Statement of Accounts and Annual Governance Statement 2022/23

Audited Statement





Contents

A message from the Leader of the Council, Councillor Trevor Young:

As Leader of West Lindsey District Council, I am proud to introduce you to West Lindsey District Council's Financial Statements for 2022/23. In a year of many challenges, the accounts not only provide details of the Council's financial position for 2022/23 but also demonstrates the excellent financial management exercised by the Finance Team here at West Lindsey. In addition it gives me the opportunity to highlight some of our achievements over the past year in delivering our Corporate Plan objectives which contribute to our overall vision for West Lindsey in that it is a great place to live, where businesses, communities can thrive and realise their potential. During the year we have made real progress in delivering a better future for the people of West Lindsey.

By putting Our People first their health and wellbeing is of high importance to us and in a year where the cost of living has increased significantly and the country continues to recover from the Covid-19 pandemic together with the impact of the war in Ukraine. These events have affected all our lives, but the Council has worked with other agencies in ensuring the vulnerable in our communities were supported.

We continue to work with students, education establishments and businesses, through our mentoring programme, funding engineering machinery for training purposes, and having now created 40 apprenticeships this brings more opportunities for our young people who will learn the appropriate skills for a future in our local industries.

We are committed to ensuring the future sustainability of Our Place for our residents which requires us to meet the need for homes and jobs. After successfully securing Levelling up Funding from the government the Council has begun working on the site which will see a new cinema in the centre of Gainsborough and several other projects which will improve the town.

We continue to deliver the Local Plan and to support the development of local neighbourhood plans. A total of 24 neighbourhood plans haven been approved to date.

Our Council:

Our Together24 programme puts the customer at the centre of everything we do, we want to ensure we provide excellent services and good value for money. The programme will see services redesigned and investment in new technology will see our online services grow, efficiencies identified and improvements in customer satisfaction.

As a Council, we have led the response, through organising Community Hubs to ensure that the lone, elderly and vulnerable are supported through the current cost of living challenge. We have provided much needed support and advice and issued grant funding on behalf of the government to local people and businesses who have seen financial hardship through increased food prices and energy costs.

We are seeing a significant impact on our own finances as our inflation sensitive costs have increased significantly from the previous year and customer behaviours change after the pandemic. We are now faced with increased financial uncertainty in the medium term as the government has only given funding guidance for 2023/24 and 2024/25. There is still a delay in the Fairer Funding Review and Business Rates Retention Review and whilst we are anticipating a reduction in overall funding levels there is much uncertainty, we will ensure we can continue with our aspirations through the effective stewardship of our funds. I would like to thank the staff of West Lindsey District Council in contributing to our continued success.

A message from the Director of Corporate Services and Section 151 Officer, Emma Foy:

In my role as the Council's Chief Finance Officer, it is my responsibility to ensure that the financial affairs of the Council are properly administered and that its financial position remains stable and robust. This is essential to ensuring the Council can provide quality services and continue to support delivery of the Corporate Plan objectives.

This Narrative Report provides a summary of our performance in year and provides an overview of the purpose of each of the Financial Statements within the accounts; summarises the material items within them and gives a holistic overview of the year in terms of both financial and non-financial performance. It is important to note that the deadlines for the preparation of the accounts 2022/23 after consideration by the Department for Levelling Up, Housing and Communities (DLUHC) and in consultation with stakeholders, that the draft accounts must now be submitted for audit by 31 May 2023 and the timeline for the conclusion of the audit is now 30 September rather than 31 July 2023.

This year has seen significant progress against our Executive Business Plan which detailed the actions that we will take to support delivery of the Corporate Plan objectives.

We have seen the start of our Levelling Up Fund projects in Gainsborough, distributed energy support payments to residents, supported hosts of Ukrainian families and helped to get Household Support fund funding to vulnerable people.

West Lindsey District Council has continued its commercial approach in managing the reduced government funding whilst maintaining quality services, supporting communities and maintaining financial sustainability. Over the last year a number of services have been supported with additional resources.

Within these statements you will also find reference to our subsidiary organisations and Joint Ventures which are part of our commercial and innovative approach to delivery of outcomes through commercial opportunities and working in partnership.

