



**ANNUAL  
ACCOUNTS  
2023/24**



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# Introductory Statements

# Narrative Statement

This report sets out to provide the context for the Council's financial statements and to demonstrate how the Council has achieved its desired objectives for 2023/24.

## 1. Introduction

Leicester City Council is a unitary authority in the East Midlands consisting of 54 councillors, representing 21 wards in the city, overseen by a directly elected City Mayor.

The Council's responsibilities are wide-ranging and include services it is legally required to provide (e.g. adult social care and waste collection) as well as discretionary services such as parks, open spaces and leisure centres.

Leicester City Council employs more than 11,000 staff, who are responsible for delivering services to a diverse range of customers. Examples of the areas in which they work are below:

- Neighbourhood and Environmental Services
- Adult Social Care
- Children's Social Care
- Housing
- Public Health & Sports
- Schools (over 40% of our employees work within schools).

During 2023/24 the Council faced increased costs, particularly relating to increased levels of demand for children's social care (£11.3m) and services to homeless households (£7.8m). While the final out-turn for the year was a £1.7m underspend against

budgets, this includes some one-off income items and does not fairly represent the significant financial pressures the Council is facing. The net call on the managed reserves strategy in year was almost £30m, and the reserves available to support future budgets are rapidly being depleted.

The underlying demand and cost pressures, which are recognised as national issues, are expected to continue into 2024/25 and will continue to put strain on the Council's finances. Without further action, the budget gap will grow in future years and available managed reserves will be exhausted.

### **Vision & Values**

The vision of the Council is that we will operate with creativity and drive for the benefit of Leicester and its people. To achieve this, we have committed to five values:

- Confidence
- Clarity
- Respectfulness
- Fairness
- Accountability

The City Mayor's vision is for Leicester to be a proud, dynamic, diverse and innovative city; that unifies around a shared civic pride and identity; and that works together to tackle the threat of the climate emergency and the injustice of social and economic inequality, and as a result becomes a safer, happier, fairer place to live and work.

The vision is underpinned by ten priorities:

- Supporting People
- Supporting Communities
- A good home
- A good job
- Safe, clean streets
- Climate ready
- Our well-being
- Our children and young people
- Our quality of life
- Our care services

Some of the key outcomes from the Mayor's pledges in 2023/24 have been:

- Continued improvement in transport infrastructure through the Connecting Leicester programme;
- Investment in council housing;
- Planned investment of £45m to address the homelessness crisis and pressures on temporary accommodation in the city.

# Narrative Statement

## 2. Financial Performance

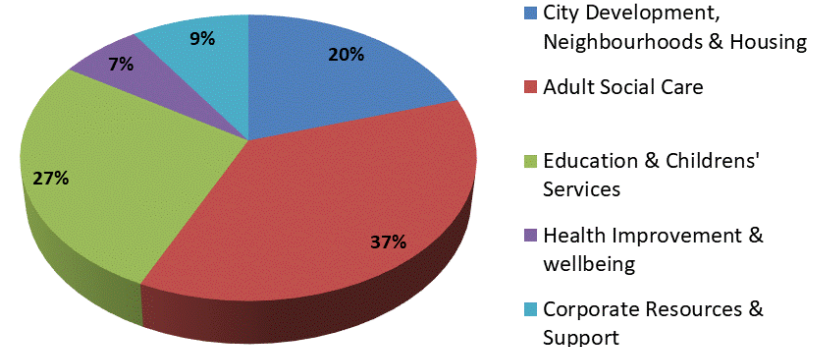
The budget for 2023/24 was set in an unprecedented and difficult financial situation. Following on from severe spending cuts for over a decade and the pandemic and cost of living crises, that put pressure on service spend and on income streams. It is positive to note the Council has managed to remain within its resources for this financial year.

Net expenditure on cost of services was £401m in 2023/24 and £443m in 2022/23. The chart to the right sets out the spend by General Fund service area.

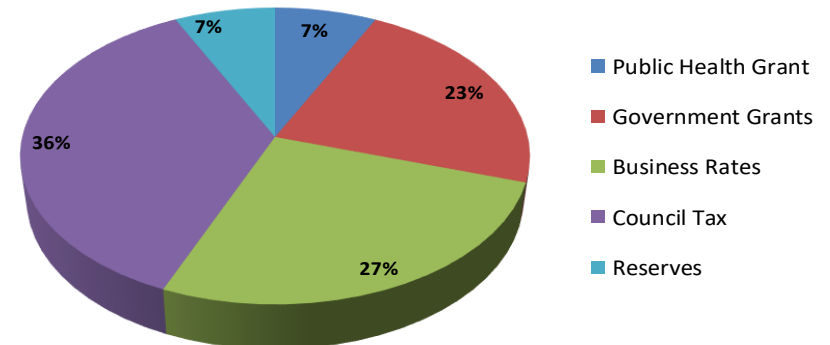
The services above are funded through various resources as demonstrated below.

The Expenditure and Funding Analysis at note 2 in the accounts shows the relationship between the outturn position and what is reported in the Council's Comprehensive Income & Expenditure Statement.

**2023/24 Spend by Category**  
(General Fund Net Spend)



**2023/24 Sources of Funding**  
(General Fund)

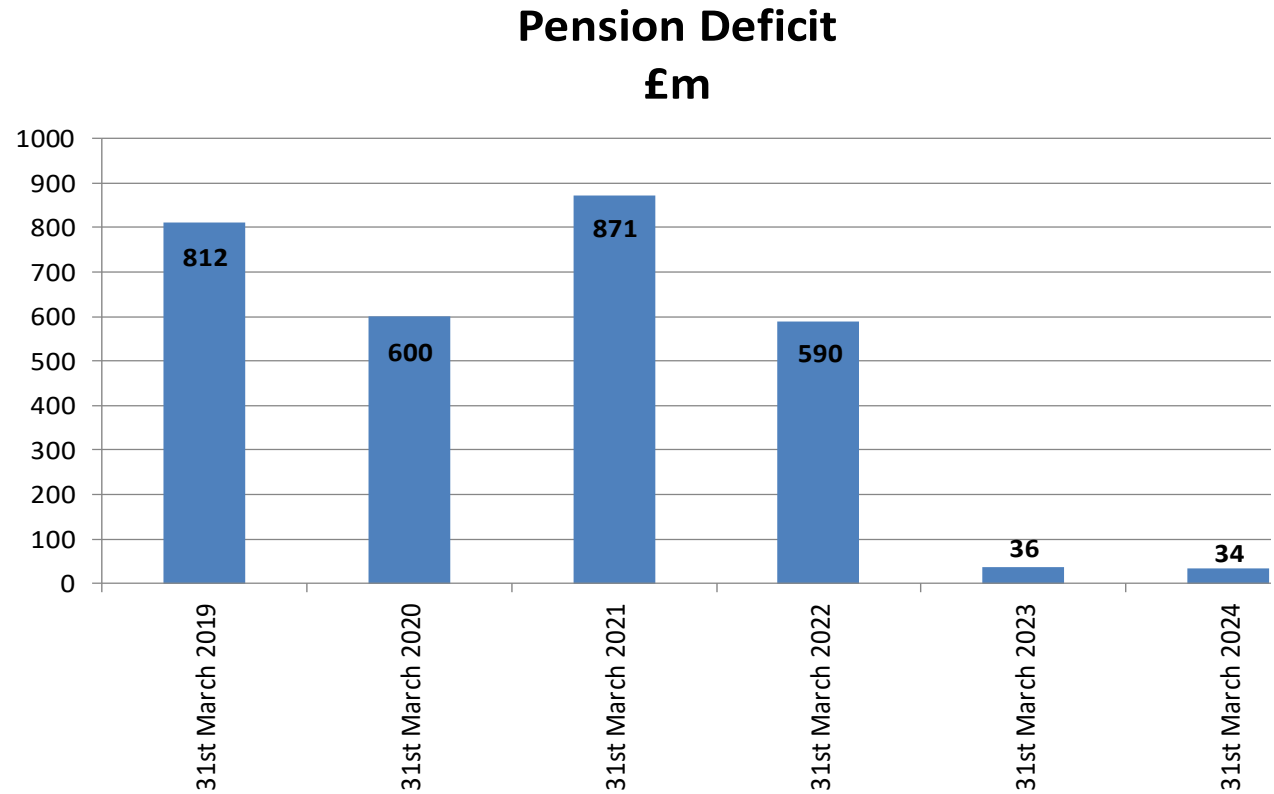


# Narrative Statement

## Pension Liabilities

The Council is a member of the Leicestershire local authority pension scheme. In common with many such schemes, the scheme position has recently improved, after showing significant deficits for several years. This represents the difference between expected investment returns and the cost of providing benefits to scheme members which have been earned to date, whilst also taking into account the contributions made by the Council.

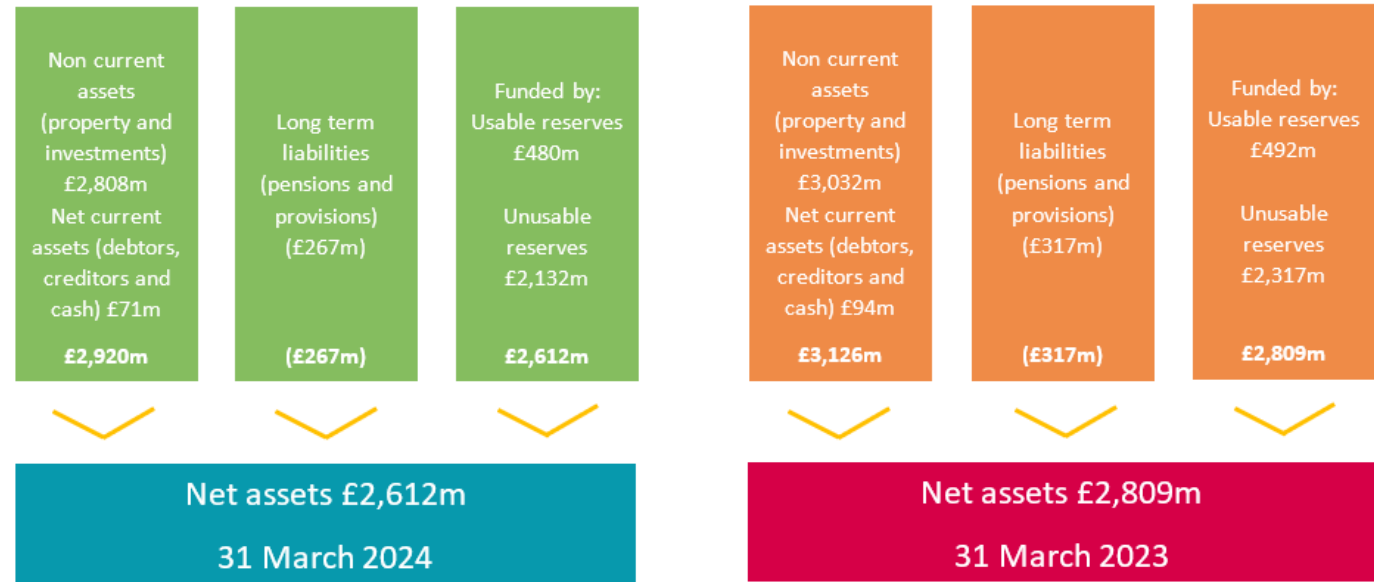
Variations between the years will occur, principally due to changes in assumptions made by the scheme actuaries about the growth of future liabilities and rates of returns on the fund's investments. The graph to the right illustrates the volatility that can occur on a year-by-year basis because of these changes, and hence the limited context in which annual movements should be viewed. This year the Council have a net asset on the pension fund, however due to asset ceiling accounting requirements the position shown in the accounts is a £34m deficit relating to unfunded liabilities. This is explained further in the pension fund disclosures in Note 42.



# Narrative Statement

## Net Assets

The Council maintains a strong balance sheet despite financial challenges, with net assets of £2,612m at 31st March 2024 (£2,809m at 31st March 2023).



## Cash Flow Management

Cash management differs from budget management in that cash balances do not represent sums which could be used to support the budget.

The Council's treasury strategy is based on utilising cash balances to fund capital expenditure without the need to borrow.

Outstanding borrowing is kept under review; early repayment of £25m was made in the year, due to changes in market interest rates.

Cash & Cash equivalents at 31st March 2024 were £91m, which was £8m higher than the previous year, as a result of receiving government grants ahead of need. Some of the Council's cash balances are held on behalf of other organisations such as Leicestershire Fire Authority which are ultimately repayable. Cash balances can vary significantly on a day to day basis as grants are received and spent so it is prudent to maintain a level of cash that is readily available to manage the Council's business. Cash can also be used to repay debt, but Government rules usually make it too expensive to repay PWLB debt.

# Narrative Statement

## Capital

The Council has an ambitious capital programme aimed at regenerating the City, including:

- Neighbourhood works
- Levelling up schemes
- Council house improvements
- Additional school places
- Affordable Housing

Capital expenditure of £140m was incurred in 2023/24 compared to £144m in 2022/23. Details of the spending can be seen in the table.

The key projects within 2023/24 that are expected to continue during 2024/25 and beyond are Connecting Leicester scheme, redevelopment of Waterside, Leicester Market Redevelopment and our Levelling Up projects.

Capital Expenditure 2023/24		
Category	£m	Spending includes;
Planning, Development & Transport	58.5	Connecting Leicester, Waterside Strategic Regeneration area, Leicester Railway Station Levelling Up, Pioneer Park Levelling Up, Electric bus investment, Transport Improvement
Housing Revenue Account	39.8	Affordable Housing Acquisitions, Council House Improvements; including environment and communal
Schools	17.8	Schools' maintenance, additional Primary, Secondary and SEND places
Tourism, Culture & Inward Investment	7.6	Jewry Wall Museum, Leicester Market Redevelopment, Pilot House Levelling Up & Growth Hub
Estates & Building Services	11.0	Energy Efficiency Technology, Property and Operational Estate Maintenance, Green Homes
Neighbourhood & Environmental Services	1.5	Waste vehicles, Western Park Sanitisation Tree Works, Reuse shop expansion and Parks & Open Spaces
Housing General Fund	3.3	Disabled facilities grant, Vehicle Fleet Replacement Programme
Other	0.5	Public Health schemes
<b>TOTAL</b>	<b>140.0</b>	



# Narrative Statement

## Leicester and Leicestershire Enterprise Partnership (LLEP)

The Council is the accountable body to the LLEP, which is formally constituted as a limited company although has remained dormant. Until 31st March 2024, the LLEP was a strategic body comprising local government and business leaders, together with senior education and third sector representatives. Its remit was to create economic prosperity in Leicester and Leicestershire. From 1st April 2024, and in line with Government policy developments, the core functions transfer to Leicester City Council and Leicestershire County Council. The City Council will act as the lead authority.

As the accountable body for the LLEP, the Council oversaw its finances. As at the 31st March 2024, the Council held £18.2m; the total is shown as a creditor in the balance sheet. The LLEP's operating income and expenditure is not included in the core statements of the Council. From 1st April 2024, all funds associated with the LLEP will be held by the Council directly as the lead authority.

The table below shows the total operating income & expenditure for the LLEP during 2023/24.

	<b>2023/24</b>
	<b>£000's</b>
<b>Income</b>	
Grants	253
Contributions	33
Fees, Interest and Other Income	966
National and Local Programme Income	1,582
<b>Total income</b>	<b>2,834</b>
<b>Expenditure</b>	
Staffing	703
Running Costs	237
Accountable Body Costs	154
Programme Delivery	1,351
<b>Total expenditure</b>	<b>2,445</b>
<b>Net Surplus / (Deficit)</b>	<b>389</b>

# Narrative Statement

## **3. Governance**

Details regarding the Council's governance arrangements can be found in the Annual Governance Statement (page 149) along with the significant risks facing the authority.

## **4. Looking Ahead**

The Council has set a balanced budget for 2024/25, with a contribution from managed reserves and using General Fund balances. Further detail on the Council's long-term strategy can be found in the budget report, which is available on the Council's website.

However, the future outlook continues to be extremely difficult. In common with many authorities across the country, significant demand pressures in social care and support for homeless households are expected to continue. Whilst some new funding has been made available, it is insufficient to meet our forecast cost growth.

The Council is forecasting future substantial budget gaps and estimates that available managed reserves will run out part way through 2024/25 unless we make significant savings. Departments within the Council are working on achieving savings where possible, which is a continuous process, with identified savings being made throughout the course of the year.

In addition to the General Fund budget pressures highlighted above, the Dedicated Schools Grant (High Needs Block) budgets for children and young people with special educational needs and

disabilities continue to be under severe pressure. These budgets have recorded a £3.7m overspend in 2023/24, resulting from unavoidable overspends, with the cumulative balance on the DSG deficit reserve being £9.6m. Under a "statutory override" available until 2025/26, this deficit does not reduce our General Fund reserves. However, we are preparing a deficit recovery plan, which all authorities are required to do, although it remains unclear how the situation is retrievable without further government support, given the continued increase in demand for these services.

The Council was subject to a cyber incident in March 24, further details of this incident and the risk are reported in the Annual Governance Statement.

Further detail on the risks facing the Council can be found in the Annual Governance Statement.

## **5. Conclusion**

The Council expects to continue to operate within a reducing revenue budget envelope for the immediate future. With continuing demographic and needs led pressures, managing within its means whilst providing good quality services will remain the primary challenge to the Council.

The Council will need to continue to work to ensure that it uses its cash and fixed asset resources in the most efficient and effective way possible. This will be important in maximising available resources whilst operating with prudent financial disciplines.

Further details on the Council's organisational structure, corporate plans and strategic issues can be found in the Annual Governance Statement.

# Narrative Statement

## **6. Structure of the Statement of Accounts and Core Accounting Statements**

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31st March 2024. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. This is based on International Financial Reporting Standards adopted for use in the public sector context. The Core Statements are:

- The **Comprehensive Income and Expenditure Statement (CIES)** – this shows the net cost of providing services. This statement is prepared on the accounting basis. The Expenditure and Funding Analysis compares the CIES with the level of income and expenditure which are taken into account when setting the annual budget and council tax, since certain amounts are disregarded under statute.
- The **Movement in Reserves Statement** is a summary of the changes in the Council's reserves over the course of the year. Reserves are divided into usable reserves which can be used to fund future expenditure and unusable reserves which are maintained to meet statutory responsibilities.

- The **Balance Sheet** shows the Council's assets and liabilities at the year end. Net assets are matched by reserves which may be usable or unusable.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents during the year and explains the reasons.

The Supplementary Financial Statements are:

- The **Annual Governance Statement** which provides an overview of the Council's key governance arrangements; along with updating readers on the conclusions of the annual review, including any changes and improvements that are being made.
- The **Housing Revenue Account** is a statutory ringfenced account relating to the provision of rented social housing.
- The **Collection Fund** which records all income and expenditure in relation to council tax and business rates and the redistribution to precepting authorities.

The notes to these financial statements provide more detail about the Council's accounting policies and individual transactions.

## **Group Accounts Preparation:**

The Council has not identified any subsidiaries, associated companies or joint ventures in which it has material interest and therefore is not required to prepare group accounts.

# Statement of Responsibilities for the Statement of Accounts

## 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 Council, that officer is the Section 151 Officer.
- Manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

These accounts are not yet approved by the Governance and Audit Committee.

**Signed:**

**Chair of Governance and Audit Committee**

**Date:**

## Statement of Responsibilities for the Statement of Accounts (continued)

### The Section 151 Officer Responsibilities

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

In preparing this Statement of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Section 151 Officer has also:

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

I certify that the Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the City Council and its income and expenditure for the year ended 31<sup>st</sup> March 2024.

**Signed:**

# Independent Auditor's Report to the Members of Leicester City Council

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# Core Financial Statements

# Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement** shows the Council's actual financial performance for the year on the accounting basis, measured in terms of the resources consumed and generated over the financial period under the relevant accounting standards. This statement shows a deficit in 2023/24 of £196m.

Total comprehensive income and expenditure includes various transactions which illustrate aspects of the Council's financial position but do not impact on the 'bottom line' amounts chargeable to taxpayers, in particular gains on the revaluation of pension liabilities and gains on revaluation of property assets.

Restated 2022/23				2023/24		
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp
£000	£000	£000		£000	£000	£000
209,128	(81,717)	127,411	City Development & Neighbourhoods	195,396	(86,837)	108,559
104,586	(84,451)	20,135	Housing Revenue Account (HRA)	93,818	(93,320)	498
199,440	(61,275)	138,165	Adult Social Care	211,844	(75,522)	136,322
36,584	(38,078)	(1,494)	Health Improvement & Wellbeing	38,383	(41,619)	(3,236)
431,969	(314,809)	117,160	Education & Children's Services	448,038	(315,153)	132,885
60,982	(17,911)	43,071	Corporate Resources & Support	56,128	(19,082)	37,046
73,038	(73,363)	(325)	Housing Benefits	73,875	(73,424)	451
93	(296)	(203)	Corporate Items	(3,279)	(359)	(3,638)
-	(517)	(517)	Capital Financing	-	(517)	(517)
<b>1,115,820</b>	<b>(672,417)</b>	<b>443,403</b>	<b>Cost of Services</b>	<b>1,114,203</b>	<b>(705,833)</b>	<b>408,370</b>

## Comprehensive Income and Expenditure Statement (continued)

2022/23			2023/24			
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp
£000	£000	£000	Note	£000	£000	£000
		(8,228)	Other Operating Income and Expenditure	11		104,684
		31,802	Financing and Investment Income and Expenditure	12		13,323
		(367,809)	Taxation and Non-Specific Grant Income and Expenditure	13		(423,295)
		<b>99,168</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>14</b>		<b>103,082</b>
		(146,062)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	26b		75,038
		(602,486)	Remeasurement of the Net Defined Benefit Pension Liability	42		17,997
		<b>(748,548)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>93,035</b>
		<b>(649,380)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>196,117</b>

# Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (those that can be applied to fund expenditure or reduce local taxation) and unusable reserves which contain items that illustrate the difference between the Council’s financial position under accounting standards (the “accounting basis”) and the amount charged to the taxpayer for the year (the “funding basis”).

2023/24		General Fund Balance	Earmarked Reserves	General Fund Total	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>31st March 2023 brought forward</b>		<b>(15,000)</b>	<b>(302,346)</b>	<b>(317,346)</b>	<b>(25,377)</b>	<b>-</b>	<b>(123,122)</b>	<b>(25,822)</b>	<b>(491,667)</b>	<b>(2,316,902)</b>	<b>(2,808,569)</b>
Total Comprehensive Expenditure and Income		92,446	-	92,446	10,636	-	-	-	103,082	93,035	196,117
Adjustments between accounting basis & funding basis under regulation	9	(82,755)	-	(82,755)	(7,974)	-	(1,533)	479	(91,783)	91,781	(2)
Transfers (from) / to Earmarked Reserves	10	(9,692)	9,692	-	-	-	-	-	-	-	-
<b>Balance at 31st March 2024 carried forward</b>		<b>(15,001)</b>	<b>(292,654)</b>	<b>(307,655)</b>	<b>(22,715)</b>	<b>-</b>	<b>(124,655)</b>	<b>(25,343)</b>	<b>(480,368)</b>	<b>(2,132,086)</b>	<b>(2,612,454)</b>

## Movement in Reserves (continued)

2022/23		General Fund Balance	Earmarked Reserves	General Fund Total	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31st March 2022 brought forward</b>		<b>(15,000)</b>	<b>(342,013)</b>	<b>(357,013)</b>	<b>(32,532)</b>	-	<b>(105,489)</b>	<b>(69,121)</b>	<b>(564,155)</b>	<b>(1,595,034)</b>	<b>(2,159,189)</b>
Total Comprehensive Expenditure and Income		66,653	-	66,653	32,515	-	-	-	<b>99,168</b>	(748,548)	<b>(649,380)</b>
Adjustments between accounting basis & Funding basis under regulation	9	(26,986)	-	(26,986)	(25,360)	-	(17,633)	43,299	<b>(26,680)</b>	26,680	-
Transfers (from)/to Earmarked Reserves	10	(39,667)	39,667	-	-	-	-	-	-	-	-
<b>Balance at 31st March 2023 carried forward</b>		<b>(15,000)</b>	<b>(302,346)</b>	<b>(317,346)</b>	<b>(25,377)</b>	-	<b>(123,122)</b>	<b>(25,822)</b>	<b>(491,667)</b>	<b>(2,316,902)</b>	<b>(2,808,569)</b>



# Balance Sheet

The Balance Sheet shows the Council's assets and liabilities.

The top of the Balance Sheet shows the Council's net assets. Assets include property, plant & equipment, intangible assets, amounts owed to the Council and the Council's cash and financial investments. Liabilities include amounts owed by the Council (including conditional funding received), provisions made in respect of future events, the Council's borrowing and the deficit on the Council's pension fund.

The bottom of the Balance Sheet shows how the Council's net assets are financed by reserves, which are divided into usable and unusable reserves.

