(653)
18,811	Closing Capital Financing Requirement	20,295
	Explanation of movement in year	
(615)	Increase / (reduction) in the underlying need to borrow	1,484

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:

2022/23		2023/24
£000	Council as Lessee - Operating Leases	£000
60	Not later than one year	143
89	Later than one year & not later than five years	181
91	Later than five years	90
240	Total	414

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

2022/23		2023/24
£000	Council as Lessee – Minimum Lease Payments	£000
62	Minimum Lease Payment	162

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:

2022/23*		2023/24
£000	Council as Lessor - Operating Leases	£000
437	Not later than one year	563
1,297	Later than one year & not later than five years	1,483
396	Later than five years	289
2,130	Total	2,335

The minimum lease payments receivable does 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 following Categories of financial instruments are carried in the Balance Sheet:

2022/23		Financial Instruments Balances	2023/24	
Non Current	Current		Non Current	Current
£000	£000		£000	£000
Financial Liabilities				
(21,572)	-	- PWLB	(21,572)	-
-	-	- Other	-	-
-	(4,467)	Creditor	-	(5,027)
-	(6,112)	S106	-	(6,370)
(21,572)	(10,579)	Total Financial Liabilities	(21,572)	(11,396)
Financial Assets				
-	1,748	Trade Receivables	-	3,174
-	6,060	Cash & Cash Equivalents	-	3,676
110	46,304	Investments	100	53,096
110	54,112	Total Financial Assets	100	59,947

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

2022/23*	Surplus or Deficit on the Provision of Services	2023/24
£000		£000
(1,183)	Interest receipt	(3,072)
1,045	Interest expense	1,033
138	Total	(2,039)

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. The Fair Value of the RCC PWLB loans is.
- 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:

2022/23*		Fair Value of Financial Instruments	2023/24	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
21,386	22,117	PWLB Debt	21,386	20,376
4,467	4,467	Short Term Creditors	5,027	5,027
25,853	26,584	Total Financial Liabilities	25,853	26,584
46,000	46,304	Short Term Investments	52,000	53,096
1,329	1,026	Short Term Debtors	3,174	2,875
47,329	47,330	Total Financial Assets	47,329	47,330

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.

The indicators set 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 within 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 quarterly 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. Due to level of income earned from financial instruments held it has been considered and included within the credit risk disclosures.

Credit Risk Management Practices

The Council's credit risk management practices are set out in the Councils Treasury Management 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.
- Credit Default Swap 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 £52.0m 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 2024 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 a 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 Council manages its liquidity position through the risk management procedures outlined 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 for all debt to be classified as debt with a maturity period of more than 10 years with value of £21.4m for both 2023/24 and 2022/23.

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

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

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 2023/24 have resulted in an average interest rate achieved improving from 2.0% in 2022/23 to 5.9% in 2023/24 resulting in a £1.4m 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 2023/24 would be:

Effect	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(130)
Total	(130)

The approximate impact of a 0.25% fall in interest rates would be as per the previous table 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 2023/24.

27. Debtors

2022/23 £000	Short-term debtors	2023/24 £000
883	Central Government Bodies	3,137
245	Other Local Authorities	60
358	NHS Bodies	1,361
5	Schools	1
3,164	Other Entities & Individuals	3,809
4,655	Total	8,369

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

- Central Government Bodies – the increase to debtors relates to the outstanding VAT reimbursement for February and March and two government grants from the Home office and the Department for Environmental, Food and Rural Affairs.
- NHS Bodies – the increase between years is due to outstanding debt owed by NHS Leicester, Leicestershire & Rutland for BCF that was raised in the last quarter.

2022/23* £000	Long-term debtors	2023/24 £000
110	Housing Association	110
-	Other	-
110	Total	110

28. Creditors

The following table shows an increase of £3.3m in creditors and is due to the Council reverting back to standard payment terms for its larger contracts from Covid-19 early payment policy.

2022/23 £000	Creditors	2023/24 £000
6,264	Central Government Bodies	7,360
1,267	Other Local Authorities	1,542
5	Schools	60
13,748	Other Entities & Individuals	15,598
21,284	Total	24,560

29. Provisions

Provision	Balance 1 April 2023 £000	Addition / (Reduction) to Provision £000	Amount Charged in Year £000	Balance 31 March 2024 £000
Appeals (NDR)	460	566	(268)	758
High-Cost Care case Planning Appeal & Enforcement Decision	266	-	-	266
External Audit fees	58	(58)	-	-
Concessionary Fares	54	(34)	-	20
	70	(70)	-	-
Total	908	404	(268)	1,044

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.