We have once again shown good financial stewardship over the year as reflected in these accounts and delivered a small surplus from services of £0.446m in addition to corporate savings, budget carry forwards and additional income from interest receivable resulting in an overall surplus for the year to £0.564m. This compares with the accounting surplus of £1.841m shown in the Comprehensive Income and Expenditure Statement on page 28. These two numbers are reconciled in the Expenditure and Funding Analysis which is note 7 to the accounts, with the movement reflecting the legislative exemption from certain financial accounting practices that ensures the tax payer is not funding non cash transactions.

Our Balance Sheet position remains strong with earmarked reserves of £19.5m being set aside for significant investment and service improvement initiatives. The General Fund balance stands at £4.5m which is above our minimum requirement of £2.5m, and will provide increased opportunities for investment and development across the district and within the Authority. This position has been supported by achieving tax collection rates above the national average.

Our financial strategy is reliant on significant capital investment some of which is supported by borrowing. The Capital Investment Strategy and Treasury Management Strategy are both aligned with the latest guidance and regulation from CIPFA and DLUHC. No further long term borrowing has been undertaken in 2022/23.

In terms of future financial risks, during the year the government has delayed the implementation of Fair Funding which seeks to revise the funding arrangements for Local Authorities, in addition to undertaking a review of Business Rates Retention Scheme. We have engaged fully with the consultations and will continue to seek to influence the outcome in the best interests of West Lindsey residents.

As we recover from the Covid-19 emergency we see it as important we continue to build on the relationship with our residents, communities and our businesses to support each other through the next few years. The national economy has stalled due to rising inflation and interest rates and so we will need to work together for everyone to recover from this setback and achieve our aspirations.

1. The District of West Lindsey

The District covers 1,156km² (447 square miles), with the administrative centre in Gainsborough on the River Trent to the west, and the market towns of Caistor and Market Rasen to the east.

The topography of the District varies from the low Trent Valley to the west to the rolling hills in the Lincolnshire Wolds Area of Outstanding Natural Beauty in the east. There are 20 wards in the district made up of 97 parishes, of which 72 have Parish Councils and 19 smaller ones who have parish meetings. One of the main features of the district is that the population is spread across a large area. The census from 2021 gave the district a population of 95,570 at a density of 82.67 people/km².

The information provided below is based on the latest available.

There are currently 42,300 households in the district. Of these, 41.5% are owned outright, 29.7% are owned with a mortgage, 10.9% are social rented and 17.9% are private rented.

In 2022, the average gross weekly pay for full-time workers was £630.00 per week, 1.9% lower than the national average.

In 2022, 82.6% of pupils attained at least an NVQ Level 1 or above (equivalent to GCSE level) which is 4.9% below the national average.

As of September 2022, 48,200 people were in employment, equivalent to 75.5% of the district's working age population. This is below the national average of 78.4%.

As of February 2023, a total of 1,770 people claimed out of work benefits, equivalent to 3.2% of the district's working age population and lower than the national average (3.7%).

The number of business counts fell slightly to 3,790 in 2022, a decrease of 10 on the previous year. 90% of businesses in West Lindsey are micro-businesses employing between 0-9 people.

The average house price in West Lindsey was £214,995 in the year ending September 2022, an increase of 20% on the previous year. The national average is £275,000.

West Lindsey is the second least densely populated local authority area in the East Midlands, with an area equivalent to two football pitches per resident.

2. West Lindsey District Council

The Council's vision statement is as follows:

"West Lindsey is a great place to be, where people, businesses and communities can thrive and reach their potential."

To achieve this vision, our Corporate Plan priorities for 2022/23 are:

Our People	Our Place	Our Council
Health & Wellbeing to reduce health inequalities and promote wellbeing across the District through the promotion of healthy lifestyles	**Economy** to ensure that economic regeneration in West Lindsey is sustainable and benefits all of our communities	**Finances** to remain financially sustainable
Vulnerable Groups & Communities to create strong and self-reliant communities and promote positive life choices for disadvantaged residents	**Housing Growth** to facilitate quality, choice and diversity in the housing market, assist in meeting housing need and demand and deliver high quality housing related services to support growth	**Customer** to put the customer at the centre of everything we do
Education & Skills to facilitate the creation of a highly educated and skilled workforce, that meets the present and future needs of the local and wider economy	**Public Safety & Environment** to create a safer, cleaner district in which to live, work and socialise	**Staff & Members** to maintain our position as a well-managed and well-governed Council

The Corporate Plan can be found online at www.west-lindsey.gov.uk/corporateplan

Our Services:

Our services have been reported to management and Committees in the following clusters during 2022/23:

- Our People - Front facing customer services (Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety).
- Our Place - Area based services (Development Management, Economic Development, Car Parking, Asset Management, Leisure).
- Our Council - Corporate services (Finance, Human Resources, Committee Administration, ICT, Business Improvement, Elections, Corporate Fraud).