31st March 2023		Note	31st March 2024
£000			£000
2,830,261	Property, Plant & Equipment	15	2,661,608
120,731	Heritage Assets	16	121,030
954	Intangible Assets	17	758
70,000	Long Term Investments	18a	15,000
10,220	Long Term Debtors	20	9,737
<b>3,032,166</b>	<b>Long Term Assets</b>		<b>2,808,133</b>
135,895	Short Term Investments	18a	90,315
6,583	Assets Held For Sale (<1 year)	22	2,810
3,158	Inventories	19	3,252
79,465	Short Term Debtors	20	101,576
82,773	Cash and Cash Equivalents	21	90,820
<b>307,874</b>	<b>Current Assets</b>		<b>288,773</b>

## Balance Sheet (continued)

31st March 2023		Note	31st March 2024
£000			£000
(25,589)	Short Term Borrowing	18a	(36,209)
(184,262)	Short Term Creditors	23	(175,006)
(4,373)	Provisions (<1 year)	24	(3,376)
<b>(214,224)</b>	<b>Current Liabilities</b>		<b>(214,591)</b>
(6,237)	Provisions (>1 year)	24	(5,980)
(180,103)	Long Term Borrowing	18a	(134,491)
(125,211)	Other Long Term Liabilities	18a & 42	(119,316)
-	Revenue Grants Receipts in Advance	35	(2,797)
(5,696)	Capital Grants Receipts in Advance	35	(7,278)
<b>(317,247)</b>	<b>Long Term Liabilities</b>		<b>(269,862)</b>
<b>2,808,569</b>	<b>Net Assets</b>		<b>2,612,453</b>
	<u>Represented by:</u>		
491,667	Usable Reserves	25	480,368
2,316,902	Unusable Reserves	26	2,132,086
<b>2,808,569</b>	<b>Total Reserves</b>		<b>2,612,454</b>

# 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. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. 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.

2022/23		2023/24	
£000		Note	£000
99,168	Net (surplus) or deficit on the provision of services		103,082
(133,214)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(163,977)
96,326	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	27	103,290
<b>62,280</b>	<b>Net cash flows from Operating Activities</b>		<b>42,395</b>
21,163	Net cash flows from Investing Activities	28	(89,957)
(10,535)	Net cash flows from Financing Activities	29	39,516
<b>72,908</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(8,046)</b>
155,681	Cash in hand / (overdraft) and cash equivalents at the beginning of the reporting period		82,773
<b>82,773</b>	<b>Cash in hand / (overdraft) and cash equivalents at the end of the reporting period</b>	<b>21</b>	<b>90,819</b>

# Explanatory Notes To The Core Financial Statements

# Note 1 Accounting Policies

## Changes in Accounting Policies

In 2023/24 there are no changes to our accounting policies.

## Accounting Policies for 2023/24

### 1. General Principles

The Statement of Accounts summarises the City Council's transactions for the 2023/24 financial year and its position at the year end of 31st March 2024. The Council is required to prepare an annual statement by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority accounting in the United Kingdom 2023/24, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Figures within the Statement of Accounts may be adjusted by up to £2,000 to take account of rounding differences arising due to reporting figures in thousands (£000s)

### 2. Recognition of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services 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 of the contract;
- Supplies are recorded as expenditure when they are consumed. Where supplies are held for future use they are shown as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded when the services are received rather than when payments are made;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on 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.

### 3. 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 investments that mature within three months from the date of acquisition and 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 part of the Council's cash management.

### 4. Charges to Revenue for Non-Current Assets

Service revenue accounts & support services are charged with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service. Depreciation is calculated on opening Net Book Values;

## Note 1 Accounting Policies (continued)

### 4. Charges to Revenue for Non-Current Assets (continued)

- Revaluation & impairment losses on assets used by the service where there were no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, the Council's policy is to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirements. This is known as "Minimum Revenue Provision" (MRP). The Council is also able to make additional voluntary MRP known as "Voluntary Set Aside" (VSA).

Depreciation, impairment losses, and amortisations are therefore replaced by MRP and VSA in the Movement in Reserves Statement by way of an adjusting transaction within the Capital Adjustment Account for the difference between the two.

The Council's full policy on the calculation of Minimum Revenue Provision is set out in the annual budget approved by Council. The Council's MRP policy brings the charge into line with asset lives.

### 5. Council Tax & Non Domestic Rates

The Council as a billing authority acts 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 legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately 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 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 Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement 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 end of the year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

### 6. Employee Benefits

#### Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include wages, salaries, paid annual and sick leave, bonuses and other non-monetary benefits (e.g. cars) for current employees and are recognised in the year in which the employee renders the service. An accrual is made for the cost of holiday entitlement earned by the employee but not taken before the end of the financial year. The accrual is made at the wage and salary rates applicable in the period the employee takes the benefit. This accrual is charged to services and reversed into the period when the entitlement is taken. To avoid an impact on balances this is reversed in the Movement in Reserves Statement.

## Note 1 Accounting Policies (continued)

### 6. Employee Benefits (continued)

#### Termination Benefits

Termination benefits are payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or the officer's decision to accept voluntary redundancy.

These costs are charged on an accrual basis to the Cost of Services in the CIES when the Council is committed to the termination, or makes an offer to encourage voluntary redundancy.

When these involve enhancement of pensions the General Fund is required to be charged with the amount payable, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.

#### Post-employment Benefits

Employees of the Council may be members of one of three separate pension schemes:

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

- The NHS Pension Scheme (in relation to staff transferring from the NHS as part of the adoption of responsibility for public health), administered by the NHS Business Services Authority.

All schemes provide defined benefits to members (retirement lump sums and pensions), to which entitlement is earned as employees work for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for those benefits cannot be identified as specifically accruing to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's services line in the CIES is charged with the employer's contributions payable to teachers' pensions in the year.

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

- The liabilities of the Leicestershire County Council Pension Scheme attributable to Leicester City 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 future earnings for current employees;

- The assets of the Leicestershire County Council Pension fund attributable to Leicester City Council are included in the Balance Sheet at their fair value;
- The change in the net pensions liability between Balance Sheet dates is analysed into six components:
  - Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the revenue accounts of services for which the employees worked;
  - Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the CIES as part of Cost of Services;
  - Net interest on the defined benefit liability – the net of the expected increase in the present value of liabilities over the year arising from the passage of time and the expected return on scheme assets discounted at the discount rate used for the liabilities. This is part of Financing & Investment Income & Expenditure;

## Note 1 Accounting Policies (continued)

### 6. Employee Benefits (continued)

#### Post-employment Benefits (continued)

- Gains/losses on settlements and curtailments – the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services as part of Non-Distributed Costs;
- Re-measurements of the net defined benefit obligation – this is the change in the net pensions liability over the year attributable to changes in demographic and financial assumptions;
- Contributions paid to the Leicestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement, to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance on the Pensions Reserve measures the beneficial impact on the General Fund for

accounting on a cash basis rather than as the benefits are earned.

#### Discretionary Benefits

The Council also has limited 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 and ex-NHS staff) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

#### 7. Events after Balance Sheet date

Events after the Balance Sheet date are those events, favourable or adverse, that occur between the end of the reporting period and the date that the Statements are authorised for issue. Two types of events could be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The statements are adjusted to reflect this better understanding of the situation at the Balance Sheet date;
- Those indicative of conditions that arose after the reporting period, but are relevant to the reader's understanding of the Council's financial position. The Statements are not adjusted, but if the events would have a material effect on the

reader's understanding, disclosure is made 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 Statements.

### 8. Financial Instruments

#### Financial Liabilities

Financial liabilities 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 and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability.

For most of the borrowings that the authority 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.

#### 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:



## Note 1 Accounting Policies (continued)

### 8. Financial Instruments (continued)

#### Financial Assets (continued)

- amortised cost;
- fair value through profit or loss (FVPL), and

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 (ie where the cash flows do not take the form of a basic debt instrument).

### 9. Government Grants and Contributions

#### Grant Conditions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of the entitlement to the grant/contribution and there is reasonable assurance that the monies will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that future economic benefits or service

potentials embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or returned to the payer.

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

#### *Acting as a principal or agent*

Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary, then the net balance of monies to either be repaid or due to the Council, will be shown on the balance sheet.

It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant.

### 10. Leases

Leases are classified as either 'finance' or 'operating' leases.

A finance lease is one where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of property, plant or equipment from the lessor to the lessee.

All other leases are classified as operating leases – in these cases the annual receipt/payment is simply recognised in the CIES and the future commitments disclosed in the note to the accounts.

Where a lease covers both land and buildings each element is considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use the asset in return for a consideration are accounted for under this policy.

#### *Council as Lessor*

Where the Council is a lessor and has granted a finance lease over property or equipment, which is considered material, the relevant asset is written out of the Balance Sheet. Rentals under such leases are apportioned between:

- Finance income (credited to Finance and Investment income in the CIES).
- Charge for acquisition of the interest in the property (treated as a capital receipt and is used to reduce the long-term debtor created at the start of the lease).

## Note 1 Accounting Policies (continued)

### 10. Leases (continued)

#### *Council as Lessee*

Where the Council is a lessee and holds assets under a finance lease the relevant assets are recognised as assets and added to the non-current assets on the Balance Sheet at the fair value measured at the lease inception (or the present value of minimum leases payments, if lower). The asset's recognition is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods they are incurred. Payments under such leases are apportioned between:

- Finance Income (charged to the Finance and Investment expenditure in the CIES).
- Charge for acquisition (debited against the lease liability created when the non-current asset is recognised on the Balance Sheet).

### 11. Property Plant and Equipment

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

#### *Recognition:*

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, subject to a de minimis limit of £10k so that small items of

expenditure may be charged to revenue. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue.

#### *Measurement:*

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred during the construction period.

The cost of assets acquired other than by purchase, and donated assets, is deemed to be its current value. Gains are credited to the Revaluation Reserve and included in the Other Operating Income and Expenditure line of the CIES.

Assets are carried in the Balance Sheet using the following measurement basis:

- Council dwellings – current value using basis of existing use value for social housing.
- Vehicles, Plant, and Equipment: Mainly at historic cost net of depreciation, with a few assets being subject to current value measurement.
- Infrastructure Assets, Community Assets, and Assets under Construction:

Depreciated historic cost or nominal value in the main, with a few being subject to current value measurement.

- Land and Buildings: Current value, determined as the amount that would be paid for the asset in existing use (based on market value at highest and best use). Where there is no market-based evidence of current value because of the specialized nature of the asset, depreciated replacement cost is used as an estimate of current value.
- All Other Assets Including Surplus Assets: Fair value, determined as the amount that would be paid for the asset in existing use (based on market value at highest and best use).

Other PPE valuations are carried out by the Council's qualified valuers "to existing" assets and are included in the Balance Sheet at current value. The Council's PPE are revalued annually, with the exception of low-value and de minimis assets. Annual valuations of council dwellings are carried out by a specialist external valuer.

## Note 1 Accounting Policies (continued)

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

#### *Impairment:*

The values of each category of asset and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified, it is accounted for as follows:

**Consumption of Economic Benefit:** If the impairment is clearly attributable to the consumption of economic benefit, the loss is charged to the relevant service revenue account.

**Other Impairments:** If the impairment is not attributable to the consumption of economic benefit, it is written off against any previous revaluation gains attributable to the asset in the Revaluation Reserve. Any excess impairment is then charged to the Surplus or Deficit on Provision of Services (SDPS).

#### *Disposals:*

When it becomes probable that the carrying amount of an asset will be recovered from sale rather than through continued use, it is immediately revalued and reclassified as an Asset Held for Sale. The asset is then carried at fair value less costs to sell.

For assets that no longer meet the criteria of Assets Held For Sale they are reclassified back to non-current assets and valued back to their carrying value before being reclassified, adjusted for depreciation that would have been incurred.

When an asset is disposed of or de-commissioned, the value of the asset in the Balance Sheet is written off to the Other Operating Income and Expenditure line in the CIES as part of the gain or loss on disposal.

Receipts from disposals are credited to the CIES 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). Amounts in excess of £10k are categorised as capital receipts.

A proportion of receipts relating to Housing Revenue Account (HRA) dwellings sold under the Right To Buy (RTB) rules from 1st April 2012 is payable into a government pool, with the balance of the receipts (after a deduction to compensate the HRA for a higher level of sales under the new rules) being available for general capital investment plus a prescribed requirement to provide new affordable housing. 50% of HRA receipts from non-RTB disposals are also required to be paid into the government pool, unless they are reinvested in new affordable housing or regeneration capital schemes, in which case the pooling requirement is waived.

Usable capital receipts are credited to the Usable Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement).

The written-off value of disposals is not charged against council tax, as the cost of non-current assets is fully provided for under separate

arrangements for capital financing.

#### *Depreciation:*

Depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods in which the benefits from their use are expected to arise.

Depreciation is calculated on the following bases:

- Council dwellings – dividing the buildings element of the valuation (i.e. current less an adjustment for social housing) by the residual life (25-75 years) of the property.
- Other buildings - straight-line allocation over the life of the property subject to a maximum of 50 years as estimated by the valuer.
- Vehicles – on a straight-line basis over 5-7 years.
- Plant and Equipment – straight-line over the estimated life of the asset.

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 charged based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Note 1 Accounting Policies (continued)

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

Depreciation is calculated on opening net book values and is based on the remaining useful life on the assets.

#### Schools

Schools assets are included within the Council's Balance Sheet in line with the criteria for recognition of non-current assets set out in the Code of Practice. Consideration is given to the recognition of the assets on a school-by-school basis but in effect the assets of all schools run under the standard community schools model (including Voluntary Controlled schools) are recognised because the Council is both the legal owner of the assets and also the beneficiary of them in substance. Where the governance of the school differs from the community school model (for example Academies, Voluntary Aided and Foundation Trust schools), the Council considers whether it has effective control of the school's assets in respect of access to future economic benefits or service potential, and also its exposure to the risks of ownership. Where this is not the case, the assets are not recognised on the Council's Balance Sheet.

Where schools become Academies, the Council retains legal title to the assets of the school but transfers the economic benefits and service potential of those assets to the Academy by way of a long lease. The Council therefore derecognises those assets from its Balance

Sheet in line with the Code of Practice's provisions on leasing.

#### Heritage Assets

- Heritage assets are classified and measured on the following basis: Heritage Buildings – Current Value
- Museum/Gallery Exhibits (including Mayoral Regalia and Civic Silver) - Insurance Value (based on revaluation every three years)
- Statues and Monuments - Insurance Value

The carrying amounts in the Balance Sheet of all the assets (i.e. other than museum exhibits and assets held at nominal current value) are reviewed as part of the on-going revaluation programme undertaken by the Council. Where there is evidence of impairment, such as physical deterioration, that impairment will be recognised and measured in accordance with the Council's general policies on impairment.

Asset purchases will be recognised at cost and acquisitions (for example donations) will be initially recognised at a nominal value until valuations can be ascertained by either the museum's curators with reference to the appropriate commercial markets, or by an external valuer.

The Council may dispose of heritage assets which have a doubtful provenance or are

unsuitable for display. Proceeds of such items will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with the statutory requirements relating to capital expenditure and capital receipts (see Note 15 – Property, Plant and Equipment).

Heritage Assets are not depreciated.

#### Highways Infrastructure Assets

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

#### Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits will flow to the authority and the cost can be measured reliably.

#### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums

## Note 1 Accounting Policies (continued)

borrowed as at 1st 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.

### 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 Highways Department using industry standards where applicable as follows:

Part of the highways network	Useful life (Years)
Carriageways	25
Footways and cycleways	25
Structures	120
Street Lighting	40
Traffic Management	20

### 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.

### 12. Private Finance Initiatives (PFI)

PFI, and similar contracts, are agreements to receive services which may include the requirement to provide assets by the supplier in the delivery of the service. As the Council is deemed to control the service, and ownership of the property will pass to the Council at the end of the contract with no extra charge, the Council carries the value of the asset on its Balance Sheet as part of Property, Plant and Equipment.

The initial recognition of the assets, at current value, is balanced by the recognition of the liability for amounts due to the scheme contractor to pay for the capital investment.

The amounts payable to the PFI contractor each year comprise:

- Value of the service received in the year – charged to relevant service in the CIES.
- Finance Cost – the interest charge on the outstanding Balance Sheet liability, charged to the Finance and Investment line in the CIES.
- Contingent Rent – lease payments that increase or decrease as a result of changes in factors occurring subsequent to the inception of the lease, other than the passage of time.
- Payment towards the liability – applied to the Balance Sheet Liability.
- Lifecycle Costs – additional expenditure on assets either added as prepayment for the asset or to the service lines where not material, when the relevant work is carried out.

## Note 1 Accounting Policies (continued)

### 13. Provisions, Contingent Liabilities and Assets

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by transfer of economic benefits and a reliable estimate can be made to the amount of the obligation.

Provisions are charged as an expense to the appropriate service in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Contingent liabilities arise where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council. Contingent assets arise 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. Both contingent items are not recognised in the Balance Sheet but disclosed further in the notes to the accounts.

### 14. Reserves

The Council sets aside specific amounts as usable reserves for future policy provisions or to cover contingencies. Reserves are created by appropriating amounts of the General Fund

Balance.

Certain unusable 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 further detail in Note 26 to the accounts.

### 15. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the CIES, in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, it is transferred from the General Fund to the Capital Adjustment Account so there is no impact on the level of Council Tax.

### 16. Schools

Where the Council determines that the overall balance of control of schools lies within the Council those schools' assets, liabilities, reserves and cash flows are recognised in the Council financial statements. Therefore, schools' transactions, cash flows and balances are recognised in the Financial Statements of the Council as if they were the transactions, cash flows and balances of the Council. Academies and other schools such as voluntary aided

schools, where control does not lie with the Council, are excluded from the Council's financial statements.

### 17. VAT

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

### 18. Prior Period Adjustments, changes in accounting policies and estimates and errors

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

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

## Note 2 Expenditure & Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. A breakdown of adjustments is included in note 8.

2023/24	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
	£000	£000	£000
City Development & Neighbourhoods	64,216	44,343	108,559
Housing Revenue Account (HRA)	(9,135)	9,632	498
Adult Social Care	137,270	(948)	136,322
Health Improvement & Wellbeing	(2,744)	(492)	(3,236)
Education & Children's Services	108,864	24,021	132,885
Corporate Resources & Support	38,620	(1,573)	37,047
Housing Benefits	451	-	451
Corporate Items	15,314	(18,951)	(3,638)
Capital Financing	(517)	-	(517)
<b>Cost of Services</b>	<b>352,338</b>	<b>56,032</b>	<b>408,370</b>
Other Operating Expenditure	(769)	105,452	104,684
Financing and Investment Income and Expenditure	26,497	(13,174)	13,323
Taxation and Non-Specific Grant Income	(365,716)	(57,579)	(423,295)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>12,351</b>	<b>90,731</b>	<b>103,082</b>
Movement in Balances	General Fund / Earmarked Reserves	HRA	Total
Opening Balance	(317,346)	(25,377)	(342,723)
Surplus or Deficit in the Year	9,690	2,661	12,351
<b>Closing Balance</b>	<b>(307,657)</b>	<b>(22,716)</b>	<b>(330,373)</b>

## Note 2 Expenditure & Funding Analysis (continued)

2022/23	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
	£000	£000	£000
City Development & Neighbourhoods	58,611	68,800	127,411
Housing Revenue Account (HRA)	(2,791)	22,926	20,135
Adult Social Care	134,224	3,941	138,165
Health Improvement & Wellbeing	(2,624)	1,130	(1,494)
Education & Children's Services	77,872	39,288	117,160
Corporate Resources & Support	38,377	4,694	43,071
Housing Benefits	(325)	-	(325)
Corporate Items	7,537	(7,740)	(203)
Capital Financing	(517)	-	(517)
<b>Cost of Services</b>	<b>310,364</b>	<b>133,039</b>	<b>443,403</b>
Other Operating Expenditure	(2,617)	(5,611)	(8,228)
Financing and Investment Income and Expenditure	30,250	1,552	31,802
Taxation and Non-Specific Grant Income	(291,175)	(76,634)	(367,809)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>46,822</b>	<b>52,346</b>	<b>99,168</b>
	<b>General Fund / Earmarked Reserves</b>	<b>HRA</b>	<b>Total</b>
Opening Balance	(357,013)	(32,532)	(389,545)
Surplus or Deficit in the Year	39,666	7,155	46,821
<b>Closing Balance</b>	<b>(317,347)</b>	<b>(25,377)</b>	<b>(342,724)</b>



## Note 3 Accounting Standards Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

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:

- **IAS 1 (Accounting Policies)** - requires entities to disclose their material accounting policy information, instead of significant accounting policies.
- **IFRS 3 (Business Combinations)** - updated so that this standard now refers to the 2018 Conceptual Framework instead of the 1989 Framework without significantly changing its requirements.
- **IAS 8 (Accounting Estimates)** - amendment to the definitions of accounting estimates.
- **IAS 12 (Income Taxes)** - the amendment places a requirement to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 16 (Leases)** - the new standard requires the lessee to recognise a right of use asset and

liability with a lease term of more than 12 months unless the asset is of low value.

These changes are not envisaged to have a significant impact on our accounts when implemented from 1st April 2024.

## Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

### **Accounts prepared on a going concern basis**

These accounts have been prepared on a going concern basis, assuming that the Council, its functions, and services will continue in operational existence for the foreseeable future. However, there is a high degree of uncertainty about future levels of funding for local government and the future national economic outlook. The Council's management has used its judgement and determined that its financial strategy is robust and that this uncertainty is not yet sufficient to affect the assumptions underpinning the strategy and that the Council will continue as a going concern. If the Council were not considered a going concern, it would have a material effect on the financial statements.

## Note 5 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (Value - £2.7bn) (Depreciation - £75m) Refer to Note 15.	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.  It is estimated that the annual depreciation charge for property, plant & equipment would increase by approximately £4.4m for every year that useful lives had to be reduced.
Fair Value Measurements (Surplus Assets - £76m) Refer to Note 15.	Some property (surplus) assets are held at Fair Value (see Accounting Policies & Notes 15 for more information). When there is no quoted market value for an asset, the Council applies other valuation methods in accordance with the Code of Practice and the underlying IFRS 13 standard, but these may incorporate elements of judgement around risks and the basis of assumptions.	It is not possible to quantify the level of variance that may arise if assumptions used differ from actual asset values. The Council is confident, however, that the risk of any variance will not affect the Council's financial strategy.

**Note 5 Assumptions made about the future and other major sources of estimation uncertainty (continued)**

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pension Liability (Net Asset— £34m)  Refer to Note 42.</p>	<p>The net asset is not recognized in the accounts due to the application of the asset ceiling. There is a significant risk that the assumptions and judgments underpinning this assessment may change in the next 12 months due to actuary valuations.</p>	<p>If the carrying amount of the pension liability is restricted to £34m by the application of the asset ceiling, the sensitivity reporting the effect on the net pension liability may not be appropriate. A detailed sensitivity analysis should be provided to indicate the potential impact of changes in assumptions on the pension liability.</p>

## Note 6 Material Items of Income and Expense

In 2023/24 the valuation of surplus land owned by the Council at Ashton Green increased from £43m to £55m. This is due to externally sourced valuation reports exceeding land value expectations. This revaluation is reflected in Note 15 Property, Plant and Equipment—Movement on Balances in 2023/24.

During the year both Soar Valley Community College and City of Leicester Community College converted into academies. The net book value of Soar Valley Community College (£53m) and City of Leicester Community College (£47m) have therefore been written out from the Council's balance sheet. These disposals are reflected in Note 11 Other Operating Income and Expenditure.

## Note 7 Events After the Balance Sheet Date

There were no significant events at the time of publishing the draft accounts.

## Note 8 Note to the Expenditure and Funding Analysis

The following tables provide reconciliations between the main adjustments to Net Expenditure Chargeable to the General Fund and Housing Revenue Account balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. For the General Fund this also includes Earmarked Reserves.