The completion of the external audit of the 2022/23 accounts has been delayed and the Council does not yet know the amount of costs still to be charged.

30. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

2022/23 £000		2023/24 £000
(1,183)	Interest Received	(3,072)
1,045	Interest Payable	1,033
Adjust net surplus / deficit on the provision of services for non-cash movements		
(2,623)	Depreciation and Impairment of Non-Current Assets	(2,696)
(596)	Revaluation Losses on Property, Plant and Equipment	6
(3,478)	Movement in Pension Liability	1,369
(3)	Gains or Losses on Disposal of Non-Current Assets	(6,316)
1,146	Increase / (Decrease) in Provisions	(136)
(7,081)	Increase / (Decrease) in Creditors	(6,316)
282	Increase / (Decrease) in Debtors	3,714
(6)	Increase / (Decrease) in Long Term Debtors	(11)
0	Increase / (Decrease) in Inventories	29
238	Other	775
(12,123)	Total Non-Cash Movements	(9,586)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
3,405	Capital Grants credited to the CIES	9,927
55	Proceed from Disposal of Property, Plant and Equipment	16
(4,256)	Revenue Expenditure Funded from Capital Under Statute	(2,534)
-	Proceeds from the Short-Term Investments	(4,256)
3,450	Other	(1,405)
2,653	Total Investing or Financing Activities	6,185

31. Cash Flow Statement – Investing Activities

2022/23 £000	Investing Activities	2023/24 £000
7,145	Purchase of property, plant and equipment, investment property and intangible assets	7,572
46,000	Purchase of short-term and long-term investments	52,000
(55)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(16)
(47,000)	Proceeds from short-term and long-term investments	(46,000)
(4,175)	Capital Grants Received	(9,927)
-	Other	(36)
1,915	Total	3,591

32. Cash Flow Statement – Financing Activities

2022/23 £000	Financing Activities	2023/24 £000
672	Receipt / Repayment of short and long-term borrowing	-
(3,616)	Other payments for financing activities	(1,233)
(2,944)	Total	(1,233)

33. Cash Flow Statement – Cash & Cash Equivalents

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

2022/23* £000	Cash & Cash Equivalents	2023/24 £000
2	Cash held by the Council	2
6,077	Bank current accounts in credit	3,674
(19)	Internal payments account	-
6,060	Total	3,676

34. Trust Funds

The Council acts as custodian trustee for the Emma Molesworth Trust. As a custodian trustee the Council 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.

2022/23*	Trust Funds	2023/24
£000		£000
7	Income	7
(14)	Expenditure	(14)
225	Assets	225

35. 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.

36. 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:

- IFRS 16 Leases – requiring all leases to be recognised on the Balance Sheet, subject to a de-minimis and exemptions. CIPFA/LASAAC deferred the mandatory requirement to account for leases in accordance with IFRS 16 from 1 April 2022 until 1 April 2024. The Council chose not to adopt IFRS 16 on a voluntary basis for 2022/23 or 2023/24. The mandatory requirements for 2024/25 will include an amendment to IFRS16 for lease liabilities in a sale and leaseback. There are also changes to the transition arrangements for service concession arrangement liabilities.

Adoption of the standard, including the amendments, could have a material impact on the Councils statements, but not a material impact in terms of cost to the Authority.

Other amended standards that apply from 1 April 2024 that have a minor impact on the Code are:

- Amendments to IAS 1 Presentation of Financial Statements – providing clarification of the difference between current and non-current liabilities.
- Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules – introducing a temporary mandatory exception from accounting for deferred taxes.
- Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – additional disclosures for supplier finance arrangements.

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

37. Critical judgements in applying accounting policies

In applying the accounting policies, set out from page 67, 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 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 and part of St Mary & St John School at North Luffenham. The majority of these properties were classified as operating leases prior to the implementation of IFRS.

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.

38. 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 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Property assets – carrying value £24.1m at 31 March 2024

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 £9.9m.