Each theme also sets out its strategic aims and the desired outcomes to be achieved for each area of focus.

Our Companies:

The Council holds share equity in the following companies:

- WLDC Trading Ltd, Surestaff (Lincs) Ltd, WLDC Staffing Services Ltd - a group of companies created to enable trading commercially. The companies supply agency workers to both West Lindsey District Council (WLDC) and local businesses, supporting the creation of local jobs for local people.
- Market Street Renewal - a joint venture company with Dransfield Properties Ltd, each holding 50% share equity. The company aims to act as a delivery vehicle capable of attracting investment to Gainsborough that might not otherwise have been available to the Council alone. The purpose of the company is to support regeneration of the Town Centre through the redevelopment of properties

Further information can be found at Note 29.

Our Culture:

Our vision is complemented by a set of values that cut across the whole organisation. We make our values real by demonstrating them in how we behave every day. Our values are central to achieving our behaviours which underpin effective performance in the workplace. Our values are:

OUR VALUES

Customer First - to put the customer at the centre of everything we do

One Council – to act as one Council, working together to achieve our aims and deliver excellent Council services

Business Smart – in getting things done to the highest standard

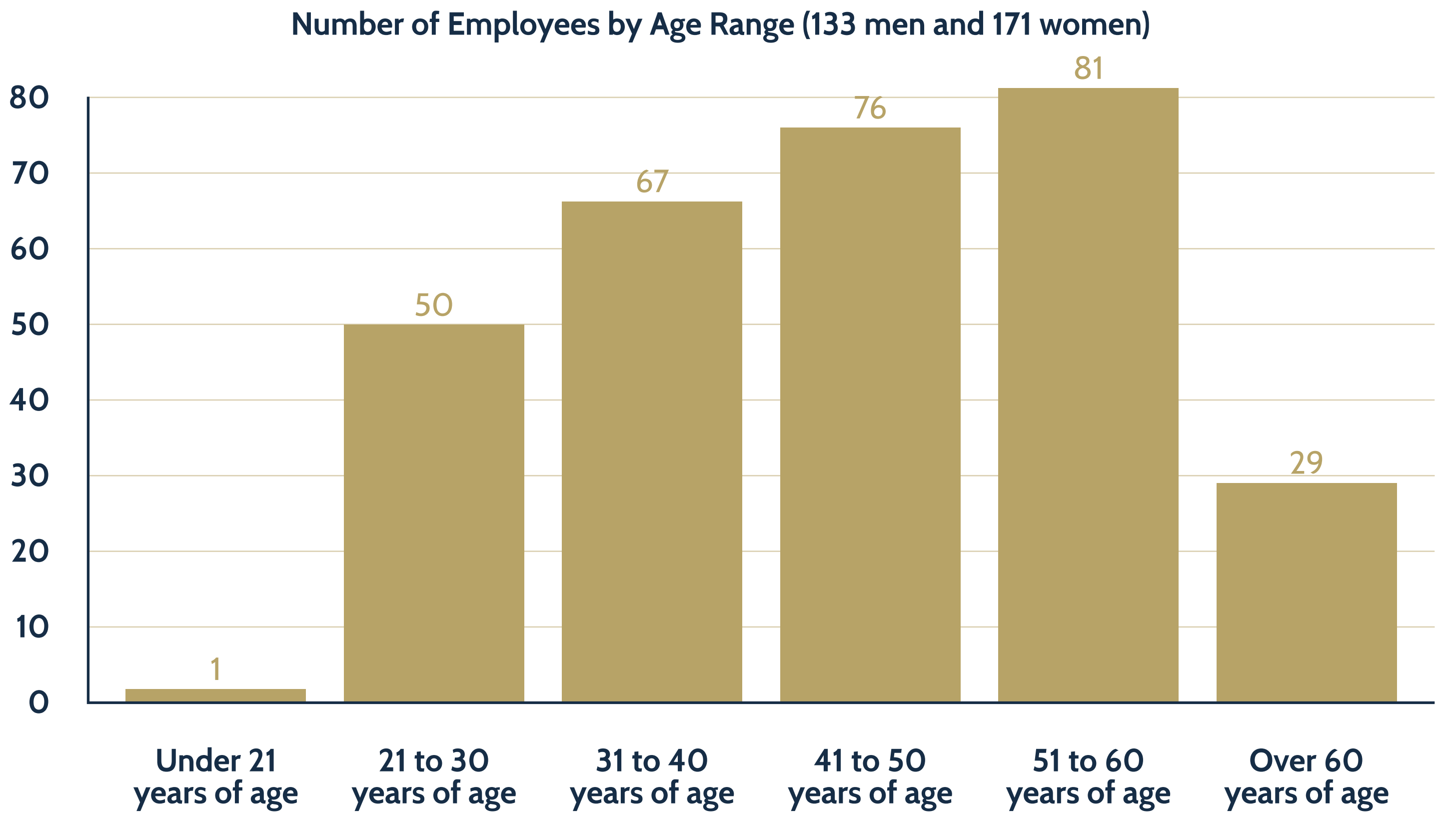
Communicating Effectively – simply, clearly and concisely ensuring message is understood