2023/24	Adjustments Between Accounting & Funding Basis					Net Expenditure Charged to the HRA & General Fund Balance
	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	
	£000	£000	£000	£000	£000	
City Development & Neighbourhoods	108,559	(48,311)	3,915	53	(44,343)	64,216
Housing Revenue Account (HRA)	498	(11,568)	1,544	392	(9,632)	(9,135)
Adult Social Care	136,322	(693)	1,567	74	948	137,270
Public Health	(3,236)	(1)	477	16	492	(2,744)
Education & Children's Services	132,885	(31,404)	7,657	(274)	(24,021)	108,864
Corporate Resources & Support	37,047	(355)	1,936	(8)	1,573	38,620
Housing Benefits	451				-	451
Corporate Items	(3,638)	17,132	3,724	(1,905)	18,951	15,314
Capital Financing	(517)				-	(517)
<b>Cost of Services</b>	<b>408,370</b>	<b>(75,200)</b>	<b>20,820</b>	<b>(1,652)</b>	<b>(56,032)</b>	<b>352,338</b>
Other Operating Expenditure	104,684	(105,452)			(105,452)	(769)
Financing and Investment Income and Expenditure	13,323	14,340	(1,166)		13,174	26,497
Taxation and Non-Specific Grant Income	(423,295)	65,533		(7,954)	57,579	(365,716)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>103,082</b>	<b>(100,779)</b>	<b>19,654</b>	<b>(9,606)</b>	<b>(90,731)</b>	<b>12,351</b>

## Note 8 Note to the Expenditure and Funding Analysis (continued)

Adjustments Between Accounting & Funding Basis						
2022/23	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	Net Expenditure Charged to the HRA & General Fund Balance
	£000	£000	£000	£000	£000	£000
City Development & Neighbourhoods	127,411	(60,840)	(8,011)	51	(68,800)	58,611
Housing Revenue Account (HRA)	20,135	(19,522)	(3,759)	355	(22,926)	(2,791)
Adult Social Care	138,165	(324)	(3,608)	(9)	(3,941)	134,224
Health Improvement & Wellbeing	(1,494)	(1)	(1,099)	(30)	(1,130)	(2,624)
Education & Children's Services	117,160	(24,065)	(11,673)	(3,550)	(39,288)	77,872
Corporate Resources & Support	43,071	(336)	(4,454)	96	(4,694)	38,377
Housing Benefits	(325)	-	-	-	-	(325)
Corporate Items	(203)	7,237	242	261	7,740	7,537
Capital Financing	(517)	-	-	-	-	(517)
<b>Cost of Services</b>	<b>443,403</b>	<b>(97,851)</b>	<b>(32,362)</b>	<b>(2,826)</b>	<b>(133,039)</b>	<b>310,364</b>
Other Operating Expenditure	(8,228)	5,611	-	-	5,611	(2,617)
Financing and Investment Income and Expenditure	31,802	14,795	(16,347)	-	(1,552)	30,250
Taxation and Non-Specific Grant Income	(367,809)	52,489	-	24,145	76,634	(291,175)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>99,168</b>	<b>(24,956)</b>	<b>(48,709)</b>	<b>21,319</b>	<b>(52,346)</b>	<b>46,822</b>

## Note 8 Note to the Expenditure and Funding Analysis (continued)

### Adjustments for Capital Purposes

This column adds depreciation, impairment and revaluation gains and losses into the services line, and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and Non-specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions are satisfied in the year.

### Net Change for Pensions Adjustments

This column is for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charges to the CIES.

### Other Adjustments

These columns reflect other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

- For Financing and Investment Income and Expenditure figures reflect the adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure figures reflect the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income.

- The reversal of officer's remuneration chargeable on an accruals basis is different to that chargeable under statutory requirements



## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustment	2023/24					Movemnt in Unusable Reserves £000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(56,968)	(28,260)	-	-	-	85,228
Revaluation gains/(losses) on Property Plant and Equipment	1,023	611	-	-	-	(1,634)
Capital grants and contributions applied	79,332	24	-	-	-	(79,356)
Capital expenditure funded from revenue	4,198	-	-	-	-	(4,198)
Revenue expenditure funded from capital under statute	(25,372)	(92)	-	-	-	25,464
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(116,294)	(13,079)	-	-	-	129,373
Income recognised in respect of donated assets	171	-	-	-	-	(171)
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</b>						
Statutory provision for the financing of capital investment	12,977	1,363	-	-	-	(14,340)
Capital expenditure charged against the General Fund and HRA balances	-	1,826	-	-	-	(1,826)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,672	13,766	(24,438)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	22,416	-	-	(22,416)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(250)	(267)	517	-	-	-

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2023/24					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movemt in Unusable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(26)	-	-	26
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	14,323	-	(14,323)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	14,323	-	(14,323)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve	22,270	-	-	-	(22,270)	-
Application of grants to capital financing credited to the Capital Adjustment Account	(22,749)	-	-	-	22,749	-
<b>Adjustments primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,905)	384	-	-	-	1,521
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(39,691)	(3,089)	-	-	-	42,780
Employer's pensions contributions and direct payments to pensioners payable in the year	57,926	4,508	-	-	-	(62,434)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(7,954)	-	-	-	-	7,954
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,515	9	-	-	-	(3,524)
<b>Adjustment primarily involving DSG Deficit:</b>						
School budget deficit transferred from General Fund in accordance with statutory requirements	(3,654)	-	-	-	-	3,654
<b>Total Adjustments</b>	<b>(82,753)</b>	<b>(7,973)</b>	<b>(1,531)</b>	<b>-</b>	<b>479</b>	<b>(91,778)</b>

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment	2022/23					Movemt in Unusable Reserves £000
	General	Housing	Capital	Major	Capital	
	Fund	Revenue	Receipts	Repairs	Grants	
	Balance	Account	Reserve	Reserve	Unapplied	
	£000	£000	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(48,686)	(33,854)	-	-	-	<b>82,540</b>
Revaluation gain/(losses) on Property Plant and Equipment	(8,114)	(1,605)	-	-	-	<b>9,719</b>
Capital grants and contributions applied	104,456	24	-	-	-	<b>(104,480)</b>
Capital expenditure funded from revenue	262	-	-	-	-	<b>(262)</b>
Revenue expenditure funded from capital under statute	(30,461)	(450)	-	-	-	<b>30,911</b>
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(6,307)	(22,576)	-	-	-	<b>28,883</b>
Income recognised in respect of donated assets	4	-	-	-	-	<b>(4)</b>
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:</b>						
Statutory provision for the financing of capital investment	13,541	1,254	-	-	-	<b>(14,795)</b>
Voluntary provision for the financing of capital expenditure	-	-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances	-	805	-	-	-	<b>(805)</b>
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	14,095	21,076	(35,173)	-	-	<b>2</b>
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	16,892	-	-	<b>(16,892)</b>
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(250)	(428)	678	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-

## Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2022/23					
	General Fund	Housing Revenue	Capital Receipts	Major Repairs	Capital Grants	Movemt in
	Balance	Account	Reserve	Reserve	Unapplied	Unusable
	£000	£000	£000	£000	£000	Reserves
						£000
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(30)	-	-	30
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	15,558	-	(15,558)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	15,558	-	(15,558)
<b>Adjustments primarily involving the Capital Grants Unapplied Reserve:</b>						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve *	25,984	-	-	-	(25,984)	-
Application of grants to capital financing credited to the Capital Adjustment Account *	(69,121)	-	-	-	69,121	-
<b>Adjustments primarily involving the Financial Instruments Adjustments Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	261	360	-	-	-	(621)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(95,279)	(12,176)	-	-	-	107,455
Employer's pensions contributions and direct payments to pensioners payable in the year	52,090	6,656	-	-	-	(58,746)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	24,142	-	-	-	-	(24,142)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,090)	(4)	-	-	-	1,094
<b>Adjustment primarily involving Earmarked Reserves:</b>						
Transfers from the General Fund and Housing Revenue Account to Earmarked Reserves	-	-	-	-	-	-
Transfers to the General Fund and Housing Revenue Account from Earmarked Reserves	-	-	-	-	-	-
<b>Adjustment primarily involving DSG Deficit:</b>						
School budget deficit transferred from General Fund in accordance with statutory requirements	(2,351)	-	-	-	-	2,351
<b>Total Adjustments</b>	<b>(26,824)</b>	<b>(25,360)</b>	<b>(17,633)</b>	<b>-</b>	<b>43,137</b>	<b>(26,680)</b>

\* During the year, it was identified that certain figures were incorrect due to an error in applying the Code. The amounts recognised for capital grants and their application to capital financing were misstated, leading to the necessary correction. These adjustments result in no impact on the financial statements line items (reserves) as the overall financial position remains unchanged. The corrections have been reflected to ensure the accuracy and compliance with relevant accounting standards.

## Note 10 - Movement in Earmarked Reserves

Earmarked reserves are amounts set aside to provide financing for future expenditure plans. The table to the right provides a list of reserves held by the Council. Additional information on the earmarked reserves can be found in the Council's outturn report.

The breakdown of earmarked reserves has been restated to reflect the headings reported to management, to allow comparison between the financial statements and the outturn report.

2023/24	Balance at	Transfers	Transfers	Balance at
	31st March 2023	In 2023/24	Out 2023/24	31st March 2024
	£000	£000	£000	£000
<b>Ring-fenced Reserves</b>				
School Balances	31,156	5,106	(15,547)	20,715
School Capital Fund	2,417	-	(2,417)	-
Education & Skills Funding Agency Learning Programmes	887	-	(112)	775
Arts Council National Portfolio Organisation Funding	188	12	(4)	196
NHS Joint Working Projects	19,039	2,953	(8,875)	13,117
Social Care Projects	-	5,825	-	5,825
Health & Wellbeing Projects	-	3,822	-	3,822
Housing Projects	-	1,685	-	1,685
Other City Development & Neighbourhood Projects	-	3,728	-	3,728
Schools Catering	871	79	(757)	193
Covid-19 Collection Fund Compensation/Grants	(3,280)	6,410	(3,030)	100
<b>Total Ring-fenced Reserves</b>	<b>51,278</b>	<b>29,620</b>	<b>(30,742)</b>	<b>50,156</b>
<b>Corporate Reserves</b>				
Capital Programme Reserve	103,043	13,585	(13,686)	102,942
Managed Reserves Strategy	65,828	59,855	(34,122)	91,561
Waste Procurement Reserve	-	-	-	-
BSF Financing	9,160	-	(5)	9,155
Insurance Fund	6,159	114	(2,425)	3,848
Severance Fund	4,723	-	-	4,723
Service Transformation Fund	5,170	-	-	5,170
Welfare Reserve	2,116	224	(176)	2,164
Anti- Poverty Reserve	2,772	-	(989)	1,783
Other Corporate Reserves	-	-	-	-
<b>Total Corporate Reserves</b>	<b>198,971</b>	<b>73,778</b>	<b>(51,403)</b>	<b>221,346</b>
Financial Services Reserve	4,432	-	(4,432)	-
ICT Development Fund	10,480	-	(28)	10,452
Elections Reserve	2,440	234	(862)	1,812
Ward Committees	52	44	-	96
Housing	4,605	1,011	(5,616)	-
City Development (Excl Housing)	13,741	5,180	(18,921)	-
Social Care Reserve	10,938	3,651	(14,589)	-
Health & Wellbeing Division	4,945	419	(5,364)	-
Other Departmental Reserves	464	8,328	-	8,792
<b>Total Other Reserves</b>	<b>52,097</b>	<b>18,867</b>	<b>(49,812)</b>	<b>21,152</b>
<b>Total Earmarked Reserves</b>	<b>302,346</b>	<b>122,265</b>	<b>(131,957)</b>	<b>292,654</b>

**Note 10 - Movement in Earmarked Reserves  
(continued)**

2022/23	Balance at 31st March 2021	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31st March 2023
	£000	£000	£000	£000
<b>Ring-fenced Reserves</b>				
DSG not delegated to schools	-	3,422	(3,422)	-
School Balances	30,095	6,317	(5,256)	31,156
School Capital Fund	2,491	31	(105)	2,417
Education & Skills Funding Agency Learning Programmes	971	-	(84)	887
Arts Council National Portfolio Organisation Funding	319	63	(194)	188
NHS Joint Working Projects	25,013	6,457	(12,431)	19,039
Schools Buy Back	1,915	170	(1,214)	871
Business Support Grants	-	-	-	-
Covid-19 Collection Fund Compensation Grants*	13,397	945	(17,622)	(3,280)
<b>Total Ring-fenced Reserves</b>	<b>74,201</b>	<b>17,405</b>	<b>(40,328)</b>	<b>51,278</b>
<b>Corporate Reserves</b>				
Capital Programme Reserve	98,834	6,394	(2,185)	103,043
Managed Reserves Strategy	83,270	18,577	(36,019)	65,828
BSF Financing	9,034	229	(103)	9,160
Insurance Fund	11,495	483	(5,819)	6,159
Severance Fund	4,827	-	(104)	4,723
Service Transformation Fund	5,195	-	(25)	5,170
Welfare Reserve	2,551	742	(1,177)	2,116
Anti- Poverty Reserve	3,000	-	(228)	2,772
<b>Total Corporate Reserves</b>	<b>218,206</b>	<b>26,425</b>	<b>(45,659)</b>	<b>198,971</b>
<b>Earmarked Reserves Departmental</b>				
Financial Services Reserve	5,119	1,176	(1,863)	4,432
ICT Development Fund	10,480	-	-	10,480
Elections Reserve	2,440	-	-	2,440
Housing	2,802	3,180	(1,377)	4,605
City Development (Excl Housing)	12,672	5,687	(4,566)	13,793
Social Care Reserve	9,998	6,720	(5,780)	10,938
Health & Wellbeing Division	5,631	444	(1,130)	4,945
Other Departmental Reserves	464	-	-	464
<b>Total Other Reserves</b>	<b>49,606</b>	<b>17,207</b>	<b>(14,716)</b>	<b>52,097</b>
<b>Total Earmarked Reserves</b>	<b>342,013</b>	<b>61,037</b>	<b>(100,703)</b>	<b>302,346</b>

\*Covid-19 Collection Fund Compensation/Grants reserve is showing a negative balance due to a shortfall in budgeted government grant in relation to the collection fund, which will be resolved in future years through the collection fund surplus.

## Note 11 Other Operating Income and Expenditure

	2022/23	2023/24
	£000	£000
Total (gains)/losses on the disposal of non-current assets	(5,610)	105,367
Other operating income and expenditure	(2,618)	(683)
<b>Total</b>	<b>(8,228)</b>	<b>104,684</b>

See note 6 for further information on the reported losses on disposals.

## Note 12 Financing and Investment Income & Expenditure

	2022/23	2023/24
	£000	£000
Interest payable and similar charges	18,174	19,562
Impairment losses (including reversals of impairment losses or impairment gains) on financial instruments	1,651	479
Pensions interest cost and expected return on pensions assets	16,347	1,166
Interest receivable and similar income	(4,370)	(7,884)
<b>Total</b>	<b>31,802</b>	<b>13,323</b>



## Note 13 Taxation and Non-Specific Grant Income & Expenditure

	2022/23	2023/24
	£000	£000
Council Tax income	(135,778)	(142,452)
Non-domestic rates	(95,892)	(119,545)
Non-ringfenced government grant Income	(84,497)	(95,594)
Non-ringfenced government grant Expenditure*	851	-
Capital grants and contributions	(52,489)	(65,533)
Donated Assets	(4)	(171)
<b>Total</b>	<b>(367,809)</b>	<b>(423,295)</b>

\*This line is Covid-19 related grant expenditure in the form of Business Support and Local Council Tax Support grants.

## Note 14 Expenditure and Income Analysed by Nature

The Council's expenditure and income reported in the Comprehensive Income & Expenditure Statement is analysed by nature in the table below.

	2022/23	2023/24
	£000	£000
<b>Expenditure</b>		
Employee Benefit Expenses	457,559	411,450
Other Services expenses	588,144	621,702
Depreciation, amortisation, impairment	90,607	83,737
Interest Payments	36,172	20,727
Precepts & Levies	91	94
(Gain)/ Loss on the Disposal of Assets	(5,611)	105,367
<b>Total Expenditure</b>	<b>1,166,962</b>	<b>1,243,077</b>
<b>Income</b>		
Fees, charges and other service income	(183,488)	(205,710)
Interest & Investment Income	(4,370)	(7,884)
Income from Council Tax, non domestic rates	(231,670)	(261,996)
Government grants & contributions	(648,266)	(664,405)
<b>Total Income</b>	<b>(1,067,794)</b>	<b>(1,139,995)</b>
<b>(Surplus) or Deficit on Provision of Services</b>	<b>99,168</b>	<b>103,082</b>

## Note 15 Property, Plant and Equipment - Movement on Balances in 2023/24

The first table in this note illustrates the change in the value of the Council's property, plant and equipment assets during 2023/24. The following tables provide additional detail on the basis for valuations of these assets and future capital expenditure already committed.

Movements on Balances in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>									
As at 1st April 2023	1,229,914	1,219,894	85,217	1,393	2,651	72,827	1,604	2,613,500	160,018
Additions	38,667	16,536	2,438	-	554	1,951	27,267	87,413	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(25,060)	(83,448)	-	20	840	(7,334)	-	(114,982)	1,572
Revaluation Increases/(Decreases) not recognised in the Revaluation Reserve	(13,370)	(5,385)	(145)	(23)	(513)	1,786	(1,741)	(19,391)	-
De-recognition – disposals	(13,221)	(113,539)	(1,602)	-	-	(336)	-	(128,698)	(86,935)
De-recognition – other								-	
Assets reclassified (to)/from Held for Sale	-	417	-	-	-	1,747	-	2,164	-
Asset reclassified (other)	-	(4,742)	-	-	(74)	312	4,504	-	-
<b>As at 31st March 2024</b>	<b>1,216,930</b>	<b>1,029,733</b>	<b>85,908</b>	<b>1,390</b>	<b>3,458</b>	<b>70,953</b>	<b>31,634</b>	<b>2,440,006</b>	<b>74,655</b>

## Note 15 Property, Plant and Equipment - Movement on Balances in 2023/24 (continued)

Movements on Balances in 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>As at 31st March 2024</b>	<b>1,216,930</b>	<b>1,065,249</b>	<b>85,908</b>	<b>1,477</b>	<b>3,575</b>	<b>75,800</b>	<b>31,634</b>	<b>2,480,573</b>	<b>70,009</b>
<b>Accumulated Depreciation &amp; Impairment</b>									
As at 1st April 2023	1	(265)	(30,914)	(272)	(3)	(7)	-	(31,460)	(9,012)
Depreciation Charge	(13,381)	(29,601)	(8,633)	(17)	(31)	(11)	-	(51,674)	(6,297)
Depreciation written out to the Revaluation Reserve	13,239	23,022	-	-	34	13	-	36,308	2,477
Depreciation written out to the Surplus/Deficit on the provision of services	-	1,727	-	-	-	4	-	1,731	-
De-recognition – disposals	142	2,759	1,327	-	-	-	(283)	3,945	2,180
<b>As at 31st March 2024</b>	<b>1</b>	<b>(2,358)</b>	<b>(38,220)</b>	<b>(289)</b>	<b>-</b>	<b>(1)</b>	<b>(283)</b>	<b>(41,150)</b>	<b>(10,652)</b>
<b>Net Book Value as at 31st March 2024</b>	<b>1,216,931</b>	<b>1,062,891</b>	<b>47,688</b>	<b>1,188</b>	<b>3,575</b>	<b>75,799</b>	<b>31,351</b>	<b>2,439,423</b>	<b>59,357</b>
1st April 2023	1,229,915	1,219,629	54,303	1,121	2,648	72,820	1,604	<b>2,582,040</b>	151,006

## Note 15 Property, Plant and Equipment - Movement on Balances in 2022/23

Comparative Movements 22/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>									
As at 1st April 2022	1,161,367	1,153,383	76,922	1,269	2,580	76,803	8,452	<b>2,480,776</b>	149,461
Additions	31,030	35,645	8,965	-	1,062	1,373	5,960	<b>84,035</b>	961
Revaluation									
Increases/(Decreases) recognised in the Revaluation Reserve	78,607	34,486	2,121	124	31	1,564	-	<b>116,933</b>	9,605
Revaluation									
Increases/(Decreases) not recognised in the Revaluation Reserve	(18,296)	(11,154)	(336)	-	(1,022)	(5,060)	(87)	<b>(35,955)</b>	(9)
De-recognition – disposals	(22,794)	(853)	(2,455)	-	-	(21)	-	<b>(26,123)</b>	-
Assets reclassified (to)/from Held for Sale	-	(4,486)	-	-	-	(1,680)	-	<b>(6,166)</b>	-
Asset reclassified (other)	-	12,873	-	-	-	(152)	(12,721)	-	-
<b>As at 31st March 2023</b>	<b>1,229,914</b>	<b>1,219,894</b>	<b>85,217</b>	<b>1,393</b>	<b>2,651</b>	<b>72,827</b>	<b>1,604</b>	<b>2,613,500</b>	<b>160,018</b>

## Note 15 Property, Plant and Equipment - Movement on Balances in 2022/23 (continued)

Comparative Movements 22/23	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Accumulated Depreciation &amp; Impairment</b>									
As at 1st April 2022	-	(28)	(29,481)	(255)	-	-	-	(29,764)	(7,540)
Depreciation Charge	(12,534)	(27,694)	(7,394)	(17)	(37)	(64)	-	(47,740)	(5,882)
Depreciation written out to the Revaluation Reserve	12,318	24,740	3,512	-	34	-	-	40,604	4,410
Depreciation written out to the Surplus/Deficit on the provision of services	-	2,690	-	-	-	56	-	2,746	-
De-recognition – disposals	217	27	2,449	-	-	1	-	2,694	-
<b>As at 31st March 2023</b>	<b>1</b>	<b>(265)</b>	<b>(30,914)</b>	<b>(272)</b>	<b>(3)</b>	<b>(7)</b>	<b>-</b>	<b>(31,460)</b>	<b>(9,012)</b>
<b>Net Book Value as at 31st March 2023</b>	<b>1,229,915</b>	<b>1,219,629</b>	<b>54,303</b>	<b>1,121</b>	<b>2,648</b>	<b>72,820</b>	<b>1,604</b>	<b>2,582,040</b>	<b>151,006</b>
1st April 2022	1,161,367	1,153,355	47,441	1,014	2,580	76,803	8,452	2,451,012	141,921

## Note 15 Property, Plant and Equipment - Highways Infrastructure Assets

### Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the 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 authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	2022/23	2023/24
	£000	£000
Gross book value	296,512	296,512
Accumulated depreciation	(64,542)	(48,292)
<b>Net carrying amount at 1st April</b>	<b>231,970</b>	<b>248,220</b>
Additions	27,428	26,851
Disposals in year (gross)	(27,428)	(26,851)
Depreciation	(9,991)	(9,991)
Disposals in year (depreciation)	26,241	24,512
<b>Gross carrying amount at 31st March</b>	<b>296,512</b>	<b>296,512</b>
Accumulated depreciation	(48,292)	(33,770)
<b>Net carrying amount at 31st March</b>	<b>248,220</b>	<b>262,742</b>

### Total PPE Assets

	2022/23	2023/24
	£000	£000
Highways Infrastructure assets	248,344	262,932
Other PPE assets	2,582,040	2,398,676
<b>Total PPE assets</b>	<b>2,830,384</b>	<b>2,661,608</b>

## Note 15 Property, Plant and Equipment - Capital Commitments

At 31<sup>st</sup> March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. Similar commitments at 31<sup>st</sup> March 2023 were £36.2m. The significant commitments are:

<b>Contract for Capital Investment</b>	<b>Period</b>	<b>£000</b>
Replacement Cladding Phoenix Square	25/26	11,174
Pilot House - Levelling Up	24/25	9,130
Leicester Market Redevelopment	25/26	7,866
Pioneer Park - Levelling Up	24/25	7,581
Waterside Strategic Regeneration Area	26/27	6,037
Affordable Housing Acquisitions - Hospital Close	25/26	5,043
Jewry Wall Museum Improvements	24/25	3,767
Leicester Railway Station - Levelling up	24/25	1,428
Highways Maintenance	32/33	936
Education System Re-tender	26/27	914
Connecting Leicester	25/26	610
Overdale Infant and Juniors School Expansion	24/25	508
New Build Council Housing - Hydra Walk	25/26	436
Winstanley Contact Centre	24/25	404
Children's Homes Refurbishments	24/25	306
Air Quality Action Plan	24/25	260
<b>Total</b>		<b>56,400</b>



## Note 15 Property, Plant and Equipment - Capital Commitments

<b>Contract for Capital Investment</b>	<b>Period</b>	<b>£000</b>
Pioneer Park	2023-24	15,290
Electric Bus Investment	2023-24	5,024
Leicester Station	2023-24	4,052
Connecting Leicester	2023-24	2,705
Waterside	2023-24	2,667
Jewry Wall Museum Improvements	2024-25	1,844
Greener Homes	2023-24	1,750
Tower Block Sprinkler Systems	2023-24	786
Expansion of Children's Homes	2023-24	588
Council Housing - External Property Works	2023-24	523
Highways Maintenance	2023-24	507
Goscote House Demolition	2023-24	454
<b>Total</b>		<b>36,190</b>

## Note 15 Property, Plant and Equipment - Revaluations

2023/24 Valuation Dates	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	-	3,330	59,203	3	40	-	31,634	94,210
Valued at fair or nominal value as at:								
Pre 1st April 2012	-	185	-	-	-	-	-	185
1st April 2012	-	-	-	-	-	-	-	-
1st April 2013	-	1	-	-	-	-	-	1
1st April 2014	-	2	-	686	1	-	-	689
1st April 2015	-	-	-	-	-	-	-	-
1st April 2016	-	-	-	-	-	14	-	14
1st April 2017	-	-	-	-	1	-	-	1
Valued @ 31st March 2019	-	23	-	-	3	21	-	47
Valued @ 31st March 2020	-	12	-	-	77	-	-	89
Valued @ 31st March 2021	-	25	-	-	-	-	-	25
Valued @ 31st March 2022	-	213	-	-	-	1,747	-	1,960
Valued @ 31st March 2023	-	2,150	26,705	-	-	-	-	28,855
Valued @ 31st March 2024	1,216,930	1,059,308	-	788	3,453	74,018	-	2,354,497
<b>Total</b>	<b>1,216,930</b>	<b>1,065,249</b>	<b>85,908</b>	<b>1,477</b>	<b>3,575</b>	<b>75,800</b>	<b>31,634</b>	<b>2,480,573</b>

The Council carries out a rolling programme of valuations that ensures that all property and land (subject to a de minimis of £10k for asset values) required to be measured at current value are revalued at least every 5 years with the majority of assets being valued annually. The few exceptions to this rule appear in the table above. All property and land assets that are valued at Market Value are subject to annual review.