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 £3.6m.

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 £9.7m.

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 2023/24 financial year on the asset values due to changes to the assumptions made at 31 March 2023 are as follows:

- Change in building cost assumptions – increase of £0.16m
- Change in comparable evidence assumptions – increase of £0.5m
- Change in income assumptions – increase of £0.2m

Pension Fund Liabilities – carrying value £104.7m at 31 March 2024

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 2024:

Change Monetary Impact:

- 0.1% decrease in Discount Rate - £1.961m
- 1 year increase in Life Expectancy - £4.201m
- 0.1% increase in Salary Increase Rate - £0.06m
- 0.1% increase in Pension Increase Rate (CPI) - £1.941m

The financial impact on the pension liabilities of changes to the assumptions made at 31 March 2024 are as follows:

- Change in financial assumptions - reduction of £6.089m
- Change in demographic assumptions – reduction of £0.6m

39. 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 one Voluntary Aided primary school under and one Special 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.

<i>2022/23</i> £000	Schools Transactions Consolidated into Rutland County Council Statement of Accounts	<i>2023/24</i> £000
3,393	Expenditure	1,237
(3,340)	Income	(1,192)
7,409	Assets	118
(87)	Liabilities	19
<u>(719)</u>	Total Reserves	<u>(12)</u>

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.

40. Going Concern – as at May 2024

Basis of Preparation

The concept of a going concern assumes that a council'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 councils 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 2025, 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)

The Council have two key financial objectives which are clearly stated in the approved Integrated Budget Plan:

- 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 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.

The Medium Term Financial strategy is based on the objectives above and three underlying principles:

- raising council tax to maximise funding available
- delivering the transformation programme and an “affordable service offer” and any other savings required
- using up to £2m of reserves to subsidise the budget to enable time for savings to be delivered.

With focus on the above objectives and principles the Council commenced an enhanced budget setting process in April 2023. The Council’s leadership team, working alongside the Portfolio Holder for finance, the Leader, and Cabinet members have undertaken, throughout the year, the following activities to create a financially sustainable position through:

- ✓ The approval and adoption by Full Council of the Reserve Strategy to facilitate financial resilience through use of balances to finance risk the Council may be exposed to, alongside investment provision to deliver medium to long-term saving plans.
- ✓ Adopting an enhanced Budget Setting Process for 2024/25 and future years called the Integrated Budget Plan. This approach commenced in April 2023 with Directors and Heads of Service in May 2023.
- ✓ Initial Cash Limits were allocated to Directors and in turn Heads of Service to enable services to be designed within an

affordability envelope across the MTFS period to ensure financial sustainability is a focus.

- ✓ Linked to above, Heads of Service drafted Service Ambitions that detail their vision for their services alongside the actions required to deliver these plans within the Cash Limit allocated. This has helped ensure that the medium- and longer-term saving opportunities can be captured rather than a focus on short-term saving delivery.
- ✓ Delivery of the 12 workstreams identified as part of the Transformation Programme is incorporated into the Service Ambitions and budget proposals.
- ✓ Detailed discussions were held with the Strategic Director for Resources, Chief Executive, Strategic Directors, and associated Heads of Service to fully understand proposals for increases in investment and saving opportunities identified.
- ✓ Directors have worked with portfolio holders developing both investment and saving proposals in detail to ensure that proposals meet the objectives of the Corporate Strategy.
- ✓ Cabinet have reviewed the Corporate Strategy with the refresh incorporated into this budget plan and associated medium term financial strategies.
- ✓ Developed a budget consultation approach.

Funding

A two-year Local Government Finance Settlement for 2023/24 & 2024/25 was confirmed. The priority of the settlement was to provide ‘stability in the immediate term’.

Local Authorities have been budgeting based on short term funding settlements, with 2023/24 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. Therefore, there remains some uncertainty with regards to future funding levels.

Financial Risk

The Council assesses financial risks as part of its budget setting process and regular budgetary performance reviews. The Corporate Leadership Team considers finance performance monthly and reported to Cabinet on quarterly basis with Scrutiny considerations on a regular basis throughout the year. The management oversight described above feed into the Strategic Risk Register review and is reported to the Audit and Risk Committee.