Integrity in Everything we do – accountable for our decisions and actions, open, fair, honest and trustworthy

Our Resources:

The Council is conscious of the demographic of its employees and is keen to ensure business continuity by establishing a workforce development and training plan that will explore and support the organisational need for succession planning.

Staffing numbers as of 31 March 2023 totalled 304 and are analysed by age and gender below:

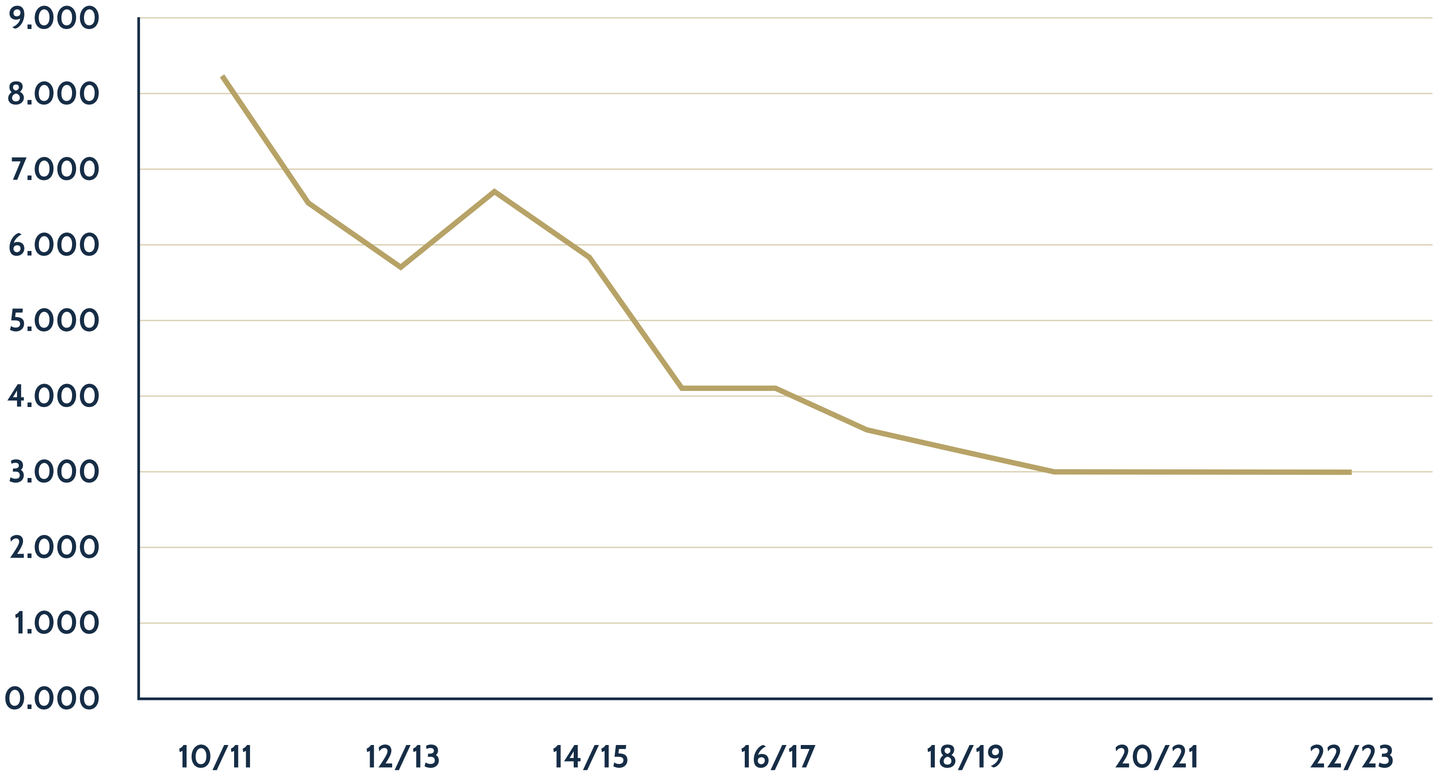


Our Funding:

West Lindsey District Council Settlement Funding Government Grant:

Since the commencement of government funding cuts in 2010/11, the Council has effectively managed a reduction of £5.2m in Settlement Funding. This has been achieved through sound financial management and financial strategy initiatives to reduce expenditure and increase income streams.

Change in Settlement Funding Levels since 2010/11



Our External Economic Outlook:

The decision to leave the European Union (EU) was made in 2016/17 and the UK left the EU on 31 January 2020. The transition period ended on 31 December 2020. There are no direct implications for the Council, however our supply chains have been affected resulting in higher costs. Costs have been further affected by the Russian invasion of Ukraine with fuel and utility costs rising sharply. Interest rates have risen steadily throughout 2022/23 and therefore the Council has benefited from its investments. A further challenge to the economy is the recovery from the Covid-19 pandemic, declared by the World Health Organisation as a Global Pandemic on 11 March 2020 which has significantly impacted on world economies.