Properties are valued as at the 31st March of the financial year. For those assets not formally valued by the valuer at the financial year end, forecast indices are used to update and ensure that the valuations at 31st March are accurate and reflective of current values.

Annual valuations of council dwellings are carried out by a specialist external valuer and are based on guidance issued by the Ministry of Housing, Communities and Local Government.

All other valuations are carried out internally by an accredited valuer and chartered member of the Royal Institution of Chartered Surveyors (RICS), in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

Valuations of the majority of vehicles, plant, furniture and equipment, and of infrastructure, are based on historical cost.

## Note 16 Heritage Assets

The Council holds a number of Heritage Assets, defined as assets having historical, artistic, scientific, technological, geophysical or environmental qualities, and that are held and maintained principally for their contribution to knowledge and culture.

The following tables show the movement in the value of Heritage assets during 2023/24 and the previous year.

### *Heritage Buildings*

These include the Magazine, Abbey House and the Great Hall at Leicester Castle. The land and buildings relating to these assets are included within the revaluation cycle employed by the Council. However, none of these assets are charged depreciation as per the Council's stated accounting policy on Heritage Assets (see Note 1). Some buildings that are part of Leicester's heritage are included within Property, Plant & Equipment (Note 15).

### *Museum Exhibits*

Leicester City Council operates six museums in the City. The museum sites are accredited museums, meaning they meet standards approved by the Arts Council on behalf of the Department for Culture, Media and Sport for collections care, visitor experience and organisational health.

There are currently around two million museum

and gallery exhibits which are managed in accordance with the policies and procedures approved by the Council in line with nationally and internationally agreed standards.

Museum exhibits are included in the Balance Sheet at insurance value, reflecting the replacement cost of these assets. Additions to the exhibits collection are initially included at historical cost and are then included as part of the insurance revaluation.

### *Statues and Monuments*

The Council has responsibility for a number of statues and monuments across the City. A number of the more significant assets are included at insurance values. The remainder are included at a nominal value as per our stated accounting policy on Heritage Assets.

## Note 16 Heritage Assets (continued)

### Reconciliation of the Carrying Value of Heritage Assets Held by the Council

Movement on Balances 2023/24	Museum	Statues &	Total	
	Buildings	Exhibits	Monuments	Assets
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
At 1st April 2023	2,608	112,247	5,876	120,731
Additions	-	186	-	186
Impairment losses recognised in surplus/deficit on the provision of services	-	-	-	-
Disposals	-	-	-	-
Revaluations	46	67	-	113
<b>As at 31st March 2024</b>	<b>2,654</b>	<b>112,500</b>	<b>5,876</b>	<b>121,030</b>
<b>2022/23 Comparative Movements</b>				
	Museum	Statues &	Total	
	Buildings	Exhibits	Monuments	Assets
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
At 1st April 2022	2,598	123,612	5,876	132,086
Additions	-	24	-	24
Impairment losses/(reversals) recognised in Surplus or Deficit on the Provision of Services	-	(19)	-	(19)
Disposals	-	-	-	-
Revaluations	10	(11,370)	-	(11,360)
<b>As at 31st March 2023</b>	<b>2,608</b>	<b>112,247</b>	<b>5,876</b>	<b>120,731</b>

## Note 17 Intangible Assets

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

All of the Council's intangible assets are amortised over 5 years on a straight-line basis. None of the Council's intangible assets have been internally generated.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>		
Gross Carrying Amounts	4,370	4,572
Accumulated Amortisation	(3,363)	(3,618)
<b>Net carrying amount at 1st April</b>	<b>1,007</b>	<b>954</b>
Additions (Purchases)	202	219
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-	(119)
Disposals in year (gross)	-	-
Disposals in year (amortisation)	-	-
Amortisation applied in Year	(255)	(296)
Gross Carrying Amount at 31st March	4,572	4,672
Accumulated Amortisation	(3,618)	(3,914)
<b>Net Carrying Amount at 31st March</b>	<b>954</b>	<b>758</b>

## Note 18a Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments. The tables below shows the carrying values of financial instruments included within the various lines of the council's balance sheet.

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

Financial Assets	Long Term		Short Term	
	31st March 2023	31st March 2024	31st March 2023	31st March 2024
	£000	£000	£000	£000
<i>Measured at Amortised cost</i>				
- Principal at amortised cost	70,000	15,000	127,300	83,000
- Accrued interest	-	-	1,599	798
<i>Measured at fair value</i>	-	-	6,997	6,517
<b>Total Investments</b>	<b>70,000</b>	<b>15,000</b>	<b>135,896</b>	<b>90,315</b>
<i>Measured at Amortised cost</i>				
- Cash (including bank accounts)	-	-	49,323	55,819
<i>Measured at fair value</i>				
- Cash equivalents	-	-	33,450	35,000
<b>Total Cash and Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>82,773</b>	<b>90,819</b>
<i>Measured at Amortised cost</i>				
- Trade receivables and other debtors	4,121	4,417	42,508	65,765
- Loans made for service purposes	6,099	5,321	354	358
<b>Included in Debtors</b>	<b>10,220</b>	<b>9,738</b>	<b>42,862</b>	<b>66,123</b>
<b>Total Financial Assets</b>	<b>80,220</b>	<b>24,738</b>	<b>261,531</b>	<b>247,257</b>

## Note 18a Financial Instruments - Classifications (continued)

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

Financial Liabilities	Long Term		Short Term	
	31st March 2023	31st March 2024	31st March 2023	31st March 2024
	£000	£000	£000	£000
<i>Measured at Amortised cost</i>				
- Principal sum borrowed	179,491	134,491	23,975	34,075
- Accrued interest	-	-	1,614	1,526
- EIR adjustments	612	-	-	608
<b>Total Borrowing</b>	<b>180,103</b>	<b>134,491</b>	<b>25,589</b>	<b>36,209</b>
<i>Measured at Amortised cost</i>				
- Finance leases	7,715	7,646	-	-
- PFI arrangements	61,265	57,771	-	-
- Transferred debt liability	19,723	19,075	-	-
- Other	89	89	-	-
<b>Included in Other Long-term Liabilities</b>	<b>88,792</b>	<b>84,581</b>	<b>-</b>	<b>-</b>
<i>Measured at Amortised cost</i>				
- Finance leases	-	-	216	63
- PFI arrangements	-	-	4,396	3,499
- Transferred debt liability	-	-	975	795
- Trade payables and other creditors	-	-	77,654	107,378
<b>Included in Short term Creditors</b>	<b>-</b>	<b>-</b>	<b>83,241</b>	<b>111,735</b>
<b>Total Financial Liabilities</b>	<b>268,895</b>	<b>219,072</b>	<b>108,830</b>	<b>147,944</b>

## Note 18b Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	Financial Liabilities	Financial Assets		
	Amortised Cost	Amortised Cost	Other	2023/24 Total
	£000	£000	£000	£000
Financial assets measured at fair value through profit or loss	-	-	479	479
Financial assets measured at amortised cost	-	(164)	-	(164)
<b>Net (gains)/losses</b>	-	<b>(164)</b>	<b>479</b>	<b>315</b>
Interest expense	19,562	-	-	19,562
<b>Interest payable and similar charges</b>	<b>19,562</b>	-	-	<b>19,562</b>
Interest income	-	(7,557)	-	(7,557)
Dividends	-	-	(327)	(327)
<b>Interest and investment income</b>	-	<b>(7,557)</b>	<b>(327)</b>	<b>(7,884)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>19,562</b>	<b>(7,721)</b>	<b>152</b>	<b>11,993</b>

	Financial Liabilities	Financial Assets		
	Amortised Cost	Amortised Cost	Other	2022/23 Total
	£000	£000	£000	£000
Financial assets measured at fair value through profit or loss	-	-	1,651	1,651
Financial assets measured at amortised cost	-	(104)	-	(104)
<b>Net (gains)/losses</b>	-	<b>(104)</b>	<b>1,651</b>	<b>1,547</b>
Interest expense	19,830	-	-	19,830
<b>Interest payable and similar charges</b>	<b>19,830</b>	-	-	<b>19,830</b>
Interest income	-	(2,359)	(1,726)	(4,085)
Dividends	-	-	(290)	(290)
<b>Interest and investment income</b>	-	<b>(2,359)</b>	<b>(2,016)</b>	<b>(4,375)</b>
<b>Net (Gain)/Loss for the Year</b>	<b>19,830</b>	<b>(2,463)</b>	<b>(365)</b>	<b>17,002</b>



## Note 18c Financial Instruments - Fair Values

The majority of the council's financial instruments are held at amortised cost with the exception of some financial assets which are carried in the balance sheet at fair value.

When considering the fair value of financial instruments, the authority categorises inputs to valuations within the following hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices. There are only Money Market funds at this hierarchy level and they are quoted at the active market price.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments. Most financial instruments valued at this level are based on observed market rates for similar transactions. However, for lease payables, PFI liabilities and transferred debt liabilities they are based on discounting at AA corporate bond yields.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness. This applies to loans to other companies and they are quoted at estimated creditworthiness.

### Fair Value Determination Methods

- Cash Equivalents - Money Market Funds: Valued at Level 1 using quoted market prices.
- Property Unit Trusts: Valued at Level 2 using observable market inputs.

- Long-term Loans to Local Authorities and Companies: Valued at Level 2 using observed market rates for similar instruments.
- Finance Lease: Valued at Level 2 based on discounting future lease payments.
- Long-term Loans from PWLB and LOBO Loans: Valued at Level 2 using observed market rates for similar instruments.
- Other Long-term Loans: Valued at Level 2 using observed market rates.
- Lease Payables and PFI Liabilities: Valued at Level 2 using discounting based cash flows.

- Transferred Debt Liabilities: Valued at Level 2 using observed market rates.

The following tables show amounts held for financial instruments as at 31st March 2024 and their corresponding fair values.

The fair value of financial liabilities held at amortised cost are broadly in line with their balance sheet carrying amount because the money was borrowed when interest rates were at a similar rate to what they are now.

	31st March 2023		31st March 2024		
	Fair Value Level	Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
<i>Financial assets held at fair value:</i>					
Cash equivalents - Money market funds	1	33,450	33,450	35,000	35,000
Property Unit Trusts	2	6,997	6,997	6,517	6,517
<i>Financial assets held at amortised cost:</i>					
Long-term loans to local authorities	2	70,000	67,515	15,000	15,258
Long-term loans to companies	3	5,142	5,142	4,716	4,716
Finance Lease	3	957	957	604	604
<b>Total</b>		<b>116,546</b>	<b>114,061</b>	<b>61,837</b>	<b>62,095</b>
Assets for which fair value is not disclosed *		225,204	-	210,157	-
<b>Total Financial Assets</b>		<b>341,750</b>	<b>114,061</b>	<b>271,994</b>	<b>62,095</b>
<i>Recorded on balance sheet as:</i>					
Long-term debtors		10,220		9,737	
Long-term investments		70,000		15,000	
Short-term debtors		42,862		66,123	
Short-term investments		135,896		90,315	
Cash and cash equivalents		82,773		90,820	
<b>Total Financial Assets</b>		<b>341,751</b>		<b>271,995</b>	

\*The fair value of short-term financial assets including trade receivables is assumed to be approximate to the carrying amount.

## Note 18c Financial Instruments - Fair Values (continued)

	Fair Value Level	31st March 2023		31st March 2024	
		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		£000	£000	£000	£000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	134,491	118,891	134,491	119,889
Long-term LOBO loans **	2	20,612	23,327	20,608	22,969
Other long-term loans	2	25,000	23,536	-	-
Lease payables and PFI liabilities	2	73,591	91,376	68,979	46,932
Transferred debt liabilities	2	20,698	22,600	19,870	10,231
<b>Total</b>		<b>274,392</b>	<b>279,730</b>	<b>243,948</b>	<b>200,021</b>
Liabilities for which fair value is not disclosed *		103,332		123,068	
<b>Total Financial Liabilities</b>		<b>377,724</b>	<b>279,730</b>	<b>367,016</b>	<b>200,021</b>
<i>Recorded on balance sheet as:</i>					
Short-term creditors		83,241		111,734	
Short-term borrowing		25,589		36,209	
Long-term creditors		-		-	
Long-term borrowing		180,103		134,491	
Other long-term liabilities		88,792		84,581	
<b>Total Financial Liabilities</b>		<b>377,725</b>		<b>367,015</b>	

\*The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

\*\*LOBO's are shown as short term on the balance sheet as the lender can exercise their option in January 2025.

# Note 18d Nature and Extent of Risks arising from Financial Instruments

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

- Credit Risk: The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity Risk: The possibility that the Council might not have the cash available to make contracted payments on time.
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk Management is carried out by the Treasury Management team under the policies approved by Council in the Treasury Management Strategy.

## a) Credit Risk

Credit risk is the risk that amounts due to the Council may not be received. Amounts due to the Council from financial assets can arise either from loans and investments made, or from income receivable for goods or services provided by the Council.

The majority of the Council's loans and investments are made for treasury management purposes; the parameters within which these investments are made are set out within the Council's approved Treasury Management Strategy. Credit risk is minimised through the strategy as it stipulates a number of controls for different investment types such as limits on the maximum sum to be invested, the investment period and required independent credit ratings institutions must hold.

The Council's maximum exposure to credit risk in relation to its investments in commercial institutions (banks and building societies) of £35m as at 31st March 2024 (£33m as at 31st March 2023) 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. The Council's exposure to credit risk in relation to its investments in other local authorities is £98m (£197m as at 31st March 2023). Such investments are assessed to be virtually risk free. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at 31st March 2024 or subsequently that this was likely to crystallise.

The financial standing of remaining long-term loan recipients and finance lessees are checked before they are granted. There is no uniform practice in respect of other customers, but many of these are receiving a service linked to the social aims and objectives of the Council where it would not be practicable to assess the customer's financial standing as a precondition for the provision of that service. The Council operates an active debt recovery policy, to ensure that amounts due are collected as promptly as possible. Trade debtors are carried in the Council's balance sheet net of an impairment provision, which is estimated on the basis of known factors affecting individual debtors and previous history of collectability for different types of debtor. This represents the extent to which the Council estimates that the debt may be uncollectable (this is known as the expected credit loss) and a provision of £16.9m was made in 2023/24 (£19.4m in 2022/23). The Council does not write off debt from its Balance Sheet until all options for debt collection have been exhausted, a process that often will take a number of years. Notwithstanding the carrying amount as reported on the balance sheet has been reduced to account for impairment in line with the code.

## Note 18d Nature and Extent of Risks arising from Financial Instruments (continued)

### b) Liquidity risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

The maturity analysis of the principal sums borrowed included to the right.

The Council has £20m (2023: £20m) of “Lender’s option, borrower’s option” (LOBO) loans where the lender has the option on set dates to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. The lender therefore has the effective right to demand repayment and so these loans are shown as maturing on the next option date.

Time to maturity (years)	31st March 2023	31st March 2024
	£000	£000
Not over 1	30,250	40,940
Over 1 but not over 2	25,099	4,550
Over 2 but not over 5	15,629	15,077
Over 5 but not over 10	26,971	28,807
Over 10 but not over 20	27,772	21,509
Over 20 but not over 30	135,526	135,152
Over 30	38,734	13,513
<b>Total</b>	<b>299,981</b>	<b>259,548</b>

## Note 18d Nature and Extent of Risks arising from Financial Instruments (continued)

### c) Market Risks

#### *Interest Rate Risk*

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments classed as “amortised cost” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed as “Other” will be reflected in the Comprehensive Income and Expenditure Statement.

The accounting arrangements for “Lender’s Option, Borrower’s Option” (LOBO) loans is more complex. These are loans where the lender has a periodic option to propose an increase in the rate of interest payable on the loan and the borrower has the option to decline this increase and to repay. In the event that a statement increase was accepted the carrying amount of the loan is recalculated and the increase in the carrying amount of the loan will reflect the net present value of the increase in interest payments in future years. The increase in the carrying amount of the loan will be accounted for as an immediate charge to the Comprehensive Income and Expenditure. In simple terms, a relatively small increase in the annual interest payable will be accounted for as a far larger sum once the net present value of all future increases is calculated.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	417
Increase in interest receivable on short term investments	36
Increase in interest payable on variable rate loans	(240)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>213</b>
Decrease in fair value of available for sale financial assets	0
<b>Impact on Comprehensive Income and Expenditure</b>	<b>0</b>
Decrease in fair value of loans and receivables *	936
Decrease in fair value of fixed rate borrowings/liabilities *	31,833

\*No impact on Comprehensive Income and Expenditure Statement

The approximate impact of a 1% fall in interest rates would be as above but with the reverse movement.

## Note 19 Inventories

The value of inventories as at 31st March :

	Balance at 31st March 2023	Balance at 31st March 2024
	£000	£000
Consumable Stores	415	437
Maintenance Materials	2,494	2,298
Work in Progress	249	517
<b>Total</b>	<b>3,158</b>	<b>3,252</b>

## Note 20 Debtors

### Long-Term Debtors

The value of long-term debtors as at 31st March :

	Balance at 31st March 2023	Balance at 31st March 2024
	£000	£000
PFI & Other Leases	3,215	3,078
Other Long Term Debtors	7,005	6,659
<b>Total</b>	<b>10,220</b>	<b>9,737</b>

### Short-Term Debtors

The value of short-term debtors as at 31st March:

	Balance at 31st March 2023	Balance at 31st March 2024
	£000	£000
Central Government bodies	14,903	16,365
Other Local Authorities	6,429	19,081
NHS bodies	5,794	7,834
Other Entities and Individuals	25,740	30,957
Payments in Advance	8,558	7,388
Local Taxation (Council Tax & Business Rates)	18,041	19,950
<b>Total</b>	<b>79,465</b>	<b>101,575</b>

## Note 21 Cash and Cash Equivalents

The value of cash and cash equivalents as at 31st March:

	Balance at 31st March 2023	Balance at 31st March 2024
	£000	£000
Cash held by the Council	21	29
Bank	49,302	55,790
Short-term deposits	33,450	35,000
<b>Total Cash and Cash Equivalents</b>	<b>82,773</b>	<b>90,819</b>



## Note 22 Assets Held for Sale

The value of assets held for sale as at 31st March:

	2022/23	2023/24
	£000	£000
Balance at 1st April	19	6,583
Property, Plant and Equipment newly classified as held for sale	6,183	-
Property, Plant and Equipment declassified as held for sale	(17)	(2,164)
Assets Sold	-	(1,584)
Other Adjustments	398	249
<b>Balance at 31st March</b>	<b>6,583</b>	<b>3,084</b>

## Note 23 Creditors

The value of creditors as at 31st March:

	Balance at 31st March 2023 £000	Balance at 31st March 2024 £000
Central Government bodies	45,160	30,303
Other Local Authorities	8,435	9,697
NHS bodies	812	907
Public Corporations and Trading Funds	562	-
Other Entities and Individuals	86,315	111,079
Receipts in Advance	42,978	23,019
<b>Total</b>	<b>184,262</b>	<b>175,005</b>

## Note 24 Provisions

The table below provides a list of provisions made by the authority at the end of the financial year:

### Payment of Insurance Claims

The Authority holds funds to meet the costs of insurance claims, for both claims received but not yet settled and claims that will be received in the future. The sum of £4.5m is held as a provision, being the amount that the Council estimates will be required to meet claims already received. A further sum of £5.3m is held as an earmarked reserve (as per Note 10), to meet the costs of liabilities incurred for which claims have not been received. Periodically, the fund value is reviewed by actuaries.

	Insurance	Housing Benefits	s117 Mental Health Act	Housing	Business Rate Appeals	Total
	£000	£000	£000	£000	£000	£000
<b>Balance at 1st April 2022</b>	<b>3,292</b>	<b>657</b>	<b>39</b>	<b>436</b>	<b>8,899</b>	<b>13,323</b>
Net Movement (additions less amounts used)	320	-	(39)	49	(3,043)	(2,713)
<b>Balance at 1st April 2023</b>	<b>3,612</b>	<b>657</b>	<b>-</b>	<b>485</b>	<b>5,856</b>	<b>10,610</b>
2023/24 Provisions/(Reductions)	867	(657)	-	-	(2,766)	(2,556)
Amounts used in 2023/24	-	-	-	-	1,302	1,302
<b>Balance at 31st March 2024</b>	<b>4,479</b>	<b>-</b>	<b>-</b>	<b>485</b>	<b>4,392</b>	<b>9,356</b>

### Housing Benefit Subsidy Claims

The Council pays and administers Housing Benefit within Leicester and receives subsidy from the Government to reimburse it for amounts paid out. The amount of subsidy received is based on a claim completed annually.

Claims are subject to audit and often give rise to the discovery of overpayments to some benefits recipients. This can lead to the value of the claim being amended, based on an extrapolation. A provision was previously maintained based on the total value of the subsidy claims outstanding. In recent years the provision has not been required so has been reduced to nil.

### Housing Provisions

The sum is held in respect of HRA liabilities within the Housing service including losses on stock and liabilities to other third parties.

### Business Rate appeals

A number of appeals against rateable value assessments have not been determined by the Valuation Office Agency. If successful, there will be a retrospective reduction in income. Therefore, a provision has been charged to the collection fund calculated at a total of £9m (Council share of £4.4m).

## Note 25 Usable Reserves

Movements in the Council's usable reserves are detailed in the table below, which indicates the statement or note that provides further detail.

	Opening Balance £000	Movement £000	Closing Balance £000	Supporting Note
General Fund	(15,000)	-	(15,000)	MIRS and Narrative Statement
Earmarked Reserves	(302,346)	9,692	(292,654)	Note 10 and Narrative Statement
<b>Total General Fund Reserves</b>	<b>(317,346)</b>	<b>9,692</b>	<b>(307,654)</b>	
Housing Revenue Account	(25,377)	2,661	(22,716)	HRA Statements and Notes
Major Repairs Reserve	-	-	-	Note 9 and HRA Note 13
Capital Receipts Reserve	(123,122)	(1,533)	(124,655)	Note 9
Capital Grants Unapplied Reserve	(25,822)	479	(25,343)	Note 9
<b>Total Usable Reserves</b>	<b>(491,667)</b>	<b>11,299</b>	<b>(480,368)</b>	

## Note 26a Unusable Reserves

Unusable reserves contain items that illustrate the difference between the Council's financial position under accounting standards (the "accounting basis") and the amount charged to the taxpayer for the year (the "funding basis").

	31st March 2023	31st March 2024
	£000	£000
Revaluation Reserve	(1,316,634)	(1,156,837)
Capital Adjustment Account	(1,061,239)	(1,044,197)
Financial Instruments Adjustment Account	18,426	19,949
Deferred Capital Receipts Reserve	(1,015)	(989)
Pensions Reserve	36,012	34,355
Collection Fund Adjustment Account	(8,419)	(464)
Accumulated Absences Account	9,973	6,449
Dedicated Schools Grant Adjustment Account	5,994	9,648
<b>Total Unusable Reserves</b>	<b>(2,316,902)</b>	<b>(2,132,086)</b>

## Note 26b Unusable Reserves (continued)

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment, heritage assets, assets held for sale and intangible assets. The balance is reduced when assets with accumulated gains are:

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

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

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>(1,195,684)</b>	<b>(1,316,634)</b>
Upward revaluation of assets	(189,315)	(84,945)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	43,254	159,983
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>(146,061)</b>	<b>75,038</b>
Difference between fair value depreciation and historical cost depreciation	24,437	24,781
Accumulated gains on assets sold or scrapped	674	59,980
<b>Balance at 31st March</b>	<b>(1,316,634)</b>	<b>(1,156,835)</b>

## Note 26c Unusable Reserves (continued)

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is credited with sums provided to fund capital expenditure, both current and previous, with sums being transferred from the capital receipts reserve, capital grants and contributions, the Major Repairs Reserve and the General Fund (either direct funding or provision for repayment of borrowing). The account is debited with the reversal of sums charged to the CIES (to reflect the use of the asset by services) to avoid an impact on the General Fund. These charges include depreciation, impairment and amortisation.