This risk management arrangement ensures that risk management is aligned with the overall organisational approach and that the identification of key issues are managed, reported, and escalated appropriately and in a timely manner. Officer awareness of risk and capacity to manage risk is maintained in line with the reporting framework to provide assurance to the Council's overall governance and control environment. Appendix H⁶ to the Integrated Budget Plan identifies the key financial risks a summary of these are:

- **Demand led services** - The Council provides services in a number of areas where the need for support lies outside the Council's direct control, for example in children's, adult social care and homelessness. Demographic growth and demand pressures present financial risk for the Council over the medium term. The performance in these services is closely monitored by management.
- **Financial resilience** – There is a risk that the Council's financial resilience is put under strain to withstand the combined pressures of reducing grant funding and the increased cost and demand pressures. The Council has reviewed its budget setting process and adopted an enhanced

approach that puts service delivery at the heart of how it spends its money. Service Ambitions have been designed within an affordability envelope meaning that longer term savings are captured and balanced against the need for short term savings.

- **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** – The Funding reforms (also known as the Fairer funding Review) presents a risk for the Council as it means there is uncertainty surrounding its future funding levels. Ministers indicated that this review will form part of future proposals post a General Election in 2024, there is extra uncertainty based on which party is in power and what their priorities are.
- **Deficit on the High Needs block of the Dedicated Schools Grant (DSG)** – The Council has a deficit balance on the DSG estimated to be £3.9m by 31 March 2025. From 1 April 2020 a new regulation was introduced that enabled any deficit on the Schools budget to be transferred to the Dedicated Schools Grant Adjustment Account which had the effect of separating the schools budget deficits from the local authority General Fund until March 2026. There is a risk that the School's deficit continues to increase and schools are not able to make good the deficit through application of future DSG funding when the override is removed in March 2026. The Council is part of the Department of Education's Delivering Better Value (DBV) programme which is providing support to aid the Council in

⁶ [Integrated Budget Plan - Appendix H - Finance Risk Register](#)

activities that reduce the demands of SEN to create a financial sustainable system which it is not at present.

Reserves Forecast

The Council held General Fund and Earmarked Reserves balances totalling £26.9m at 31 March 2024.

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 balances forecast:

As at 31 March 2024	2023/24 £000	2024/25 £000	2025/26 £000
General Fund	3,000	3,000	3,000
Financial Sustainability Strategy & Budget Risk Reserve	2,865	1,654	1,170
Departmental Reserves	3,343	1,456	859
Risk Reserves	8,394	8,015	8,015
Innovation Fund	4,852	2,640	1,714
Process Improvement Fund	3,490	1,490	1,490
Capital Improvement Fund	1,000	1,000	1,000
Total	26,944	19,255	17,248

A Reserve Strategy has been approved as part of the Integrated Budget Plan by Council in February 2024 which informs adequacy of reserves and includes 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 2024/25 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 2025. 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 £55.9m on 31 March 2024. The forecast position for 30 September 2024 is for short term investment balances of £53.4m. 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 2024/25.

41. Material items of Income & Expense

There are two items of material expense included within the Comprehensive Income & Expenditure Statement (CIES):

- A school has transferred to an academy resulting in the assets of the school being disposed of creating a £6.3m loss as the asset is transferred on a long lease to the Academy Trust.
- There is an increase of £6.8m 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.

42. Authorisation of the Accounts

The Strategic Director for Resources authorises these accounts to be issued by the 31 May 2024.