For some time the Government has been consulting on a number of proposals as part of the reform of local government funding, including a Fairer Funding Methodology (distribution of funding within the Sector), Business Rates Retention of 75% (currently 50%) and a Business Rates Rest (resting the baseline back to 2013/14 levels). This has once again been deferred and proposed to be implemented in 2025/26, mainly due to the Covid-19 response taking precedent of all government activity and the upcoming general election.

We will continue to lobby for additional funding and try to influence the outcome of proposals for the benefit of West Lindsey and its residents through responses to consultations and through our networks; Local Government Association (LGA), Rural Services Network (RSN), District Council Network (DCN).

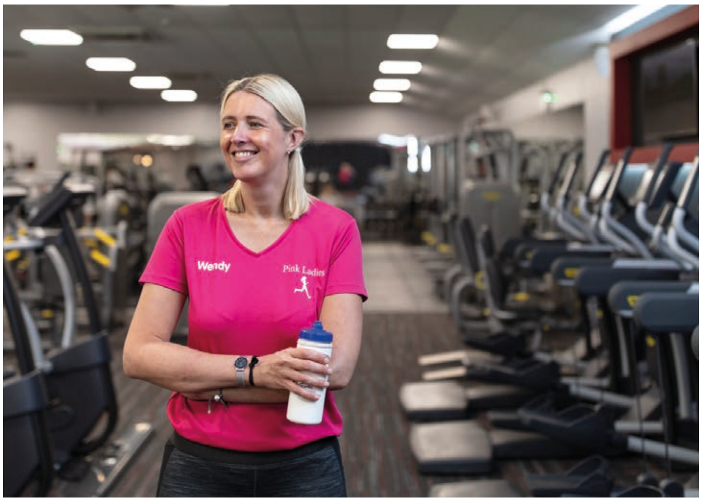
West Lindsey District Council are a key partner in the public, private, third sector partnership established by the Greater Lincolnshire LEP to deliver a Local Industrial Strategy for our region. The aim of the Industrial Strategy is to boost productivity by backing businesses to create jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

The emerging priorities for the Greater Lincolnshire Local Industrial Strategy are set out below, and based on robust evidence, for the basis of a compelling case to Government and the private sector for investment in our area.