The account contains revaluation gains accumulated on property, plant and equipment, heritage assets, assets held for sale and intangible assets before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. The table below provides details of the source of all the transactions posted to the account.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>(1,035,385)</b>	<b>(1,061,239)</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation & impairment	82,285	84,932
Revaluation (gain)/loss on Property, Plant and Equipment	9,719	(1,634)
Amortisation of intangible assets	255	296
Revenue expenditure funded from capital under statute	30,911	25,464
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the Income and Expenditure Statement	28,883	129,374
	<b>(883,332)</b>	<b>(822,807)</b>
Adjusting amounts written out of the Revaluation Reserve	(25,111)	(84,761)
Net written out amount of the cost of non-current assets consumed in the year	<b>(908,443)</b>	<b>(907,568)</b>
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(16,892)	(22,416)
Use of the Major Repairs Reserve to finance new capital expenditure	(15,558)	(14,323)
Capital Grants, Contributions & Donated Assets credited to the Income and Expenditure Statement that have been applied to capital financing	(104,484)	(79,527)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14,795)	(14,340)
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	-	-
Capital expenditure charged against the General Fund and HRA balances	(1,067)	(6,024)
<b>Balance at 31st March</b>	<b>(1,061,239)</b>	<b>(1,044,197)</b>

## Note 26d Unusable Reserves (continued)

### 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.

The Council uses the account to manage discounts and premia paid on the early redemption of loans. Discounts are credited to the CIES when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Premia are debited to the CIES when they are

incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the income (on discounts) and the expense (on premia) are posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

The statutory arrangements referred to came into force on 1st April 2007 and applied to unamortised balances as at that date. The bulk of the outstanding balance is amortised over 10 years from that date with part of that balance being amortised over shorter periods.

The general policy is that any premia that are incurred in the future will be amortised over the longer of the residual life of the loan repaid or the life of any replacement loan that was taken. Shorter amortisation periods may be adopted, however, when this is considered prudent. Any discount that is received in the future will be amortised over the residual life of the loan repaid.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>19,047</b>	<b>18,426</b>
Proportion of discounts incurred in previous financial years to be credited to the General Fund Balance in accordance with statutory requirements	(621)	1,522
<b>Balance at 31st March</b>	<b>18,426</b>	<b>19,948</b>
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(621)	1,522



## Note 26e Unusable Reserves (continued)

### *Deferred Capital Receipts Reserve*

The Deferred Capital Receipts Reserve (DCRR) holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. For the Council these amounts relate to mortgage loans made in respect of the purchase of Council dwellings and to properties leased out under finance leases. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When mortgage and lease payments are made the principal repayment element of these amounts are transferred to the Capital Receipts Reserve.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>(1,045)</b>	<b>(1,015)</b>
Transfer of deferred sale proceeds to the DCRR	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	30	26
<b>Balance at 31st March</b>	<b>(1,015)</b>	<b>(989)</b>

## Note 26f Unusable Reserves (continued)

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, and 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 Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>589,789</b>	<b>36,012</b>
Remeasurement of the Net Defined Benefit Liability	(602,486)	17,997
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	107,455	42,780
Employer's pensions contributions and direct payments to pensioners payable in the year	(58,746)	(62,434)
<b>Balance at 31st March</b>	<b>36,012</b>	<b>34,355</b>

## Note 26g&h Unusable Reserves (continued)

### Collection Fund Adjustment Account

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

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>15,723</b>	<b>(8,419)</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(24,142)	7,954
<b>Balance at 31st March</b>	<b>(8,419)</b>	<b>(465)</b>

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>8,879</b>	<b>9,973</b>
Settlement or cancellation of accrual made at the end of the preceding year	(8,879)	(9,973)
Amounts accrued at the end of the current year	9,973	6,449
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>1,094</b>	<b>(3,524)</b>
<b>Balance at 31st March</b>	<b>9,973</b>	<b>6,449</b>

### 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 (i.e. annual leave entitlement carried forward at 31st March each year). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

## Note 26i Unusable Reserves (continued)

### *Dedicated Schools Grant Adjustment Account*

The Dedicated Schools Grant Adjustment Account holds accumulated deficits relating to the schools budget. Where an authority has incurred a deficit between the 1st April 2020 to 31st March 2024, the authority is required to reverse this out to an unusable reserve as part of a temporary statutory override. The Council is unable to charge these deficits to the General Fund.

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>3,643</b>	<b>5,994</b>
School budget deficit transferred from General Fund in accordance with statutory requirements	2,351	3,654
<b>Balance at 31st March</b>	<b>5,994</b>	<b>9,648</b>

## Note 27 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2022/23	2023/24
	£000	£000
Interest received	(4,370)	(7,884)
Interest paid	16,347	1,166
<b>Net interest</b>	<b>11,977</b>	<b>(6,718)</b>

The surplus on the provision of services has been adjusted for the following non-cash movements:

	2022/23	2023/24
	£000	£000
Depreciation	(57,731)	(61,665)
Downward revaluations, impairment losses and reversal of prior year impairments	(35,497)	(23,047)
Amortisation	(255)	(296)
Increase / (decrease) in creditors	28,630	5,914
(Increase) / decrease in debtors	1,336	21,542
(Increase) / decrease in inventories	(215)	94
Movement in pension liability	(48,709)	19,654
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(21,834)	(126,946)
Other non-cash items charged to the net surplus or deficit on the provision of services	1,061	773
	<b>(133,214)</b>	<b>(163,977)</b>

## Note 27 Cash Flow Statement - Operating Activities (continued)

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

	2022/23	2023/24
	£000	£000
Capital Grants credited to surplus or deficit on the provision of services	61,154	78,852
Proceeds from the sale of property plant and equipment, investment property and intangible assets	35,172	24,438
	<b>96,326</b>	<b>103,290</b>

## Note 28 Cash Flow Statement - Investing Activities

	2022/23	2023/24
	£000	£000
Purchase of property, plant and equipment and intangible assets	110,729	114,669
Purchase of short-term and long-term investments	162,800	73,000
Proceeds from sale of property, plant and equipment and intangible assets	(35,172)	(24,438)
Proceeds from short-term and long-term investments	(158,499)	(172,299)
Other receipts from investing activities	(58,695)	(80,889)
<b>Net Cash Flows from Investing Activities</b>	<b>21,163</b>	<b>(89,957)</b>

## Note 29 Cash Flow Statement - Financing Activities

	2022/23	2023/24
	£000	£000
Cash receipts of short and long-term borrowing	(49,350)	(38,600)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI contracts	961	4,612
Repayments of short and long-term borrowing	37,854	73,504
<b>Net Cash Flows from Financing Activities</b>	<b>(10,535)</b>	<b>39,516</b>



## Note 30 - Pooled Budgets

The Council has entered into the following pooled budget arrangement under Section 75 of National Health Services Act 2006:

### *Supply of Integrated Community Equipment Loan Services (ICELS)*

This is an arrangement for the supply of community equipment with Leicestershire County Council, Rutland County Council and the Integrated Care Board (ICB) in the areas covered by the councils. Leicester City Council acts as the host partner.

The City Council contributed £0.78m (Adult Social Care contribution of £0.70m and Education contribution of £0.08m) to the pool during 2023/24 (£0.73m in 2022/23 of which Adult Social Care contributed £0.65m and Education contributed £0.08m) and this expenditure is also included in the Adult Social Care line and the Education and Children's Services line of the Comprehensive Income and Expenditure Statement.

As host partner Leicester City Council commissions the goods and services, with each partner then accounting for their own share of these goods and services, as set out in the table on the righthand side.

	2022/23	2023/24
	£000	£000
<b>Funding provided to the pooled budget:</b>		
Leicester City Council	733	783
Leicestershire County Council	1,463	1,459
Rutland County Council	78	85
NHS Leicester, Leicestershire & Rutland ICB	4,778	5,088
<b>Total Funding provided to the pooled budget</b>	<b>7,052</b>	<b>7,415</b>
<b>Total Expenditure met from the pooled budget</b>	<b>7,052</b>	<b>6,783</b>

## Note 30 Pooled Budgets (continued)

### Better Care Fund

This is an arrangement between Leicester City Council and NHS Leicester, Leicestershire and Rutland integrated care board (ICB) to meet the aims and benefits prescribed in the section 75 agreement by delivering a robust and more integrated service between health and social care.

The Better Care Fund (BCF) has been established by the Government to provide funds to local areas to support the integration of health and social care. The grant is to be used for the purposes of meeting adult social care needs; reducing pressures on the NHS including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported.

It is a requirement of the BCF that the ICB and LCC establish a pooled fund/budget for this purpose. The ICB acts as the host partner.

The City Council contributed £20.5m to the pool in 23/24 (£18.6m Adult Social Care and £1.9m City Development and Neighbourhoods). In 22/23 this was £20.3m (£18.4m Adult Social Care and £1.9m City Development and Neighbourhood). This expenditure is also included in those respective lines in the Comprehensive Income and Expenditure statement.

	2022/23	2023/24
	£000	£000
<b>Income</b>		
<b>Revenue</b>		
ICB Minimum Fund	28,136	29,727
Improved Better Care Fund (IBCF)	17,556	17,557
<b>Total Revenue Income</b>	<b>45,692</b>	<b>47,284</b>
Capital Disabled Facilities Grant	2,714	2,951
<b>Total Income</b>	<b>48,406</b>	<b>50,235</b>
<b>Expenditure</b>		
<b>Revenue</b>		
Actual Spend incurred by LCC managed schemes incl IBCF	36,198	37,276
Actual spend incurred by ICB & LPT (Leicestershire Partnership Trust) managed schemes	9,494	10,008
<b>Total Revenue Expenditure</b>	<b>45,692</b>	<b>47,284</b>
<b>Capital</b>		
Disabled Facilities Grant	2,714	2,951
<b>Total Capital Expenditure</b>	<b>2,714</b>	<b>2,951</b>
<b>Total Expenditure</b>	<b>48,406</b>	<b>50,235</b>

Details of the income and expenditure in the pool are provided in the table above.

- Activity where funding was received and expended under the control of the ICB has been accounted for in their accounts
- Activity where funding was received and expended under the control of the Council has been accounted for in the Council's accounts
- Activity where funding was under joint control has been accounted for on the basis of the share for each organisation

## Note 31 Members' Allowances

The Council paid the following amounts to members of the Council during the year:

	2022/23	2023/24
	£	£
Basic Allowance Payments	625,276	631,753
Special Responsibility Payments	403,191	346,516
General Expense Payments	73,947	73,693
<b>Total</b>	<b>1,102,414</b>	<b>1,051,962</b>

## Note 32 Officers' Remuneration

This note comprises two parts. The first discloses the remuneration of the Council's most senior officers. The second part discloses the total number of 'higher paid' Council officers whose remuneration exceeded £50k during 2023/24, shown in bands and excluding those senior officers in the first part.

### Part 1 - Senior Employees' Remuneration

The table shows the amounts paid to the holders of senior posts in 2023/24 with comparative data from 2022/23 where applicable.

Senior employees are defined as certain statutory chief officer posts (including the Head of Paid Service), those earning over £150k per annum and those earning less than this sum but reporting directly to the Head of Paid Service (Chief Operating Officer).

Remuneration in this table (as defined in statutory regulations) includes salary, fees/allowances, employer's pension contributions, taxable benefits and any compensation for loss of office.

Post	Financial Year	Salary, Fees and Allowances	Pension Contributions	Compensation for loss of office	Total
		£	£	£	£
Chief Operating Officer - Alison Greenhill (Head of Paid Service)	2023/24	157,965	40,527	-	<b>198,492</b>
	2022/23	152,629	38,904	-	<b>191,533</b>
Director Delivery, Communications & Political Governance (Note 1)	2023/24	109,948	30,566	-	<b>140,514</b>
	2022/23	108,527	30,062	-	<b>138,589</b>
Director of Corporate Services (Note 2)	2023/24	12,378	3,116	-	<b>15,494</b>
Director of Finance - S151 Officer	2023/24	94,621	26,305	-	<b>120,926</b>
	2022/23	31,976	8,857	-	<b>40,833</b>
City Barrister & Head of Standards - Monitoring Officer (Note 3)	2023/24	85,666	23,765	-	<b>109,431</b>
	2022/23	82,775	22,879	-	<b>105,654</b>
Strategic Director Social Care and Education (Note 4)	2023/24	98,693	27,437	-	<b>126,130</b>
	2022/23	143,033	39,620	-	<b>182,653</b>
Strategic Director Social Care and Education (Note 4)	2023/24	23,050	6,408	-	<b>29,458</b>
	2023/24	148,039	41,155	-	<b>189,194</b>
Strategic Director - City Development & Neighbourhoods	2023/24	148,039	41,155	-	<b>189,194</b>
	2022/23	143,033	39,620	-	<b>182,653</b>
Director of Public Health (Note 5)	2023/24	42,391	5,449	-	<b>47,840</b>
	2022/23	101,869	12,913	-	<b>114,782</b>
Director of Public Health (Note 5)	2023/24	91,859	25,487	-	<b>117,346</b>

Notes:

- 1) The Director of Delivery, Communications & Political Governance left in February 2024
- 2) The new Director of Corporate Services took up the role in February 2024
- 3) The City Barrister works on a part time basis
- 4) The Strategic Director of Social Care and Education left in November 2023 and was replaced by a new Director in February 2024
- 5) The Director of Public Health left in August 2023 and was replaced by a new Director in September 2023

## Note 32 Officers' Remuneration (continued)

### Part 2 - Higher Paid Employees

The number of other Council employees receiving more than £50,000 remuneration for the year are shown in the table to the right. In line with the relevant regulations, the table excludes the senior officers listed in the previous table.

These figures include teaching, senior leadership and support staff within local authority schools. Employees in schools which become academies are only included if their remuneration during the period of the financial year prior to academy conversion (i.e. when the school was under the local authority) exceeded the £50k threshold. Further details of academies' higher paid employees are published by academies themselves or can be requested directly from academies under the Freedom of Information Act 2000.

It should be noted that the definition of remuneration in this table differs from that in the table above (in line with regulations) as it excludes employers' pension contributions.

The table includes compensation for loss of office, so employees who left in the year may appear in a higher band than the equivalent role would appear in based on a normal year's salary. Equally, some posts would not be included in the table based on a normal year's salary, but are included because of payments for compensation for loss of office.

The threshold for inclusion in this report is defined in regulations and remains static at £50k annually. Salaries paid to staff include annual pay increases as and when these are awarded, increasing the scope of the report over time.

Remuneration Band £	Number of Employees					
	Non-Schools		Schools		Total	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
<b>50,000-54,999</b>	97	183	97	105	194	288
<b>55,000-59,999</b>	44	64	37	57	81	121
<b>60,000-64,999</b>	26	48	49	20	75	68
<b>65,000-69,999</b>	32	30	21	32	53	62
<b>70,000-74,999</b>	14	23	11	21	25	44
<b>75,000-79,999</b>	1	7	15	9	16	16
<b>80,000-84,999</b>	7	2	7	10	14	12
<b>85,000-89,999</b>	1	3	5	9	6	12
<b>90,000-94,999</b>	1	-	4	3	5	3
<b>95,000-99,999</b>	-	2	-	3	-	5
<b>100,000-104,999</b>	7	1	1	-	8	1
<b>105,000-109,999</b>	-	5	2	1	2	6
<b>110,000-114,999</b>	-	-	2	2	2	2
<b>115,000-119,999</b>	-	-	-	2	-	2
<b>135,000-139,999</b>	-	-	1	-	1	-
<b>145,000-149,999</b>	-	-	-	1	-	1
<b>Total</b>	<b>230</b>	<b>368</b>	<b>252</b>	<b>275</b>	<b>482</b>	<b>643</b>

## Note 33 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2022/23	2023/24
	£000	£000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	179	404
Fees payable for the certification of grant claims and returns for the year	54	84
Fees payable in respect of other services provided during the year	30	13
<b>Total</b>	<b>263</b>	<b>501</b>

## Note 34 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2017. 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.

Regulations for DSG deficits which affect the financial years between the 1st April 2020 to 31st March 2024 require that, where Local Authorities incur a deficit, that it must be carried forward in the schools budget to be funded from future DSG income. Therefore, this deficit is included in the unusable reserve titled DSG Grant Adjustment Account in Note 26.

Details of the deployment of DSG receivable for 2023/24 are as follows:

2023/24	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
<b>Final DSG for 2023/24 before Academy recoupment</b>	-	-	<b>418,805</b>
Academy figure recouped for 2023/24	-	-	(173,884)
<b>Total DSG after Academy recoupment for 2023/24</b>	-	-	<b>244,921</b>
Brought forward from 2022/23	-	-	-
<b>Agreed initial budgeted distribution in 2023/24</b>	<b>101,735</b>	<b>143,186</b>	<b>244,921</b>
In year adjustments	106	97	203
<b>Final budgeted distribution for 2023/24</b>	<b>101,841</b>	<b>143,283</b>	<b>245,124</b>
Actual central expenditure for the year	(105,495)	-	(105,495)
Actual ISB deployed to schools	-	(143,283)	(143,283)
Local Authority contribution for 2023/24	-	-	-
<b>In year Carry forward to 2024/25</b>	<b>(3,654)</b>	-	<b>(3,654)</b>
DSG unusable Reserve at the end of 2022/23	-	-	(5,994)
<b>Total of DSG unusable reserve at the end of 2023/24</b>	-	-	<b>(9,648)</b>

2022/23	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
<b>Final DSG for 2022/23 before Academy recoupment</b>	-	-	<b>391,732</b>
Academy figure recouped for 2022/23	-	-	(143,152)
<b>Total DSG after Academy recoupment for 2022/23</b>	-	-	<b>248,580</b>
Brought forward from 2021/22	-	-	-
<b>Agreed initial budgeted distribution in 2022/23</b>	<b>92,992</b>	<b>155,588</b>	<b>248,580</b>
In year adjustments	332	204	536
<b>Final budgeted distribution for 2022/23</b>	<b>93,324</b>	<b>155,792</b>	<b>249,116</b>
Actual central expenditure for the year	(95,675)	-	(95,675)
Actual ISB deployed to schools	-	(155,792)	(155,792)
Local Authority contribution for 2022/23	-	-	-
<b>Carry forward to 2023/24</b>	<b>(2,351)</b>	-	<b>(2,351)</b>
DSG unusable Reserve at the end of 2021/22	-	-	(3,643)
<b>Total of DSG unusable reserve at the end of 2022/23</b>	-	-	<b>(5,994)</b>

## Note 35 Grant Income

### Capital grants recognised in the year

The Council received the following capital grants in 2023/24.

These grants are analysed between those credited to the Comprehensive Income and Expenditure Statement and those held as receipts in advance, in line with the Council's accounting policies.

	2022/23	2023/24
	£000	£000
<b>Credited to Services (All REFCUS related)</b>		
DFT ZEBRA Grant	-	2,970
Homes England Grant	-	2,897
Disabled Facilities Grant	1,136	1,905
Devolved Formula Capital Grant	2,821	1,748
Green Homes Grant	1,274	1,661
Levelling Up Fund	1,672	1,425
High Streets Heritage Action Zones	174	481
Other	303	230
S106 Contributions	752	-
ERDF Growth Hub	371	-
DFT Transforming Cities Fund	145	-
Affordable Warmth	17	-
<b>Total Credited to Services</b>	<b>8,665</b>	<b>13,317</b>



## Note 35 Grant Income (continued)

	2022/23	2023/24
	£000	£000
<b>Credited to Taxation &amp; Non-Specific Grant Income</b>		
Levelling Up Fund	6,628	22,229
Homes England Grant	-	7,856
DFE Basic Need Grant	1,688	7,483
DFE Capital Maintenance Grant	7,043	7,148
High Needs Provision Capital	8,420	5,437
Business Rates Pool	1,100	4,155
DFT Maintenance Grant	1,812	2,632
DFT Integrated Transport Grant	2,576	2,576
Local Authority Housing Fund	-	2,434
Other DFT Grants	1,450	1,467
DFT Transforming Cities Fund	12,736	1,259
Other	1,302	803
Brownfield Land Release Fund	-	713
Devolved Formula Capital Grant	1,032	662
S106 Contributions	9	603
Green Homes Grant	1,116	322
Other DFE Grants	500	270
DFT ZEBRA Grant	-	3
High Streets Heritage Action Zones	118	-
Affordable Warmth	40	-
ERDF Low Carbon Projects	801	-
ERDF Growth Hub	742	-
Social Housing Decarbonisation Fund*	3,376	(2,518)
<b>Total Credited to Taxation &amp; Non-Specific Grant Income</b>	<b>52,489</b>	<b>65,534</b>

\*This negative balance has arisen as a result of grant being returned to government.

## Note 35 Grant Income (continued)

### Capital grants received in advance

The Council has received a number of capital grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that have not yet been met. The balances at the year-end are as follows:

	2022/23	2023/24
	£000	£000
<b>Capital Grants Receipts in Advance</b>		
Other DFT Grants	2,349	2,661
Homes England Grant	-	2,267
Local Authority Housing Fund	-	867
Disabled Facilities Grant	725	725
Other DFE Grants	-	558
Other	-	96
Green Homes Grant	366	60
Salix	-	22
Devolved Formula Capital Grant	2,025	8
DFT Breathe Grants	184	-
<b>Total Capital Grants Receipts in Advance</b>	<b>5,649</b>	<b>7,264</b>
Capital Receipts not Recognised (deposits)	48	14
<b>Total Received in Advance</b>	<b>5,697</b>	<b>7,278</b>

## Note 35 Grant Income (continued)

### Revenue grants recognised in the year

The Council received the following revenue grants in 2023/24.

These grants are analysed between those credited to the Comprehensive Income and Expenditure Statement and those held as receipts in advance, in line with the Council's accounting policies.

There are a number of grants marked as other Covid-19 grants, which were received as a consequence of the pandemic.

	2022/23	2023/24
	£000	£000
<b>Credited to Taxation &amp; Non-Specific Grant Income</b>		
Revenue Support Grant	29,923	33,413
Social Services Support Grant	17,659	28,101
Section 31 Grants	21,130	30,069
Covid-19 Collection Fund Compensation Grants	4,347	-
New Homes Bonus Scheme	2,803	125
Other	8,618	4,098
Other Covid-19 Grants	430	-
<b>Total Credited to Taxation &amp; Non-Specific Grant Income</b>	<b>84,910</b>	<b>95,806</b>
<b>Credited to Services</b>		
<b>Children's and Education Services</b>		
Dedicated Schools Grant (see note 34)	248,580	245,018
Other Education	31,044	37,178
Pupil Premium	12,917	11,315
Other Covid-19 Grants	2,346	1,840
<b>Adult Social Care</b>		
Improved Better Care Fund	17,556	17,556
Other Adult Social Care	4,163	11,140
Other Covid-19 Grants	534	64
<b>Public Health</b>		
Public Health Grant	28,248	29,169
Other Public Health	2,097	2,951
<b>City Development, Neighbourhoods &amp; Housing</b>		
Other City Development, Neighbourhoods & Housing	19,717	18,028
Waste PFI	2,074	2,074
Other Covid-19 Grants	702	127
<b>Corporate and Resources</b>		
Housing Benefit Subsidies	72,711	72,753
Other Covid-19 Grants	4	-
Other Corporate and Resources	10,597	9,625
Housing Benefit & Council Tax Benefit Admin Grant	1,116	1,043
Local Council Tax Support Admin Grant	433	685
Waste PFI	517	517
Elections	94	55
<b>Total Credited to Services</b>	<b>455,450</b>	<b>461,138</b>
<b>Total Recognised in Year</b>	<b>540,360</b>	<b>556,944</b>

## Note 35 Grant Income (continued)

### Revenue grants received in advance

The Council has received a number of revenue grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that have not yet been met. The balances at the year-end are as follows:

	2022/23	2023/24
	£000	£000
<b>Children's and Education Services</b>		
Other Education	1,022	-
<b>Adult Social Care</b>		
Other Adult Social Care	386	245
<b>City Development, Neighbourhoods &amp; Housing</b>		
City Development, Neighbourhoods & Housing	1,720	1,180
<b>Corporate and Resources</b>		
Other Corporate and Resources	1,928	637
<b>Public Health</b>		
Public Health	72	735
<b>Total Receipts in Advance</b>	<b>5,128</b>	<b>2,797</b>

## Note 36 Related Parties

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

The Council is also required to disclose interests it holds in companies and other entities.

### Organisations or individuals which are related parties of the Council

#### **Central Government**

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grant funding received from central government is shown within Note 35 to the accounts.

#### **Members and Officers**

Members and senior officers of the Council have direct control of the financial and operating policies of the Council. Members receive allowances for their role and these are detailed in

Note 31. Remuneration of senior officers is detailed in Note 32.

All wards in the city are allocated a ward budget of £18k per annum. These budgets are used to fund projects in wards and the allocations are determined by elected members.

Members and officers are also required to disclose any other arrangements giving rise to related party interests.

The Council itself, 20 Members of the Council and 5 senior officers sit (either in a personal capacity or as representatives of the Council) on the governing bodies of thirty two different organisations. The Council made a total of £5.6m in payments to twenty seven of these organisations, primarily in the form of grants, works or services. All payments are made with proper consideration of declaration of interest. The relevant members did not take part in any discussion or decision relating to the payments. In addition a total of £1.2m was received from seventeen of the organisations, primarily relating to services provided by the Council and interest on an outstanding loan balance.

A senior officer from the Council sits on the board of directors at Leicestershire County Cricket Club, where there is a balance of £2m outstanding on a loan the Council made.

Details of members' interests are recorded in the

Register of Members' Interest open to public inspection at the Town Hall during office hours.

### **Leicester & Leicestershire Enterprise Partnership (LLEP)**

The Council is the accountable body for LLEP. A member of the Council is on the board of directors, along with representatives from Leicestershire County Council, Leicestershire district councils, the private sector, voluntary sector and education sector.