Collection Fund

<i>2022/23</i>		Council Tax £000	2023/24 Business Rates £000	Total £000
<i>Total</i>	Collection Fund			
<i>£000</i>				
	Income			
<i>(36,371)</i>	Council Tax Receivable	(38,506)	-	(36,371)
<i>(19,204)</i>	Business Rates Receivable	-	(11,350)	(11,350)
<i>(36)</i>	Transitional Protection Payments Receivable	-	(576)	(576)
<i>(80)</i>	S13 Reliefs including Local Council Tax Support - General Fund Contribution	-	-	-
<i>(46,460)</i>	Total Income	(38,506)	(11,926)	(50,432)
	Expenditure			
	Precepts			
<i>31,084</i>	Rutland County Council	32,932	-	32,932
<i>4,080</i>	Leicestershire Police	4,349	-	4,349
<i>1,174</i>	Leicester, Leicestershire & Rutland Fire Authority	1,262	-	1,262
<i>36,338</i>	Total Precepts	38,543	-	38,543
	Business Rates Shares			
<i>4,714</i>	Central Government	-	5,314	5,314
<i>4,620</i>	Rutland County Council	-	5,207	5,207
<i>94</i>	Leicester, Leicestershire & Rutland Fire Authority	-	106	106
<i>9,428</i>	Total Business Rates Shares	-	10,627	10,627
	Charges to the Collection Fund			
<i>150</i>	Write Off - Uncollectable Amounts	199	55	254
<i>68</i>	Increase / (Decrease) in Bad Debt Provision	(47)	(41)	(88)
<i>(2,544)</i>	Increase / (Decrease) in Appeals Provision	-	608	608
<i>62</i>	Cost of Collection	-	63	63
<i>35</i>	Renewable Energy	-	35	35
<i>(2,229)</i>	Total Charges to the Collection Fund	152	720	872
	Distribution of Previous Year's Estimated Collection Fund Surplus/(Deficit)			
<i>(2,254)</i>	Central Government	-	1,339	1,339
<i>(2,008)</i>	Rutland County Council	33	1,312	1,345
<i>27</i>	Leicestershire Police	4	-	4
<i>(38)</i>	Leicester, Leicestershire & Rutland Fire Authority	1	27	28
<i>(4,273)</i>	Total Distribution of Previous Year's Estimated Collection Fund Surplus / (Deficit)	38	2,678	2,719
<i>39,264</i>	Total Expenditure	38,734	14,026	52,760
<i>(7,196)</i>	(Surplus) / Deficit on Collection Fund	228	2,100	2,328
	Collection Fund Balance			
<i>3,553</i>	(Surplus)/Deficit B/Fwd 1 April	141	(9,964)	3,553
<i>(7,196)</i>	(Surplus)/Deficit Arising During the Year	228	2,100	2,328
<i>(3,643)</i>	(Surplus)/Deficit Carried Forward 31 March	369	(7,864)	7,495

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 2023/24 the total non-domestic rateable value as at the year end is £36.6m (£33.9m 2022/23). The standard national multiplier for 2023/24 at 51.2p and the small business multiplier was 49.9p (51.2p and 49.9p respectively in 2022/23).

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 2023/24 is calculated as follows:

<i>2022/23 Band D Equivalent</i>	Council Tax Band	Ratio to Band D	Number of Chargeable Dwellings	2023/24 Band D Equivalent
2.36	A*	5/9	5.48	3.04
754.98	A	6/9	1,142.18	761.45
2,697.39	B	7/9	3,523.06	2,740.16
2,481.70	C	8/9	2,847.21	2,530.85
2,289.70	D	9/9	2,310.37	2,310.37
2,676.55	E	11/9	2,173.39	2,656.37
2,284.79	F	13/9	1,586.71	2,291.91
2,086.25	G	15/9	1,262.49	2,104.16
277.49	H	18/9	136.25	272.5
<u>15,551.21</u>		Total	14,987.14	15,670.81
403.17	Ministry of Defence contribution in lieu of council tax			402.50
(155.51)	Allowance for non-collection			(156.71)
<u>15,798.87</u>	Council Tax Base			15,916.60
<i>* with Disabled Relief</i>				

Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. 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 2023/24, 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 pension liability is analysed into the following components:
 - Service cost comprising:
 - Current service cost: the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the 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 receivables 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 accrual 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 15 years *
- infrastructure – straight-line allocation over 25 years

* Previously, the Council has allocated depreciation for vehicles, plant, and equipment over the useful life of the asset ranging between 5 and 10 years. Accordingly, the council had estimated the useful life of the 'Boilers' as maximum of 10 years for the purpose of depreciation. However, as per the latest opinion obtained from a suitably qualified officer, it was revealed that the boilers may use up to minimum of 15 years. Therefore, it was decided to change the ranging of the useful life of vehicles, plant, and equipment for the purpose of depreciation as 5 to 15 years and adjust the said change prospectively in the financial statements.

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		

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Annual Governance Statement 2023/24

To be populated following review and consideration at Audit & Risk Committee in July 2024 and subsequently signed off by the Chief Executive Officer and Leader of the Council.