- A rural innovation test bed for energy and water
- An adaptive ports and logistics industry driving greater connectivity
- Future proofing the agricultural food sector
- Supporting people to live well for longer in rural areas
- A high quality, inclusive visitor economy

Importantly for West Lindsey District Council, the Local Industrial Strategy will help to guide the strategic use of local funding streams and act as a gateway to future local growth funding deployed through the LEP. To this effect we have worked hard to ensure that issues of strategic economic importance to our district, as set out in the Corporate Plan, are well represented in early drafts of the Local Industrial Strategy.

The Council has a number of key projects in delivery, particularly relating to the Levelling up Fund and has been successful in funding bids for the UK Shared Prosperity Fund. As other opportunities arise, the Council will look to leverage the maximum possible internal and external investment in order to achieve its priorities.




3. How the Council is governed

West Lindsey District Council has 20 wards within its area represented by 36 elected Members (Councillors) who sit on the Council. Councillors can combine into political groups.

The make up of the groups on the Council is currently:

- West Lindsey Administration Group, 19 - Liberal Democrats (18), Independents (1)
- Opposition Group, 15 - Conservatives (14), Independents (1)
- Lincolnshire Independent Group, 2

The make up of the groups on the Council prior to elections in May 2023 were:

- West Lindsey Administration Group, 19 - Conservative (16), Gainsborough Independents (2), Independent (1)
- Liberal Democrats, 13
- Lincolnshire Independent, 2
- Independent (not aligned to any group), 2

The Council is managed by the Chief Executive.

The current appointments are:

- Leader of the Council - Cllr Trevor Young
- Deputy Leader of the Council - Cllr Lesley Rollings
- Chairman of the Council - Cllr Stephen Bunney
- Vice Chairman of the Council - Cllr Matthew Boles

The previous appointments prior to the May 2023 elections were:

- Leader of the Council - Cllr Owen Bierley
- Deputy Leader of the Council - Cllr Anne Welburn
- Chairman of the Council - Cllr Angela Lawrence
- Vice Chairman of the Council - Cllr Roger Patterson

Further information of our Senior Officers are contained in Note 26.

The Councils Constitution sets out the governance arrangements of the Council. The rules, procedures and guidance should provide assurance to our citizens that decisions made in their name have been taken correctly. The Constitution can be found on our website: www.west-lindsey.gov.uk/constitution