The Council made total payments of £1.5m to the LLEP, in the form of contributions and interest payments due on the balances that the Council holds on their behalf. In addition £4.8m was received, £4.6m from the LLEP relates to grants and £0.2m for the provision of services. These are not included in the related party transactions above.

At 31st March 2024 the council held a balance of £18.2m as accountable body to the LLEP. Further information on the LLEP is included in the narrative statement, page 9.

## Note 37 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it.

This note also illustrates the Council's Capital Financing Requirement (CFR). The CFR represents the total underlying borrowing required to finance the Council's assets. There are two key points to note about this borrowing:

- Most borrowing used to finance capital expenditure was incurred prior to 2010, when the standard model in local government entailed borrowing funded by central government over the life of the loan. Since 2010, government has provided grant funding upfront to support all government funded capital expenditure. Borrowing is now only undertaken to support schemes that deliver revenue savings sufficient to repay the debt;
- The underlying need to borrow does not necessarily represent external loans taken out, but is generally financed by the Council's free cash flows. This minimises the cost of external borrowing to the Council.

Where capital expenditure is not financed by grant or revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). Increases in the CFR result in higher levels of Minimum Revenue Provision (MRP) charged to the revenue budget in future years. The Council's policy for the calculation of MRP is set out in its annual budget setting report presented to Council.

	2022/23	2023/24
	£000	£000
<b>Opening Capital Financing Requirement</b>	<b>599,378</b>	<b>591,062</b>
<b>Capital Investment</b>		
Property, Plant and Equipment	111,467	114,187
Intangible Assets	202	219
Heritage Assets	19	186
Revenue Expenditure Funded from Capital Under Statute	30,911	25,464
Capital Loans Expenditure	1,877	71
De Minimis Capital Spend	4	1
Sub-total	<b>144,480</b>	<b>140,128</b>
<b>Sources of Finance</b>		
Capital Receipts	(16,892)	(22,414)
Government Grants & Other Contributions	(104,484)	(79,527)
Sums set aside from revenue:		
Direct Revenue Contributions	(16,625)	(20,347)
MRP	(14,795)	(14,340)
Voluntary provision of financing	-	-
Sub-total	<b>(152,796)</b>	<b>(136,628)</b>
<b>Closing Capital Financing Requirement</b>	<b>591,062</b>	<b>594,562</b>
Increase/(Decrease) in underlying need to borrow	(9,266)	3,500
HRA CFR adjustment	-	-
Assets acquired under Finance Leases	-	-
Assets acquired under PFI contracts	952	-
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>(8,314)</b>	<b>3,500</b>

## Note 38 Leases

### **Council as Lessee**

#### *Finance Leases*

The Council has acquired a number of assets under finance leases, including various buildings and IT equipment. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31st March 2023	31st March 2024
	£000	£000
Other Land and Buildings	2,376	2,506
Vehicles, Plant and Equipment	263	197
<b>Total</b>	<b>2,639</b>	<b>2,703</b>

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

	31st March 2023	31st March 2024
	£000	£000
Finance lease liabilities	7,713	7,804
Finance costs payable in future years	12,818	12,727
<b>Total minimum lease payments</b>	<b>20,531</b>	<b>20,531</b>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2023	31st March 2024	31st March 2023	31st March 2024
	£000	£000	£000	£000
Within one year	479	479	59	63
Within 2 to 5 years	1,918	1,918	267	284
Later than 5 years	18,134	18,134	7,387	7,457
<b>Total</b>	<b>20,531</b>	<b>20,531</b>	<b>7,713</b>	<b>7,804</b>

## Note 38 Leases (continued)

### Operating Leases

The Council leases a number of buildings for operational use. The future minimum lease payments due under non-cancellable leases in future years are:

	31st March 2023	31st March 2024
	£000	£000
Not later than one year	456	456
Later than one year and not later than 5 years	1,756	1,688
Later than 5 years	3,172	2,784
<b>Total</b>	<b>5,384</b>	<b>4,928</b>

### Council as Lessor

#### Finance Leases

The council has leased out a number of properties on finance leases, two of which are on peppercorn annual payments. The following tables show the lease debtors and lease payments for the remainder:

Finance Lease Debtor	31st March 2023	31st March 2024
	£000	£000
Current	30	27
Non-current	983	629
Unearned finance income	1,555	446
<b>Gross Investment in the lease</b>	<b>2,568</b>	<b>1,102</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

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

Minimum Lease Payments	31st March 2023	31st March 2024
	£000	£000
Within one year	96	48
Within 2 to 5 years	385	193
Later than 5 years	2,087	861
<b>Total</b>	<b>2,568</b>	<b>1,102</b>



## Note 38 Leases (continued)

### *Operating Leases*

The Council leases out a number of buildings for economic support purposes. The future minimum lease payments due under non-cancellable leases in future years are:

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

	31st March 2023	31st March 2024
	£000	£000
Not later than one year	5,861	5,161
Later than one year and not later than 5 years	16,999	14,731
Later than 5 years	84,818	81,631
<b>Total</b>	<b>107,678</b>	<b>101,523</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements

### *Integrated Waste Management Service*

In 2003, the Council entered into a 25 year contract valued in excess of £300m with Biffa Leicester Ltd under the PFI scheme. The arrangement, which became operational in 2004, covers the collection, treatment and disposal of city residents' waste. The contractor took on the obligation to provide assets required to deliver these services, including a recycling facility, purpose-built anaerobic digester for organic waste, and vehicles used in the waste collection and recycling services. At the end of the contract, the assets will be transferred to the Council for nil consideration.

2023/24 was the twenty first year of the operation of the contract, costing £19m (£18m in 2022/23).

### *Property Plant and Equipment*

The assets used to provide the waste management service are provided by the operator, but are recognised on the Council's Balance Sheet annually.

	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Balance at 1st April 2023	6,313	3,946	10,259
Additions	-	-	-
Depreciation	(1,285)	(1,231)	(2,516)
Revaluation	(2,659)	-	(2,659)
<b>Balance at 31st March 2024</b>	<b>2,369</b>	<b>2,715</b>	<b>5,084</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### Payments

The Council makes an agreed payment each year which is increased by inflation (based on the RPI-X measure) and can be reduced if the contractor fails to meet performance standards. Payments remaining to be made under the PFI contract at 31st March 2024 (excluding future inflation) are as follows:

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to the contractor for capital expenditure incurred is shown in the table.

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement costs	Total
	£000	£000	£000	£000	£000
Within 1 year	6,692	95	554	1,894	9,235
Within 2 to 5 years	20,814	290	867	5,788	27,759
<b>Total</b>	<b>27,506</b>	<b>385</b>	<b>1,421</b>	<b>7,682</b>	<b>36,994</b>

	2022/23	2023/24
	£000	£000
Balance outstanding at 1st April	3,371	2,364
Payments during the year	(1,959)	(1,978)
Additions	952	-
<b>Balance at 31st March</b>	<b>2,364</b>	<b>386</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### *Building Schools for the Future – Phase 1 - Rebuild of Judgemeadow and Soar Valley Community Colleges*

In December 2007, the Council entered into a 25-year contract with Leicester BSF Company 1 Limited under a PFI scheme. The contractor was to design, build, finance and operate, on the existing sites, replacement buildings for two community colleges – Judgemeadow and Soar Valley – valued at £34.9m (on completion of the rebuild in 2009). At the end of the contract, as

things stand, all assets will revert to Council control. Judgemeadow became an academy in 2018 and Soar Valley in 2023. When a PFI school converts, the Council continues to make payments under this contract from a combination of PFI credits and contributions from schools. At conversion the assets are transferred to the academy, subject to the on-going provisions of

the PFI contract. The rebuild for phase 1 was completed in 2009 and 2023/24 was therefore the fifteenth year of the operation of the contract costing £7.5m.

#### *Property Plant and Equipment*

The assets used to provide the service are recognised on the Council's Balance Sheet and the transfer of Assets to the Academy Trust, treated as a disposal. The value of fixed assets included within the contract, and an analysis of the movement in those values, are shown below:

	<b>Other Land &amp; Buildings</b>
	<b>£000</b>
Balance at 1st April 2023	47,949
Additions	-
Revaluations	-
Depreciation	(1,229)
Disposal	(46,720)
<b>Balance at 31st March 2024</b>	<b>-</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### Payments

The Council makes an agreed payment each year which is increased by inflation (based on the RPI-X measure) and can be reduced if the contractor fails to meet performance standards. Payments remaining to be made under the PFI contract at 31st March 2024 are as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	2,596	1,416	2,038	981	7,031
Within 2 to 5 years	11,133	6,847	6,711	4,643	29,334
Within 6 to 10 years	15,821	13,769	4,395	4,033	38,018
Within 11 to 15 years	571	666	15	-	1,252
<b>Total</b>	<b>30,121</b>	<b>22,698</b>	<b>13,159</b>	<b>9,657</b>	<b>75,635</b>

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is shown:

	2022/23	2023/24
	£000	£000
Balance outstanding at 1st April	25,188	23,855
Payments during the year	(1,333)	(1,157)
<b>Balance at 31st March</b>	<b>23,855</b>	<b>22,698</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### *Building Schools for the Future – Phase 2 - Rebuild of Crown Hills and City Of Leicester Community Colleges*

On 31<sup>st</sup> March 2012 the City Council committed to a joint PFI project scheme for the re-building of Crown Hills and City of Leicester Community Colleges. The Council is contracted to Leicester BSF Company 2 Limited for 25 years. The new schools became operational at the end of October 2013 with construction costs of £44.6m.

At the end of the contract, as things stand, all assets will revert to City Council control.

Crown Hills College remains under the Council's control while The City of Leicester College has transferred to an Academy. When a PFI school converts, the Council continues to make payments under this contract from a combination

of PFI credits and contributions from the school. At conversion assets are transferred to the academy, subject to the on-going provisions of the PFI contract. 2023/24 was the eleventh year of the operation of the contract costing £7.6m.

#### *Property Plant and Equipment*

The assets used to provide the service were recognised on the Council's Balance Sheet and the transfer of Assets to the Academy Trust, treated as a disposal. The value of fixed assets is as shown:

	<b>Other Land &amp; Buildings</b>
	<b>£000</b>
Balance at 1st April 2023	86,677
Additions	-
Disposals	(38,034)
Revaluations/(Impairment)	2,061
Depreciation	(2,143)
<b>Balance at 31st March 2024</b>	<b>48,561</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### Payments

The Council makes an agreed payment each year which is increased by inflation (based on the RPI-X measure) and can be reduced if the contractor fails to meet performance standards. Payments remaining to be made under the PFI contract at 31st March 2024 are as follows:

	Payment for Services	of Capital Expenditure	Interest	Replacement Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	2,817	1,374	2,150	1,013	7,354
Within 2 to 5 years	12,084	6,049	7,668	4,846	30,647
Within 6 to 10 years	17,122	10,547	6,809	6,479	40,957
Within 11 to 15 years	17,954	13,333	2,593	6,668	40,548
<b>Total</b>	<b>49,977</b>	<b>31,303</b>	<b>19,220</b>	<b>19,006</b>	<b>119,506</b>

The liability outstanding to the contractor for capital expenditure incurred is as follows:

	2022/23	2023/24
	£000	£000
Balance outstanding at 1st April	33,876	32,263
Payments during the year	(1,613)	(960)
<b>Balance at 31st March</b>	<b>32,263</b>	<b>31,303</b>

## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### District Energy Heating & Combined Heat Power Scheme

On 14th January 2011 the Council signed an agreement with Leicester District Energy Company Ltd (LDEC Ltd) for the implementation and provision of a district heating and combined heat and power scheme in Leicester.

The scheme involves the replacement of existing heating boilers, the use of existing

heating networks and the construction of additional heating networks in the City Centre and some outer Council estates. Leicester University are part of the scheme and their heating and electricity networks are linked into the overall network scheme.

The initial capital investment made by LDEC Ltd for the whole scheme was £13.7m.

### Property Plant and Equipment

The assets used to provide the service and directly attributable to the City Council are recognised on the Council's Balance Sheet. The value of fixed assets attributable to the Council and operational as at 31st March 2024 are shown in the table:

	Vehicles, Plant & Equipment
	£000
Balance at 1st April 2023	6,118
Depreciation	(408)
<b>Balance at 31st March 2024</b>	<b>5,710</b>

### Payments

The Council will make payments each year which can be reduced if the contractor fails to meet performance standards. Payments (substantially based on assumed levels of energy consumption) scheduled to be made under the contract at 31st March 2024 (excluding future inflation increases and the final phase which has yet to be completed) are as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	1,793	323	730	215	3,061
Within 2 to 5 years	7,172	1,400	2,811	860	12,243
Within 6 to 10 years	8,965	2,760	2,504	1,076	15,305
Within 11 to 15 years	6,225	2,937	760	753	10,675
Within 16 to 20 years	1,786	38	10	-	1,834
<b>Total</b>	<b>25,941</b>	<b>7,458</b>	<b>6,815</b>	<b>2,904</b>	<b>43,118</b>



## Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

### Liability

The liability outstanding to the contractor for capital expenditure incurred up to 31st March 2024 is as per the following table:

Under the terms of the agreement, at the end of the scheme, or, if earlier, upon termination of the agreement, LDEC Ltd will sell the boiler plant and heating network (such parts that are required to heat all of the City Council's buildings) to the City Council or to a new service provider. The term is designed to ensure that the City Council has a working district heating system at the end of the contract period. At the end of the scheme the expectation is that the sale price would be minimal. Under the agreement the Council has granted to LDEC Ltd licence to exercise rights to use the heat network to supply heat to any third party consumer. Any such supply agreements will be co-terminus with or less than the scheme term.

	2022/23	2023/24
	£000	£000
Liability for capital expenditure incurred for operational phases	7,515	7,205
Payments during the year	(310)	(296)
<b>Balance at 31st March</b>	<b>7,205</b>	<b>6,909</b>

## Note 40 Termination Benefits

The Council terminated the contracts of a number of employees in 2023/24 incurring liabilities of £1.8m (£0.3m in 2022/23). Of this £0.8m (£0.3m in 2022/23) was for redundancy and other departure costs, and £1m (£37k in 2022/23) was the cost arising from the early release of pension benefits as required by the regulations of the Local Government Pension Scheme (LGPS).

The number and cost of exit packages are set out in the table to the right. In 2023/24 the Council approved 33 compulsory redundancies (12 in 2022/23).

Band	Total number of exit packages by cost band	Total Cost of Exit packages 2022/23	Total number of exit packages by cost band	Total Cost of Exit packages 2023/24	
	£	2022/23	£	2023/24	
0 - 20,000		15	111,032	56	473,387
20,001 - 40,000		5	139,620	6	159,797
40,001 - 60,000		1	42,508	9	460,709
60,001 - 80,000		-	-	2	136,468
80,001 - 100,000		-	-	2	181,089
100,001 - 160,000		-	-	3	385,872
<b>Total</b>		<b>21</b>	<b>293,160</b>	<b>78</b>	<b>1,797,322</b>

# Note 41 Pension Schemes Accounted for as Defined Contribution Schemes

## *Teachers' Pensions*

Teachers employed by the Council are eligible to be members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. For the purposes of the Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme. Under this treatment, the council has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Council's obligation is limited to the amount that it has agreed to contribute to the fund and in consequence, actuarial risk and investment risk fall on the employee.

In 2023/24, the Council paid £17.6m to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2022/23 were £18.5m and 23.68%.

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 detailed in Note 42.

## *Public Health*

Certain public health employees remain members of the NHS pension scheme. The scheme provides these staff with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. For the purposes of the Statement of Accounts, it is accounted for on the same basis

as a defined contribution scheme. Under this treatment, the council has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Council's obligation is limited to the amount that it has agreed to contribute to the fund and in consequence, actuarial risk and investment risk fall on the employee.

In 2023/24, the Council paid £0.1m to the NHS Pension Scheme in respect of former NHS staff retirement benefits representing 14.38% of pensionable pay.

## Note 42 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 that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three post-employment pension schemes:

- Teachers' Pensions Scheme – see Note 41 for further information
- NHS Pension Scheme – see Note 41 for further information
- The Local Government Pension Scheme (LGPS) administered locally by the Leicestershire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

Hymans Robertson, an independent firm of actuaries, has valued the Council's fund asset share and liabilities for the Local Government Pension Scheme.

The accounts have been prepared on the basis of the actuary's updated IAS19 valuation report dated 20th May 2024.

## Note 42 Defined Benefit Pension Schemes (continued)

### Transactions relating to post-employment benefits (LGPS)

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make in the accounts 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 and the General Fund Balance via the Movement in Reserves Statement during the year.

	2022/23	2023/24
	£000	£000
Comprehensive Income and Expenditure Statement		
<b>Cost of Services</b>		
Current service cost	91,073	45,027
Past service cost	35	61
Settlements and curtailments	-	(3,474)
<b>Total Service Cost</b>	<b>91,108</b>	<b>41,614</b>
Financing and Investment Income and Expenditure		
Expected return on scheme assets	(47,757)	(81,055)
Interest cost	64,104	78,709
Effect of Asset Ceiling Adjustment	-	3,512
<b>Net Interest Cost</b>	<b>16,347</b>	<b>1,166</b>
<b>Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>107,455</b>	<b>42,780</b>
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Return on plan assets excluding amounts included in net interest	69,449	(83,887)
Actuarial (gains)/losses arising from changes in demographic assumptions	(14,652)	(10,179)
Actuarial (gains)/losses arising from changes in financial assumptions	(899,704)	(98,203)
Other Experience adjustments	168,492	51,882
Effect of Asset Ceiling Adjustment	73,929	158,384
<b>Total remeasurements recognised in the Comprehensive Income and Expenditure Statement</b>	<b>(602,486)</b>	<b>17,997</b>
<b>Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement</b>	<b>(495,031)</b>	<b>60,777</b>
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	107,455	42,780
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	(58,746)	(62,434)
<b>Total Movement in Reserves</b>	<b>48,709</b>	<b>(19,654)</b>

## Note 42 Defined Benefit Pension Schemes (continued)

### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>2,349,900</b>	<b>1,667,167</b>
Current service cost	91,073	45,027
Past service costs (including curtailments)	35	61
Effect of settlements	-	(9,008)
Interest cost	64,104	78,709
Contributions by scheme participants	12,826	13,393
Benefits paid	(51,645)	(58,692)
Effect of business combinations and disposals	-	643
Remeasurements arising from changes in financial assumptions	(899,704)	(98,203)
Remeasurements arising from changes in other assumptions	115,230	51,882
Remeasurements arising from changes in demographic assumptions	(14,652)	(10,179)
<b>Balance at 31st March</b>	<b>1,667,167</b>	<b>1,680,800</b>

Reconciliation of fair value of the scheme (plan) assets:

	2022/23	2023/24
	£000	£000
<b>Balance at 1st April</b>	<b>1,760,111</b>	<b>1,705,084</b>
Interest income	47,757	81,055
Effect of settlements	-	(5,534)
Contributions by scheme participants	12,826	13,393
Employer contributions	58,746	62,402
Effect of business combinations and disposals	-	675
Benefits paid	(51,645)	(58,692)
Other Experience	(53,262)	-
Return on plan assets excluding amounts included in net interest	(69,449)	83,887
<b>Balance at 31st March</b>	<b>1,705,084</b>	<b>1,882,270</b>

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

## Note 42 Defined Benefit Pension Schemes (continued)

### Scheme History

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Present value of funded obligations	(1,799,983)	(2,390,572)	(2,306,075)	(1,631,155)	(1,646,445)
Present value of unfunded obligations	(45,181)	(50,180)	(43,825)	(36,012)	(34,355)
Fair value of assets in the scheme	1,244,676	1,570,021	1,760,111	1,705,084	1,882,270
Asset Ceiling Adjustment	-	-	-	(73,929)	(235,825)
<b>Surplus/(deficit) in the scheme</b>	<b>(600,488)</b>	<b>(870,731)</b>	<b>(589,789)</b>	<b>(36,012)</b>	<b>(34,355)</b>

### Impact on future cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. In previous years the Council has shown a significant liability on the pension fund, representing a forecast shortfall in the fund's assets available to pay future costs.

However, last year and this year the Council's share of the pension fund assets has exceeded the related obligations. This is due to the rise in long term interest rates, leading to expected higher returns on investments. Accounting standards require that we do not recognise the net asset on the main part of the pension fund, due to the Council's minimum funding contributions for future years being more than the future years' service cost; which means the asset cannot be realised by the Council. Therefore, the final position shown is a £34m liability which relates to unfunded obligations that cannot be met from scheme assets.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31st March 2025 is £59.0m. The maturity profile is as follows:

Liability Split	
Active members	42.0%
Deferred members	17.6%
Pensioner members	40.4%
<b>Total</b>	<b>100.0%</b>

The weighted average duration of the defined benefit obligation for scheme members is 18 years as at the date of the most recent valuation.

## Note 42 Defined Benefit Pension Schemes (continued)

### *Basis for Estimating Assets and Liabilities*

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31st March 2022.

The main assumptions used by the actuary have been:

<b>Local Government Pension Scheme</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners (years):		
Men	20.8	20.7
Women	23.9	23.7
Longevity at 65 for future pensioners (years):		
Men	21.7	21.5
Women	25.3	25.1
<b>Benefit entitlement assumptions</b>		
Rate of increase in salaries	3.45%	3.25%
Rate of increase in pensions	2.95%	2.75%
Rate for discounting scheme liabilities	4.75%	4.85%
Take-up of option to convert annual pension into retirement lump-sum – relating to service pre April 2008	55.0%	55.0%
Take-up of option to convert annual pension into retirement lump-sum – relating to service post April 2008	55.0%	55.0%



## Note 42 Defined Benefit Pension Schemes (continued)

The Local Government Pension Scheme's assets consist of the categories in the table below, by proportion of the total assets held:

	2022/23				2023/24			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total
	£000	£000	£000	Assets	£000	£000	£000	Assets
<b>Equity</b>								
Consumer	181		181	0%	574		574	0%
Manufacturing	856		856	0%	-		-	0%
Energy and Utilities	1,761		1,761	0%	1,199		1,199	0%
Financial Institutions	540		540	0%	1,350		1,350	0%
Health and Care	293		293	0%	1,850		1,850	0%
Information Technology	329		329	0%	-		-	0%
Other	1,397		1,397	0%	1,118		1,118	0%
<b>Debt Securities</b>								
UK Government	78,327	203	78,530	5%	82,481	203	82,684	4%
Other	7,202		7,202	0%	7,561		7,561	0%
<b>Private Equity</b>								
All		116,736	116,736	7%		114,812	114,812	6%
<b>Real Estate</b>								
UK Property		120,840	120,840	7%		121,695	121,695	6%
<b>Investment Fund and Unit Trusts</b>								
Equities	742,970	3,654	746,624	44%	798,060	3,382	801,443	43%
Bonds			-	0%			-	0%
Hedge Funds	8		8	0%	9		9	0%
Commodities		43,795	43,795	3%		43,449	43,449	2%
Infrastructure		139,484	139,484	8%		161,132	161,132	9%
Other	231,827	175,540	407,367	24%	216,312	171,558	387,870	21%
<b>Derivatives</b>								
Foreign Exchange	783		783	0%	110		110	0%
<b>Cash and Cash Equivalents</b>								
All	38,359		38,359	2%	149,804		155,415	8%
<b>Total</b>	<b>1,104,834</b>	<b>600,250</b>	<b>1,705,084</b>	<b>100%</b>	<b>1,260,428</b>	<b>616,231</b>	<b>1,882,270</b>	<b>100%</b>

## Note 42 Defined Benefit Pension Schemes (continued)

### *Sensitivity Analysis*

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

<b>Changes in assumptions at 31st March 2024</b>	<b>Approximate % increase to Defined Benefit Obligation</b>	<b>Approximate monetary amount (£000)</b>
0.1% decrease in Real Discount Rate	2%	31,632
0.1% increase in the Salary Increase Rate	0%	1,547
1 Year Increase in Life Expectancy	4%	67,008
0.1% increase in the Pension Increase Rate	2%	30,666

The sensitivity figures above can be used to estimate the impact of adopting different financial assumptions. In order to qualify the impact of a change in the financial assumptions used, the value of the scheme liabilities have been calculated at the accounting date on varying bases.

## Note 43 Contingent Liabilities

A claim has been lodged with HM Courts and Tribunal Service by Biffa Group Holdings (UK) Limited and group companies, regarding disputed matters in relation to payments due under the PFI contract for waste management (see Note 39). There is potential for this to progress through the high court process, with a full court hearing unlikely to be until 2026. It is not practicable at this time to estimate the financial effect. It is however unlikely that the council will receive any reimbursement.

## Note 44 Contingent Assets

The council has no contingent assets to disclose in the 2023/24 accounts.

## Note 45 Prior Period Adjustments

The Council has been required to make a prior period adjustment in relation to the accounting treatment of the Better Care Fund. The adjustment removes partner spend and contribution so only Leicester City Council's spend and contribution are contained within our Comprehensive Income and Expenditure statement. This has no effect on the Council's financial position as the result is a net nil adjustment in classification between income and expenditure.

The only effect of this adjustment are the changes detailed below on the Comprehensive Income and Expenditure statement.

As Originally Stated				As Restated			Effect of Restatement		
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp	Gross Exp	Income	Net Exp
£000	£000	£000		£000	£000	£000	£000	£000	£000
209,128	(81,717)	127,411	City Development & Neighbourhoods	209,128	(81,717)	127,411	-	-	-
104,586	(84,451)	20,135	Housing Revenue Account (HRA)	104,586	(84,451)	20,135	-	-	-
217,945	(79,780)	138,165	Adult Social Care	199,440	(61,275)	138,165	18,505	(18,505)	-
36,720	(38,214)	(1,494)	Health Improvement & Wellbeing	36,584	(38,078)	(1,494)	136	(136)	-
431,969	(314,809)	117,160	Education & Children's Services	431,969	(314,809)	117,160	-	-	-
60,982	(17,911)	43,071	Corporate Resources & Support	60,982	(17,911)	43,071	-	-	-
73,038	(73,363)	(325)	Housing Benefits	73,038	(73,363)	(325)	-	-	-
93	(296)	(203)	Corporate Items	93	(296)	(203)	-	-	-
-	(517)	(517)	Capital Financing	-	(517)	(517)	-	-	-
<b>1,134,461</b>	<b>(691,058)</b>	<b>443,403</b>	<b>Cost of Services</b>	<b>1,115,820</b>	<b>(672,417)</b>	<b>443,403</b>	<b>18,641</b>	<b>(18,641)</b>	<b>-</b>

# Supplementary Financial Statements & Explanatory Notes

# Housing Revenue Account

# Housing Revenue Account (HRA) Statements - Income and Expenditure

The Housing Revenue Account (HRA) is a ring-fenced account that represents the Council's social housing service. This service is required by law to be ring-fenced in order to ensure that there is a clear link between rents charged to tenants and expenditure on social housing.

2022/23			2023/24
£000		Note	£000
<b>Income</b>			
(77,085)	Dwelling Rents	5	(81,969)
(352)	Non-dwelling Rents	6	(357)
(6,036)	Service Charges	6	(10,205)
(978)	Contributions & Miscellaneous income		(789)
<b>(84,451)</b>	<b>Total Income</b>		<b>(93,320)</b>
<b>Expenditure</b>			
14,097	General Management		14,049
15,074	Special Management	3	15,819
36,489	Repairs & Maintenance		32,930
1,901	Rent, Rates, Taxes & Other Charges		2,231
346	Increase/ (Decrease) in Bad Debt Provision	4	278
35,459	Depreciation & Impairment of Fixed Assets	12	27,649
60	Debt Management Expenses		60
450	Other Expenditure		92
<b>103,876</b>	<b>Total Expenditure</b>		<b>93,108</b>
710	HRA share of Corporate & Democratic Core		710
<b>20,135</b>	<b>"HRA Comprehensive Income and Expenditure Line"</b>		<b>498</b>
<b>20,135</b>	<b>Net Cost of HRA Services</b>		<b>498</b>
1,928	(Gain) or Loss on Sale of HRA Assets		(420)
9,434	Loan Charges - Interest		12,214
(742)	Investment Interest		(1,781)
6,902	Pensions - Interest on Liabilities	14	8,784
(5,142)	Pensions - Expected Return on Assets	14	(8,659)
<b>32,515</b>	<b>(Surplus) / Deficit for the Year</b>		<b>10,636</b>



## Housing Revenue Account (HRA) Statements - Movement in Reserve

2022/23			2023/24
£000		Note	£000
<b>32,515</b>	<b>(Surplus) / Deficit for the Year (from above)</b>		<b>10,636</b>
<b><u>Additional items required by statute and non-statutory proper practices to be taken into account in determining the movement on the Housing Revenue Account balance</u></b>			
359	Amounts charged to the HRA for amortisation of Premia and Discounts for the year determined in accordance with statute		383
(5,519)	HRA share of contributions to/(from) the Pension Reserve	14	1,419
(1,928)	Gain or (Loss) on Sale of HRA Fixed Assets		420
(35,459)	Depreciation and capital expenditure not adding value for Fixed Assets	12	(27,649)
829	Capital Expenditure Financed from Revenue Account	10	1,850
1,253	HRA Set-Aside (MRP)		1,363
15,558	Transfers to/(from) the Major Repairs Reserve	13	14,323
(4)	Transfers to/(from) the Employee Benefits Reserve		9
(450)	Other Adjustments		(92)
<b>(25,361)</b>	<b>Total value of items reversed as part of determining the statutory movement on the Housing Revenue Account Balance</b>		<b>(7,974)</b>
<b>7,154</b>	<b>Net (Surplus)/Deficit on the Housing Revenue Account in the year</b>		<b>2,662</b>
(32,532)	Balance Brought Forward 1st April 2023		(25,378)
<b>(25,378)</b>	<b>Balance Carried Forward 31st March 2024 - (Surplus)/Deficit</b>		<b>(22,716)</b>

# Housing Revenue Account (HRA) Explanatory Notes

## 1. Housing Revenue Account

The rules for the Housing Revenue Account (HRA) are specified within the Local Government and Housing Act 1989. Additionally a suite of self financing determinations was issued by the Ministry of Housing, Communities and Local Government (MHCLG) in 2012, including the Item 8 Credit and Item 8 Debit determinations which set out the capital accounting and financing entries under the 1989 Act.

These determinations have been made by the Council and the appropriate entries have been made in respect of capital accounting and financing transactions.

## 5. Net Rent Income from Dwellings

	2022/23	2023/24
	£000	£000
Total Rent income from Dwellings	77,085	81,969
Less Housing Benefit	(26,029)	(25,962)
<b>Total</b>	<b>51,056</b>	<b>56,007</b>

## 6. Non -Dwelling Rents and Service Charges

These include the charges made to tenants and leaseholders for district heating, garages, security and cleaning services to flats.

## 2. Changes to Accounting Practice

There has been no change in accounting practice.

## 3. Special Management

These include group central heating and hot water schemes, caretaking services, security services to high rise flats, maintenance of shrubberies and grassed areas, communal services, tenancy sustainment for tenants and support for hostel residents.

## 4. Rent Arrears and Provision for Bad Debts

### *Rents and Service Charges*

The bad debt provision for rents and service charges at 31st March 2024 was £1.1m (£1.0m at 31st March 2023). This is calculated on a rent and service charge arrears balance of £3.5m (£2.8m in 2022/23).

## Housing Revenue Account (HRA) Explanatory Notes (continued)

### 7. Housing Stock

Changes to Housing Stock:

	2022/23	2023/24
Number of Dwellings at 1st April	19,847	19,435
Acquisitions	51	140
Right to Buy sales	(329)	(205)
Other Disposals	(134)	-
<b>Number of Dwellings at 31st March</b>	<b>19,435</b>	<b>19,370</b>

### 8. Value of HRA Assets

	31st March 2023	31st March 2024
	£000	£000
Dwellings	1,229,917	1,216,931
Other Land and Buildings	23,140	25,009
Assets Under Construction	1,563	-
Vehicles, Plant, Furniture & Equipment	-	460
Surplus Assets	910	2,242
Assets Held for Sale	441	949
Intangible Assets	7	-
<b>Total</b>	<b>1,255,978</b>	<b>1,245,591</b>

## Housing Revenue Account (HRA) Explanatory Notes (continued)

### 9. Vacant Possession Value of Council Dwellings

The vacant possession value of council dwellings at 31st March 2024 was £2.9bn. At the same date the balance sheet value of council dwellings was £1.2bn. The difference of £1.7bn reflects the fact that social housing rents generate a lower

income stream than could be obtained in the open market. The value placed on operational assets in a commercial environment will reflect the required economic rate of return in relation to the income streams that the assets might be

expected to generate throughout their economic life. To the extent that income streams are constrained to serve a wider social purpose, the value of capital assets employed for council housing will be reduced.

	31st March 2023	31st March 2024
	£000	£000
Vacant possession values	2,968,075	2,897,338

### 10. Capital Expenditure

HRA capital expenditure on land, houses and other property in 2023/24 totalled £39m, financed as follows:

	2022/23	2023/24
	£000	£000
Major Repairs Reserve	15,558	14,323
Use of borrowing	6,195	12,261
Other grants and contributions	1,239	3,268
Usable capital receipts	9,328	7,724
Financing from revenue account	829	1,850
<b>Total</b>	<b>33,149</b>	<b>39,426</b>

### 11. Capital Disposals

HRA capital disposals in 2023/24 were as follows:

	2022/23		2023/24	
	Total Receipt	Usable/ Retained	Pooled/ Set aside	Total Receipt
	£000	£000	£000	£000
Right to Buy (RTB) sales	(19,229)	(10,320)	(3,179)	(13,499)
<b>Total</b>	<b>(19,229)</b>	<b>(10,320)</b>	<b>(3,179)</b>	<b>(13,499)</b>

## Housing Revenue Account (HRA) Explanatory Notes (continued)

### 12. Depreciation and capital expenditure not adding value for Fixed Assets

A breakdown of the depreciation and capital expenditure not adding value charges are provided in the table below:

	2022/23				2023/24			
	Depreciation	Capital expenditure not adding value	Other Impairments	Total	Depreciation	Capital expenditure not adding value	Other Impairments	Total
	2022/23	2022/23	2022/23	2022/23	2023/24	2023/24	2023/24	2023/24
	£000	£000		£000	£000	£000	£000	£000
Dwellings	12,536	18,296	-	30,832	13,381	13,370	-	26,751
Other Land and Buildings	2,623	868	-	3,491	567	13	(578)	2
Vehicles, Plant, Furniture & Equipment	388	-	-	388	364	-	-	364
Assets Under Construction	-	-	-	-	-	555	-	555
Surplus Assets	4	-	737	741	4	-	(34)	(30)
Intangible Assets	7	-	-	7	7	-	-	7
<b>Total</b>	<b>15,558</b>	<b>19,164</b>	<b>737</b>	<b>35,459</b>	<b>14,323</b>	<b>13,938</b>	<b>(612)</b>	<b>27,649</b>

To be consistent with the format of the dwellings valuation supplied by the authority's external valuers, the dwellings depreciation charge has been calculated by dividing the buildings element of the valuation (on an 'Existing Use Value – Social Housing' basis) by the residual life of the properties.

## Housing Revenue Account (HRA) Explanatory Notes (continued)

### 13. Use of Major Repairs Reserve

	2022/23	2023/24
	£000	£000
Balance at 1st April	-	-
Depreciation credited	(15,558)	(14,323)
Capital expenditure on land, houses and other property	15,558	14,323
<b>Balance at 31st March</b>	<b>-</b>	<b>-</b>

### 14. HRA Contributions to the Pensions Reserve

This table identifies the total HRA share of contributions to and (from) the pensions reserve and breaks the figure down to show the type of contribution to or (from) the reserve. More detailed information on pensions is provided in note 42 to the core financial statements.

	2022/23	2023/24
	£000	£000
Pension costs incurred in Net Cost of Services:		
Current service cost	(3,759)	1,544
	<b>(3,759)</b>	<b>1,544</b>
Pension interest cost and expected return on assets:		
Interest on liabilities	(6,902)	(8,784)
Expected return on assets	5,142	8,659
	<b>(1,760)</b>	<b>(125)</b>
<b>Total Transfer to Pension Reserve</b>	<b>(5,519)</b>	<b>1,419</b>

# Collection Fund Account

# Collection Fund - Income and Expenditure Statement

The Collection Fund is a ring-fenced account that represents the Council's role in collecting Council Tax and Non-Domestic Rates for the City of Leicester. The Council records taxation income in the Collection Fund and then makes distributions to precepting authorities including the Leicestershire and Rutland Combined Fire Authority and the Office of the Police Crime Commissioner for Leicester, Leicestershire and Rutland as well as to the Council's own General Fund.

2022/23			2023/24			
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000	Note	£000	£000	£000
<b>Income</b>						
(164,961)		(164,961)	2	(172,971)		(172,971)
	(97,885)	(97,885)			(94,872)	(94,872)
	333	333			(5,943)	(5,943)
		<b>(262,513)</b>				<b>(273,786)</b>
<b>Expenditure</b>						
Precepts and Demands:						
			3			
134,424		134,424		144,891		144,891
19,884		19,884		21,598		21,598
5,720		5,720		6,268		6,268
		160,028				172,757
Business Rates:						
			4			
	46,982	46,982			51,200	51,200
	940	940			1,024	1,024
	46,043	46,043			50,176	50,176
	483	483			476	476
		94,448				102,875
(1,043)	(37,019)	(38,062)	6	(154)	10,993	10,839
Bad and Doubtful Debts:						
			7			
1,150	1,688	2,838		1,436	1,078	2,514
2,162	(66)	2,096		1,688	382	2,070
	(6,209)	(6,209)			(2,986)	(2,986)
		<b>215,139</b>				<b>288,068</b>
(2,663)	(44,710)	(47,374)		2,755	11,526	14,282
1,274	29,925	31,199	5	(1,389)	(14,785)	(16,175)
<b>(1,389)</b>	<b>(14,785)</b>	<b>(16,175)</b>	<b>1</b>	<b>1,366</b>	<b>(3,259)</b>	<b>(1,893)</b>



# Collection Fund Explanatory Notes

## 1. Statutory Requirements & Allocation of Balances

This statement fulfils the statutory requirement for the Council to maintain a separate Collection Fund.

The balance on the collection fund is split between the relevant bodies as shown in the table below:

	2022/23			2023/24		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£000	£000	£000	£000	£000	£000
Leicester City Council	(1,160)	(7,244)	(8,404)	1,146	(1,597)	(451)
Central Government	-	(7,393)	(7,393)	-	(1,629)	(1,629)
Leicestershire & Rutland Combined Fire Authority	(51)	(148)	(199)	49	(33)	17
Police & Crime Commissioner for Leicester, Leicestershire & Rutland	(178)	-	(178)	171	-	171
<b>Fund Balance Allocations as at 31st March</b>	<b>(1,389)</b>	<b>(14,785)</b>	<b>(16,174)</b>	<b>1,366</b>	<b>(3,259)</b>	<b>(1,893)</b>

## Collection Fund Explanatory Notes (continued)

### 2. Council Tax Base

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, was calculated as follows:

The total collectable Council Tax during 2023/24 was £173m including arrears from prior years.

The collectable Council Tax specifically for 2023/24 was £198.3m (including sums paid under the Local Council Tax Reduction Scheme). After taking into account the total amount of this reduction (£25.3m), the average number of Band D dwellings equates to 79,069. This is a slight increase from the 79,046 dwellings existing when the 2023/24 budget was prepared.

Band	Estimated No. of Taxable Properties After Effect of Discount	Ratio	Band D Equivalent Dwellings	Less Band D Equivalent - LCTR Scheme Dwellings	Net Band D Equivalent Dwellings
A-	291	5/9	162	52	110
A	70,702	6/9	47,135	8,795	38,340
B	24,593	7/9	19,127	1,722	17,405
C	14,483	8/9	12,874	827	12,047
D	6,236	9/9	6,236	243	5,993
E	3,245	11/9	3,966	101	3,865
F	1,472	13/9	2,126	38	2,088
G	580	15/9	967	12	955
H	31	18/9	62	0	62
	<b>121,633</b>		<b>92,655</b>	<b>11,790</b>	<b>80,865</b>
			Less adjustments for collection rates and other adjustments.		(1,819)
<b>Council Tax Base</b>					<b>79,046</b>

## Collection Fund Explanatory Notes (continued)

### 3. Precepts and Demands

The following sums were paid from the collection fund.

	2022/23	2023/24
	£000	£000
Leicester City Council	134,424	144,891
Police & Crime Commissioner for Leicestershire	19,884	21,598
Leicestershire & Rutland Combined Fire Authority	5,720	6,268
<b>Total</b>	<b>160,028</b>	<b>172,757</b>

### 4. Income from Business Rates

Under the arrangements for business rates, the Council collects rates payable in the City, which are based on the rateable values multiplied by a uniform rate.

	31st March 2023	31st March 2024
	£	£
<b>Non Domestic Rateable Value</b>	<b>302,917,580</b>	<b>311,267,826</b>

	2022/23	2023/24
Non Domestic Rating Multiplier	51.2p	51.2p
Non Domestic Rating Multiplier- Small Business	49.9p	49.9p

## Collection Fund Explanatory Notes (continued)

### 5. Collection Fund Surpluses & Deficits

The Collection Fund account shows a cumulative surplus of £1.9m at 31st March 2024 (£16.2m surplus at 31st March 2023) for Council Tax and Business Rates.

The surplus arising from business rates is £3.3m (£14.8m surplus at 31st March 2023). The reported surplus is affected by changes in the forecast for loss of revenue due to appeals against rateable values and by timing differences around rates reliefs funded by grant paid directly into the General Fund.

The deficit arising on Council Tax is £1.4m (£1.4m surplus 31st March 2023). The deficit that has arisen on Council Tax will be distributed between Leicester City Council, the Police & Crime Commissioner for Leicestershire and the Leicester, Leicestershire & Rutland Combined Fire Authority in proportion to the respective precepts and demands.

Similar to business rates, in 2020/21 as a result of the pandemic the Council incurred a significant deficit on Council Tax that was required to be spread over 3 years. The third & final year of this spreading is 2023/24.

## Collection Fund Explanatory Notes (continued)

### 6. Contributions to Collection Fund Surpluses & Deficits

#### **Share of Surpluses/Deficits**

##### *Council Tax*

Every January, the Authority has to estimate the surplus/deficit for the collection fund at the end of the financial year.

For the Council Tax, this has to be notified to the police commissioner and the fire authority, which are entitled to receive a share of any surplus (or contribute a share towards a deficit) made in respect of Council Tax. This is detailed in the table below.

	<b>City</b>	<b>Police</b>	<b>Fire</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Estimated Deficit - Jan 2023</b>	<b>134</b>	<b>15</b>	<b>5</b>	<b>154</b>

##### *Business Rates*

For Business Rates, this is notified to central government and the fire authority, which are entitled to receive a share of any surplus (or contribute a share towards a deficit) made in respect of Business Rates. This is detailed in the table below.

	<b>City</b>	<b>Government</b>	<b>Fire</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Estimated Surplus - Jan 2023</b>	<b>(5,387)</b>	<b>(5,496)</b>	<b>(110)</b>	<b>(10,993)</b>

## Collection Fund Explanatory Notes (continued)

### 7. Bad and Doubtful Debts

This table provides more detail on the bad debt write-offs and the increase in the provision for bad and doubtful debts.

Provisions	Bad Debt Provision			
	Balance at 1st April 2023	Bad Debt Write- offs In year	Increase/ (Decrease) to Provision	Balance at 31st March 2024
	£000	£000	£000	£000
Council Tax	15,176	(1,436)	3,124	16,864
NDR	5,541	(1,078)	1,460	5,923
<b>Total</b>	<b>20,717</b>	<b>(2,514)</b>	<b>4,584</b>	<b>22,787</b>

# Annual Governance Statement

# Leicester City Council Annual Governance Statement 2023-24

## 1. Introduction

The Council is committed to good corporate governance and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016). The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people

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

This statement is produced in fulfilment of the requirements under the Accounts and Audit Regulations 2015, to prepare an annual governance statement which covers:

- The Council’s governance arrangements
- The role of those responsible for the development and maintenance of the governance environment

- Any significant risks or priorities that have been identified
- An assessment of the effectiveness of key elements of the Council’s governance framework

## 2. The Arrangements

The Council has an approved Local Code of Corporate Governance which is based on seven core principles taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’). A diagram showing the seven core principles is included in Appendix 1.

Appendix 2 is then a summary of the governance arrangements that the Council works within; and Appendix 3 shows how the Council assesses its governance arrangements to inform the Annual Governance Statement.

The following section details the systems, policies and procedures the Council has in place for governance and how this links to the seven core principles for good governance in the public sector included in the diagram at Appendix 1.

### **A) The Council behaves with Integrity, demonstrates strong commitment to ethical values, and respects the rule of law by having the following codes and rules which are followed:**

- Constitution
- Financial Procedure Rules

- Code of Conduct for Members
- Code of Conduct for Employees
- Anti-fraud, Bribery and Corruption Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Information Governance & Risk Policy

### **B) The Council ensures Openness and Comprehensive Stakeholder Engagement through the following:**

- Open Council & committee meetings with published minutes
- Published Executive decisions
- Scrutiny of Executive projects through scrutiny commissions
- Call in periods for Executive decisions
- Public engagement through consultation, representations and petitions
- Use of social media engagement on key projects and partnership working
- Publication of Freedom of Information Act responses and transparency data
- A range of communication channels including press-release and other communications linked to significant decisions and council activity



## Leicester City Council Annual Governance Statement 2023-24 (continued)

### 2. The Arrangements (continued)

**C) The Council defines outcomes in terms of sustainable economic, social and environmental benefits through the City Mayor's strategic vision which contain a number of key pledges and which have been regularly scrutinised:**

- A Fair City
- Homes for All
- Connecting Leicester
- Sustainable Leicester
- Health & Care
- Lifelong Learning
- A City to Enjoy
- A Safe and Inclusive Leicester

**D) The Council determines the interventions necessary to optimise the achievement of the intended outcomes by supporting the above key pledges with the following key plans:**

- Economic Recovery
- Budget Strategy (updated annually)
- Corporate Estate Annual Report
- Leicester Labour Market Partnership (Textile) Review 2020-22
- Leicester Street Design Guide

- Joint Health & Wellbeing Strategy 2019-2024
- Knife Crime and Serious Violence Strategy 2021-2023
- Local Transport Plan 2011-2026
- Tourism Action Plan 2020-2025
- Economic Action Plan

**E) The Senior Leadership team continue to develop the entity's capacity, including the capability of its leadership and the individuals within it and this is supported by:**

- Democratic Services including Member and Civic Support Services, who also support member development
- An Organisational Development Team, who facilitate effective development of employees
- A communications function which includes PR, media and digital media teams
- A staff intranet and established internal communication channels, which provide guidance to staff
- Partnership working on key priorities
- An Information Assurance Team to support our data policies
- Specialist teams offering professional advice, for example legal, procurement, IT and finance

**F) The Council manages risks and performance through robust internal control and strong public financial management by reviewing processes and delivery throughout the year, supported by:**

- Internal Audit
- External Audit
- Information Governance
- Audit and Risk Committee (decommissioned 05/07/2023)
- Governance & Audit Committee (replaced Audit and Risk Committee)
- Regular reporting of capital and revenue spending during a year
- Annual review of the Local Code of Corporate Governance
- Annual review of risk management strategy and policy and regular monitoring, evaluation and reporting on strategic and operational risks
- Annual review of the Assurance Framework

## Leicester City Council Annual Governance Statement 2023-24 (continued)

### G) The Council Implements good practices in transparency, reporting, and audit to deliver effective accountability. This is demonstrated through:

- External Audit
- Annual Financial Statements
- Annual Governance Statement
- Open Council & committee meetings with published minutes
- Published Executive decisions accompanied by external communications
- Compliance with CIPFA codes of Practice (including the Financial Management Code)
- Scrutiny Commissions and regulatory committees
- External inspections and reviews of services

Additional information on many of the areas detailed above can be found on the Council's website;

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

### 3. Review of Effectiveness

The Governance & Audit Committee (previously Audit & Risk Committee) considers a wide range of business as part of its central role as part of the Council's system of corporate governance, risk management, fraud and internal control. The Governance & Audit Committee is complemented by the various scrutiny committees.

Any areas or activities that identify significant weaknesses in financial controls, governance arrangements or the management of risk through

the Council's review of processes are then reported to the Governance & Audit Committee.

Key items that the Governance & Audit Committee considered throughout the year were:

- Annual review of local code of corporate governance
- Progress against internal audit plans
- Regular progress updates on the external audit of the statement of accounts
- Performance of the Council in authorising regulatory investigation powers
- Equal Pay Audit report
- Procurement annual report
- Insurance annual report
- Fraud, corruption and anti-money laundering reports
- Strategic & operational risk registers
- Business continuity strategies and policies

Overall, from this year's work, it can be concluded that controls are operationally sound and that the Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'.

This is supported by Appendix 4 which demonstrates how the Council complies with the CIPFA Financial Management Code and the internal audit opinion which stated:

"A stable staff group throughout the year allowed for a good progression of planned audits. Forty-five assurance audits were undertaken, the majority of which returned substantial assurance rating. Nine audits either contained high

importance (HI) recommendations or were otherwise given a partial assurance rating and were reported in summary to Committee during the year. Seven consulting engagements were undertaken. Seventeen grants were certified. Management accepted and responded positively to recommendations including follow ups.

The HoIAS took independent assurance from External Audit reports and the Leicester Safeguarding Children Partnership Board Annual Report and reviewed other Committee reports.

The major cyber incident in early March created short delays to progressing a few audits. However, an important scheduled audit of key ICT controls (including a follow up on the cyber security audit undertaken in 2022-23), was not able to be undertaken due to the cyber incident. Therefore, Internal Audit assurance could not be given that there was not material risk exposure. Independent assurance will need to be gained once the incident is concluded.

Notwithstanding being unable to provide assurance on key ICT controls, reasonable assurance is given that the Council's control environment has remained overall adequate and effective."