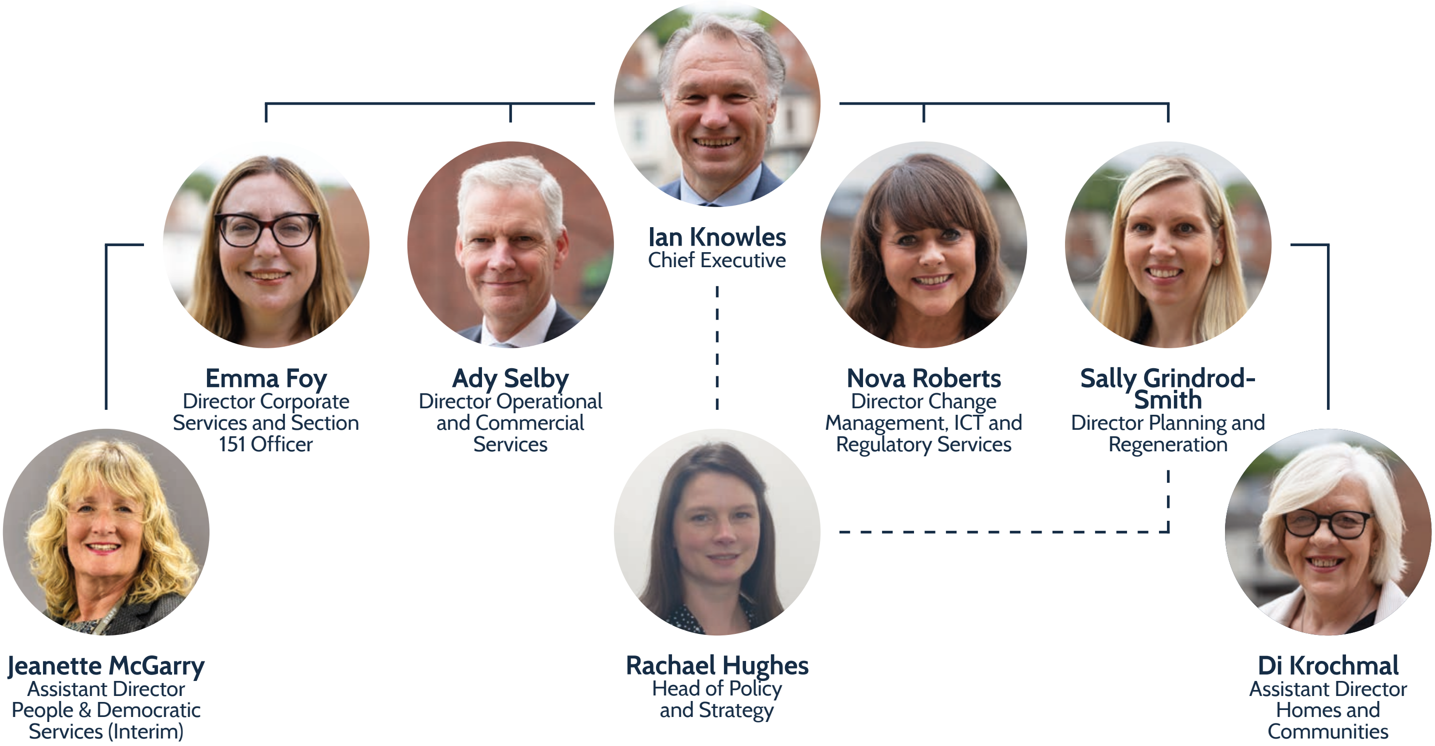
The Annual Governance Statement 2022/23 (included with this publication) provides details of the annual review of the effectiveness of its governance framework including the system of internal control.

The Combined Assurance Status Report 2022/23 offers a triangulated view of assurance with opinion provided by management, corporate and/or other third party assurance and Internal Audit. This has found despite all of the challenges during 2022/23, the Council has:

- Delivered a Cost of Living Challenge Workshop and engaged all local providers
- Delivered a Balanced budget without use of reserves
- Delivered Services at pre-pandemic levels of performance
- Procured a development partner for RAF Scampton
- Continued to deliver the LUF Programme across Gainsborough
- Received accolades and recognition across a number of services culminated in it being shortlisted for LGC Council of the Year

4. How we operate

The Council operates to achieve our objectives through utilising our resources (inputs) to achieve value for money (effective, efficient and economical outputs). The Management Team under the leadership of the Chief Executive, Ian Knowles are responsible for the management of the organisation, delivery of initiatives and projects contained within the Executive Business Plan, which will support delivery of the Corporate Plan.



The Councils key services include:

- Operational and Commercial Services - keeping communities clean and healthy whilst ensuring a commercial approach is undertaken in the delivery of our services.
- Planning and Regeneration - keeping our communities sustainable, encouraging housing regeneration and economic growth in support of job creation.
- Change Management and Regulatory Services - Keeping our organisation efficient, and keeping our people safe through enforcement and inspection activities. Collecting taxes and debts and administering housing benefits
- People and Democratic Services - Managing our valued employees through their engagement, development and utilisation within the organisation in line with our culture, and ensuring our governance arrangements are sound.
- Homes and Communities - prevention, tackling inequalities and enabling independent living, ensuring we supporting the health and well-being of our residents and providing housing and support to the vulnerable.
- Corporate Services - maintaining a high standard of financial management, balancing the annual budget, ensuring financial stability and seeking best value from our Property Assets.

Our resources include employees, money, partners, contractors, assets etc. which are used to their best effect to deliver the desired outcomes.

5. Performance

The Council has established a portfolio of programmes to deliver the Corporate Plan 2019–2023.