#### \*Head of Internal Audit Service

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. We cannot eliminate all risk of failure to achieve policies, aims and objectives; however the above controls provide reasonable but not absolute assurance of effectiveness.

## Leicester City Council Annual Governance Statement 2023-24 (continued)

Areas of significant risk or priorities for action have been identified and are detailed in the tables, together with an update of the issues identified last year.

### Issues Identified in 2022/23

The areas of significant risk or priorities for action that have been identified are listed in the table:

Issue Identified	Action taken to Date
<p><b>Medium Term Financial Strategy</b> – We have set a balanced budget for 2023/24 and 2024/25 with the use of managed reserves. However, we estimate our reserves will run out part way through 2025/26 and therefore significant savings are essential.</p>	<p>The Council continues to monitor its finances and focus on reviewing budgets and services to achieve the significant level of savings required.</p> <p>The Council has set a balanced budget for 2024/25 with the significant use of one-off monies but has noted the significant financial pressures we have left.</p>
<p><b>Uncertain political and policy environment</b> - National government changes and the forthcoming May 2023 local elections create uncertainties in relation to strategic direction and priorities. Uncertainty has also been caused by wide ranging industrial action across sectors including health and education.</p>	<p>Following the May 2023 local elections, a review to articulate priorities for the new term of office. There has been continued emphasis on robust business continuity planning, testing and training.</p> <p>Strategic directors met regularly to review strategic risks and actions needed to mitigate/address them.</p>
<p><b>Economic instability and rising inflation</b> – A weak national economy and high inflation pushes up costs, and limits the supply of goods, supplies and services.</p> <p>Significantly increased costs for services and for capital schemes can result in overspends, budget pressures and inability to meet demand.</p> <p>Lack of availability of key supplies, goods and services and relevant skills and expertise can cause delays and risk ability to deliver services and capital schemes.</p>	<p>The Council has continued to monitor capital budgets, and ensure during inception of projects that inflation is built into projects. Allowance is made for existing projects which are already in delivery.</p> <p>In terms of supplies, we have continued to monitor the market on a three monthly basis, and where appropriate have changed the make-up of core components of projects or supplies needed to deliver projects.</p> <p>On skills, a successful recruitment campaign has continued and our salary structures have changed in some core job roles to ensure delivery of key services is maintained.</p> <p>External partners have been engaged to bring in skills so core delivery can be maintained on some key projects and services.</p>

## Leicester City Council Annual Governance Statement 2023-24 (continued)

### Issues Identified in 2022/23 Continued

Issue Identified	Action taken to Date
<p><b>Lack of critical skills, resources and capabilities across the workforce</b> - Insufficient skills and resources due to a competitive employment market, local authority pay constraints and an ageing workforce.</p> <p>Inability to recruit and retain staff, including at the most experienced and senior levels, may result in risks to the day-to-day delivery and transformation of services, and delivery of priority projects including capital schemes</p>	<p>Workforce planning has been identified as a high priority for organisational development (OD). The OD Team has developed a framework and approach to roll out across the organisation. Targeted work will continue with specific services to identify innovative strategies where there are recruitment challenges. In addition, work continued on entry to employment and on “grow our own approaches” where appropriate.</p>
<p><b>Impacts arising from numbers and complexity of needs of asylum seekers and refugees</b> - Needs arising from increasing numbers of asylum seekers and refugees being placed in the city and the complexity arising from the range of national schemes and support arrangements for different groups including unaccompanied children, Ukrainian, Syrian and Afghan refugees.</p>	<p>A governance board is in place corporately, with oversight of the component parts of asylum and refugees, which covers all aspects from housing through to social care.</p> <p>We have continued to make representation to the Home Office, and ensure our safeguarding teams are pro-active in identifying issues early. Whilst continuing to work with key partners in the city such as Fire and Police.</p> <p>However, this continues to be a risk for the Council as numbers continue to rise and staff capacity/recruitment in key roles such as social workers is a significant issue and growing risk.</p>
<p><b>Cyber Risk</b> – loss or compromise of IT systems and/or associated data through a cyber security attack. As in 2021/22, this is a national issue with an increasing prevalence and sophistication of malware attacks used by cyber attackers to circumvent ICT defences and attack core systems.</p>	<p>Mandatory training on ICT Security has been introduced as part of the HR “on-boarding” process for new starters, with a continued focus on raising awareness with existing staff. We will use findings from our Cyber Security Operations Centre to identify areas for further improvements and have implemented formal quarterly reporting on cyber security threats and responses. As part of the Council’s involvement in the DLUHC Future Councils’ Programme, we have baselined our cyber maturity, benchmark against others and identify further opportunities for improvement. This has built on the work have already done using the Cybersecurity Capability Maturity Model (C2M2).</p> <p>The recent cyber incident means this risk continues to be an issue.</p>

## Leicester City Council Annual Governance Statement 2023-24 (continued)

### Issues Identified in 2022/23 Continued

Issue Identified	Action taken to Date
<p><b>Reputational impact of an unsatisfactory assurance rating of ASC from the Care Quality Commission</b> – this could lead to loss of public confidence in adult care services, a fall in morale of staff, high staff turnover and a need to strengthen governance and practice controls. This is a national issue, with uncertainties over the calibration of CQC assessments, given that the process is entirely new and all LAs are experiencing pressures in meeting their Care Act duties.</p>	<p>A robust self-assessment process has been undertaken, drawing in staff at all levels, partners and people with lived experience, to develop a sound view of current performance. This will be used to address areas where performance does not meet the required standard.</p> <p>The Council has engaged with regional work to develop the model for self-assessment and draw on work to develop tools and techniques to improve practice and performance.</p> <p>Existing work of co-production with people who have lived experience will continue, to review measures and practice processes to ensure these meet need.</p>

## Leicester City Council Annual Governance Statement 2023-24 (continued)

### Issues Identified in 2023/24

The areas of significant risk or priorities for action that have been identified are listed in the table:

Issue Identified	Planned Action:
<p><b>Financial Sustainability</b> – We have set a balanced budget for 2024/25 with the use of one-off resources. However, we estimate our reserves will run out part way through 2025/26 and therefore significant savings are essential.</p> <p>We are facing restricted government funding at a time of increasing costs. We continue to face significant cost pressures in adult social care and children’s social care.</p> <p>The General Election also brings uncertainty as the previously planned “Fair Funding review” is still to take place.</p>	<p>The Council will continue to monitor its finances and focus on reviewing budgets and services to achieve the significant level of savings required.</p> <p>The Council will continue to be a prominent voice in the sector and provide feedback as appropriate to government on the challenges faced.</p> <p>The Council has requested a peer reviewing focusing on finances and will review the findings and identify appropriate actions.</p> <p>Identification and delivery of further savings including those outstanding from previous work.</p> <p>Scoping and delivery of transformation programmes across Homelessness, Adults and Children’s social care to seek to minimise future growth.</p>
<p><b>Demographic growth</b> – Significant ongoing pressures and risks associated to homelessness, asylum seekers and adults and children’s social care.</p>	<p>Homelessness</p> <ul style="list-style-type: none"> <li>• regional work to deliver housing needs through local plan.</li> <li>• work with tenants, partners and landlords to prevent homelessness.</li> </ul> <p>Asylum Seekers</p> <ul style="list-style-type: none"> <li>• workstreams to identify temporary accommodation to meet demand.</li> </ul> <p>Social Care</p> <ul style="list-style-type: none"> <li>• transformation programmes to minimise future growth</li> </ul>
<p><b>Cyber Risk</b> – loss or compromise of IT systems and/or associated data through a cyber security attack. As in previous years this is a national issue with an increasing prevalence and sophistication of malware attacks used by cyber attackers to circumvent ICT defences and attack core systems.</p> <p>On 7th March 2024, the Council was the subject of a cyber incident that resulted in significant disruption to systems and processes.</p>	<p>The Council will continue to monitor and act on guidance.</p> <p>Recovery has been completed and investigations are ongoing. A report with lessons learnt will be produced and a review of policies and training will be completed.</p>

## Leicester City Council Annual Governance Statement 2023-24 (continued)

### 4. Conclusion

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed:**

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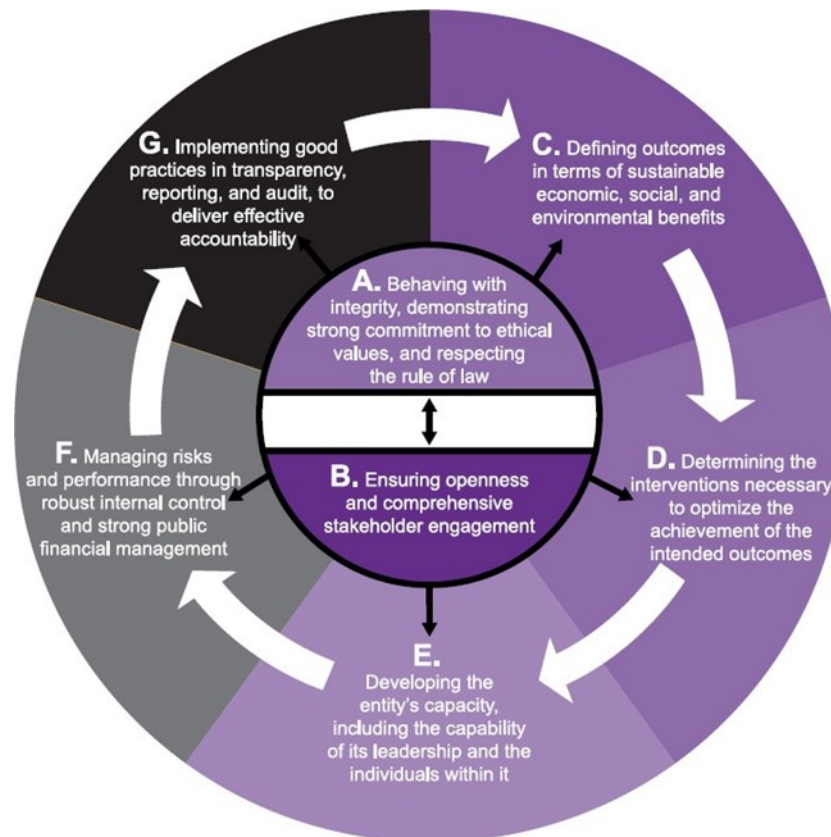
**City Mayor**

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**Chief Operating Officer**

The Council's Code of Corporate Governance is based on the seven core principles. The illustration below shows the principles of good governance in the public sector and how they relate to each other.

Achieving the Intended Outcomes  
While Acting in the Public Interest at all Times





The Council had the following governance arrangements in place during 2023/24.

## SUMMARY OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

### Mayor, Executive and Council

- Provide leadership, develop and set policy
- Key risks are considered by the Executive three times per year.

### Decision making

- Decisions are recorded on the Council's website
- There is a period of grace in which decisions are open to review

### Risk management

- Risk registers identify both operational and strategic risks
- Key risks are considered by Corporate Management Team three times per year

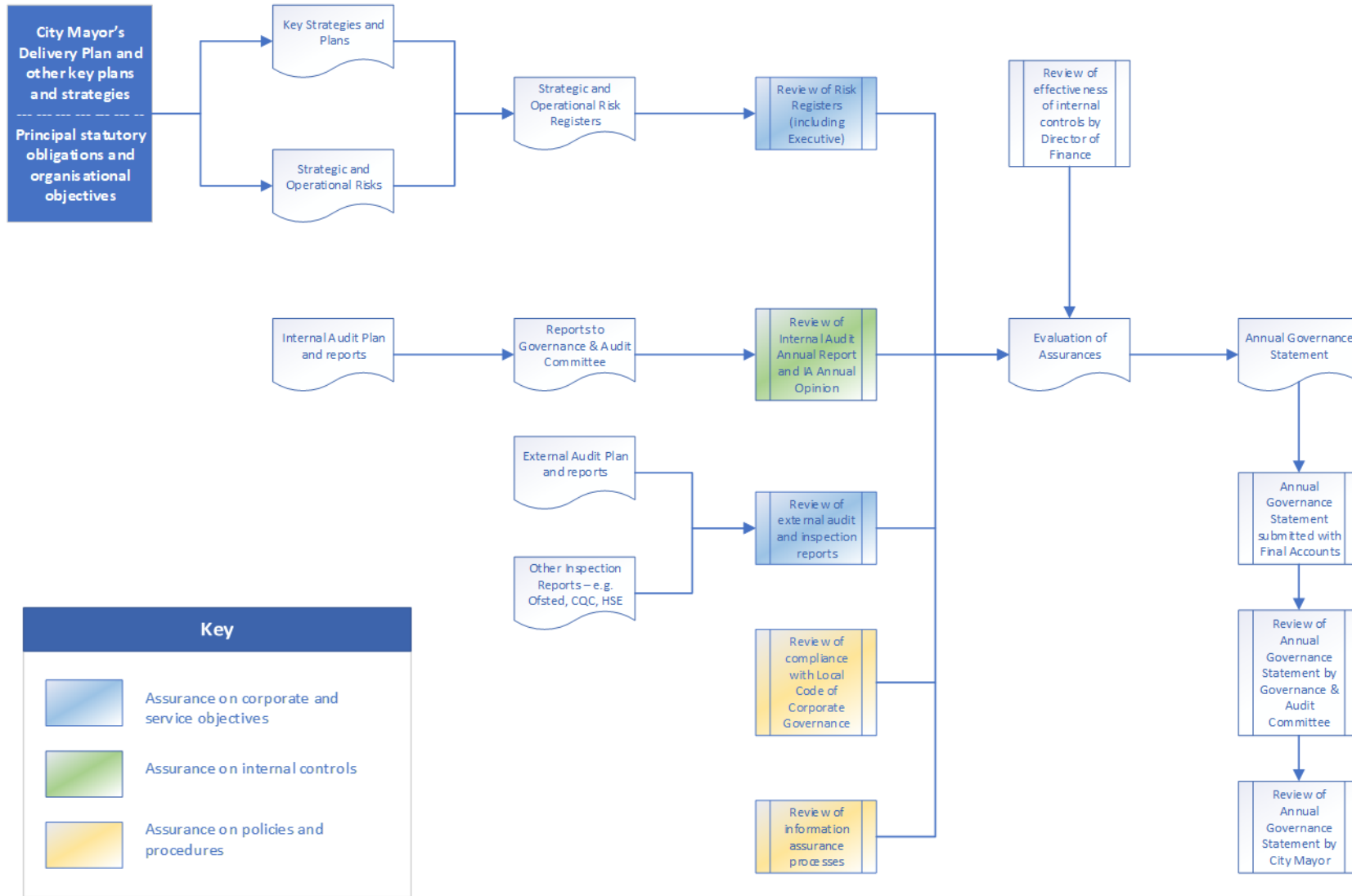
### Scrutiny and review

- Scrutiny committees review Council policy and can challenge decisions
- Governance & Audit Committee (previously Audit and Risk Committee) approves the annual accounts and reviews policies & procedures that ensure good governance of the Council. It also approves the Internal Audit Annual Report and opinion

### Corporate Management Team (CMT)

- Provides service level management and interface with the political leadership
- Head of Paid Service is the Chief Operating Officer, who is responsible for all Council staff and for leading an effective CMT
- The Director of Finance is the s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money
- Monitoring Officer is the City Barrister & Head of Standards who is responsible for ensuring legality and promoting high standards of public conduct
- CMT includes all strategic and divisional directors

The following diagram, shows how the Council has assessed its governance arrangements to inform the Annual Governance Statement



The following table is a summary of the CIPFA financial management code standards with a brief explanation of how the Council complies with each standard.

CIPFA financial management standard	How the Council demonstrates it complies
<p>The leadership team is able to demonstrate that the services provided by the authority provide value for money.</p>	<p>Annually this is supported by the external audit value for money opinion.</p> <p>Ensuring value for money is also the role of the section 151 officer and this is evidenced in the Annual Governance Statement, under the summary of the Council's governance arrangements.</p>
<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.</p>	<p>The Director of Finance (section 151 officer) is professionally qualified and has suitable experience. The Director of Finance is a key member of the leadership team and is actively involved in all material business decisions, ensuring they are in line with the Council's financial strategy.</p> <p>She safeguards public money through good financial management and leads a finance team that is resourced and fit for purpose. Annually this is supported by the value for money opinion and the audited statement of accounts.</p>
<p>The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.</p>	<p>The Annual Governance Statement supports the leadership team meeting these requirements. The Statement includes:</p> <ul style="list-style-type: none"> <li>• How governance and internal control are supported by scrutiny and review, in particular through the Governance &amp; Audit Committee (previously Audit and Risk Committee).</li> <li>• A statement from the Council that it complies with the CIPFA/SOLACE Delivering Good Governance Framework (2016).</li> </ul>
<p>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).</p>	

CIPFA financial management standard	How the Council demonstrates it complies
The financial management style of the authority supports financial sustainability.	<p>Annually the Council approves the budget strategy which includes the revenue and capital budgets, alongside the Treasury Management Strategy and Investment Strategy. As part of the budget strategy, the medium-term financial outlook is considered, and it is acknowledged the Council is using managed reserves to balance the budget. This evidences that the Council understands its prospects for financial sustainability in the longer term and this is reported clearly to members.</p> <p>The budget report includes a statement from the Chief Finance Officer on the robustness of estimates and the adequacy of financial reserves.</p>
The authority has carried out a credible and transparent financial resilience assessment.	
The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	
The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	
The authority complies with its statutory obligations in respect of the budget setting process.	
The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	
The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	<p>Annually the Council approves the budget strategy which includes the Treasury Management Strategy and the Investment strategy. These strategies comply with the prudential code. The Council will also report its compliance with these strategies twice a year.</p>
The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<p>Annually as part of the draft budgeting setting process, the draft budgets are issued for consultation with partners before they are submitted for formal approval.</p>

CIPFA financial management standard	How the Council demonstrates it complies
The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	As part of the executive approval process, decision reports are submitted to the Executive which where appropriate contain option appraisals and a recommended course of action. Decisions are published on the Council's website.
The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Throughout the year monitoring is conducted to identify any variations from what was budgeted and allows for timely corrective action to be taken. Monitoring reports are subject to scrutiny and go to the Overview Select Committee on a periodic basis. This includes the capital and revenue budget monitoring, income collection and treasury management reports.
The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	
The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	
The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	Annually the statement of accounts is published and a statement regarding the accounts complying with the CIPFA Code of Practice is included within the statement of responsibilities signed by the section 151 officer. The statement of accounts is audited annually and we regularly receive an unqualified audit opinion.

# Glossary

# Glossary

This Glossary explains terms that may be encountered in discussion of Local Government finance. Definitions are intended to assist a general audience, rather than reflecting exactly the technical sense in which the terms are used.

## Academies

Publicly funded schools, independent of Local Authority control, held accountable directly to the Government.

## Accountable Body

An accountable body is an organisation which takes financial responsibility for the management of funds which comprise of contributions from multiple organisations; the fund itself is not a legal entity.

## Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. Accounting policies do not include estimation techniques.

## Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## Actuarial Basis

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

## Agent

Is where the authority is acting as an intermediary.

## Amortisation

The reduction in an amount carried on the Balance Sheet by the regular debiting or crediting to an Income and Expenditure Account.

## Appropriation

The process of transferring balances from revenue to reserves and vice versa.

## Asset

A resource controlled by the authority, as a result of past events and from which future economic benefits are expected to flow to the authority.

## Assets Held for Sale

These are assets which are very likely to be sold within 12 months of the balance sheet date. They are therefore classified as Current Assets.

## Balance Sheet

The Balance Sheet shows the assets and liabilities of the Authority.

## Bonds

Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.

## Budget

The financial plan reflecting the Council's policies and priorities over a period of time.

## Capital Expenditure

Expenditure on the purchase, construction or enhancement of major items which have a lasting value to the authority.

## Capital Financing

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

## Glossary (continued)

### Capital Financing Requirement

Reflects the authority's level of debt relating to capital expenditure.

### Capital Programme

The capital schemes the Authority intends to carry out over a specified time period.

### Capital Receipts

Money the Council receives from selling assets (buildings, land etc.). Capital receipts from the sale of housing assets cannot be used entirely to fund new capital expenditure; a proportion must be paid to government.

### CIPFA (Chartered Institute of Public Finance and Accountancy)

The principal accountancy body dealing with local government finance.

### Code of Practice on Local Authority Accounting (The Code)

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts.

### Collection Fund

A separate fund recording the expenditure and income relating to Council Tax and NNDR.

### Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful lives and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

### Community Schools

Schools which the Council run, employ the staff and normally owns and maintains the land and buildings (with the exception of PFI schools).

### Comprehensive Income and Expenditure Statement

This Statement reports the net cost of all services and functions for which the authority is responsible.

### Contingent Liabilities

Liabilities which may or may not occur in the future. They often depend on future events for which the outcome cannot be predicted. Due to their uncertainty they do not appear in the balance sheet.

### Council

The Council comprises the City Mayor and all elected Councillors who represent the various electoral divisions.

### Council Tax

This is a tax, which is levied on the broad capital

value of domestic properties, and charged to the resident or owner of the property.

### Council Tax Base

This is a figure that expresses the total band D equivalent properties. The amount to be funded by Council Tax is divided by this, and charges for all other bands of property are based on this charge.

### Council Tax Precept

The amount of income due to Leicestershire Police Authority and Leicester, Leicestershire and Rutland Combined Fire Authority from the Council, who are responsible for billing Council Tax.

### Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

### Debits and Credits

A debit represents expenditure against an account and a credit represents income to an account.



## Glossary (continued)

### Debtors

Amounts due to the Council but unpaid at the end of the financial year.

### Dedicated Schools Grant

A ring-fenced grant from the government that has to be used to fund the delegated budget of each school, together with certain items of related central expenditure.

### Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

### Depreciation

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

### Direct Revenue Financing

The cost of capital projects that is charged against revenue budgets.

### Equities

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.

### Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources by the Council in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

### External audit

An audit is an examination by an independent expert of the authority's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

### Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

### Financial Instruments

Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial Reporting Standards (FRSs)

Statements prepared by the Financial Reporting

Council. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

### General Fund

The Council's main revenue account, covering the net cost of all services other than Council housing.

### Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

### Government Grants

Payment by Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

### Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central government.

## Glossary (continued)

### Housing Revenue Account (HRA)

A separate account to the General Fund which includes the expenditure and income arising with the provision of housing accommodation by the Council. The HRA is ring-fenced: no cross subsidy is allowed between the HRA and the General Fund in either direction.

### Impairment Loss

A material reduction in the value of fixed assets outside the normal periodic revaluations.

### Internal Audit

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation.

### International Financial Reporting Standards (IFRSs)

These are guidelines for the production of financial statements. Many of these now apply to local authorities and departure from these must be disclosed in the published accounts.

### International Financial Reporting Interpretations Committee (IFRIC)

Aims to provide guidance on newly identified financial reporting issues not specifically dealt with in IFRSs.

### Inventories

Comprises; goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion, long term contract balances and finished goods.

### Investments

An asset which is purchased with a view to making money by providing income, capital appreciation or both.

### Joint Venture

An organisation for which the Council has partial control and ownership, but decisions require the consent of all participants.

### Leasing

A method of financing the acquisition of assets, notably equipment, vehicles and plant. This is normally for an agreed period of time, up to several years.

### Liabilities

An obligation to transfer economic benefits. Current liabilities are payable within one year.

### LOBO Loans

Lender Option, Borrower Option loans. This is a loan in which the lender can, at a predetermined

time, request to change the interest rate at which the loan is being charged. If the borrower does not agree to the rate change, the borrower then has the option to repay the loan.

### Local Council Tax Reduction Scheme

System of granting means-tested Council Tax discounts and exemptions depending on personal taxpayer circumstances.

### Long Term Borrowing

Loans raised to finance capital spending which have to be repaid over a period in excess of one year from the date of the accounts.

### Materiality

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

### Minimum Revenue Provision (MRP)

A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).

## Glossary (continued)

### Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that be applied to fund expenditure or reduce local taxation) and other reserves.

### National Non-Domestic Rate (NNDR)

Represents the rate of taxation on business properties. Central Government have the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax. Income is shared between Central Government, the Council and Leicestershire Fire authority.

### Net Book Value

The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

### Net Expenditure / Net Cost of Service

The actual cost of a service to an organisation after taking account of all income charged for services provided.

### Non-Current Assets

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

### Operating Lease

A lease where an asset is used only for a small proportion of its economic life.

### Operational Assets

Fixed assets held and occupied in the pursuit of strategic or service objectives.

### Outflow

This represents cash going out of the Council.

### Precept

An amount charged by another authority to the Council's Collection Fund. There are two preceptors on Leicester's collection fund: the Police and Crime Commissioner and the Leicestershire & Rutland Combined Fire Authority.

### Prior Period Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

### Principal

Is where the authority is acting on its own behalf.

### Private Finance Initiative (PFI)

An initiative for utilising private sector funding to provide public sector assets.

### Provision

An amount of money set aside in the budget to meet liabilities that are likely or certain to arise in the future, but which cannot be quantified with certainty.

### Public Works Loan Board (PWLB)

A government agency providing long and short-term loans to local authorities. Interest rates are generally lower than the private sector, and slightly higher than the rates at which the Government may borrow.

### Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

### Revaluation Reserve

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

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