The Financial Strategy 2022/23 has been developed to ensure the Council has adequate resources to deliver both services and the Corporate Plan objectives whilst aiming to achieve future financial sustainability and non-reliance on government grant. This will be achieved through activities to maximise income generation, improve efficiency and customer services and develop the economy of the District increasing taxation growth. Here are a selection of the programmes in our portfolio that are currently ongoing or have recently been completed:

- **Southern Urban Extension, Gainsborough:**

  Major Infrastructure continues to be delivered on site including the Middlefield Road/Foxby Lane Roundabout. Site enabling infrastructure on site has been funded by Homes England Housing Infrastructure Funding investment. Keepmoat Homes and Danum Homes are currently on site and in delivery, with levels expected to reach the planned number of dwellings. Phase 2 of Warren Wood continues to progress.

- **Implementation of Technology:**

  Customer Relationship Management and OneCouncil finance systems are implemented and live. The benefits of both are already being realised with more efficient automated processes, improved customer experience and enhanced data and reporting. Further improvements also planned.

- **Thriving Gainsborough 2024:**

  Since being awarded funding from central government in 2021, significant progress has been made on the LUF programme. In the centre of Gainsborough, the former Lindsey Centre has been demolished to make way for a new 4 screen cinema, complete with retail and restaurant units. Other key projects moving towards delivery include Public Realm (pictured), Whittons Gardens and Baltic Mill parks, a refurbishment of the bus station, and the Townscape Heritage Initiative. The Wayfinding project has been delivered to improve signage around the town centre, making it more coherent and accessible to residents, businesses and visitors. The programme seeks to directly address the most pressing systemic challenges and market failures that continue to hold Gainsborough and its communities back.

- **Bowling Green Road, Gainsborough:**

  Substantial work has been undertaken on the site, with completions of plots featuring a mix of two and three bedroomed family homes for shared ownership and sale. The development will create a balanced community of all ages in Gainsborough, a safe attractive place where people will want to live and work which meets the needs of the local people and the area. Bowling Green Road, which has also received funding worth £2.1 million from the Greater Lincolnshire Local Enterprise Partnership (GLLEP), will include 60 fully accessible apartments with energy efficient, low carbon heating, designed specifically for older people, and will be a first of its kind for Acis and Gainsborough.

- **5-7 Market Place, Gainsborough:**

  The refurbishment of 5-7 Market Place, Gainsborough, has been completed, returning it to its former glory. It will now become three new flats, with a commercial space on the ground floor. As part of the scheme, a new shop front has been constructed and installed to replicate the Grade II listed property's original Georgian and Victorian façade. The new shop front was constructed from traditional materials and follows a design which matches original designs researched from old photographs and pictures. The building has been part of Gainsborough's Market Place since the early-18th Century. West Lindsey District Council bought it in 2016 with the restoration to form part of its wider town regeneration plan. The building will now be brought back to full use as part of a wider programme of town centre renewal, which is being part funded by the National Lottery Heritage Fund, the Levelling Up Fund and West Lindsey District Council.

Market Rasen Market Place

Implementation of Technology

Thriving Gainsborough 2024

Bowling Green Road, Gainsborough

5-7 Market Place, Gainsborough

Financial Performance 2022/23:

The Council is funded from a variety of sources including taxation (Council Tax and Business Rates) and government grants the table below illustrates the amounts received from these sources and future estimates as detailed within the Medium-Term Financial Plan 2023/24-2027/28.

Funded By	Actual 2022/23	Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28
Business Rate Retention Scheme	4,747,385	4,633,200	5,366,600	4,291,100	4,394,600	4,477,000
Council Tax	7,068,680	7,434,100	7,771,200	8,044,700	8,327,900	8,621,000
Collection Fund Surplus Council Tax	252,844	290,000	0	0	0	0
New Homes Bonus	924,397	561,500	0	0	0	0
Other Government Grants	895,391	1,243,300	672,800	672,800	672,800	672,800
Covid-19 Grants	36.086	0	0	0	0	0

The Council sets its Council Tax annually and for 2022/23 the equivalent Band D rate was £222.74 (£222.74 2021/22) generating £7.069m (£6.711m 2021/22) - this excludes income from Parish Precepts. Further information is provided in the Notes to the Collection Fund.

In addition to these sources of funding, we receive income from fees and charges for services which generates income of £5.058m and interest and investment income totals £2.071m.

Revenue:

The Council approved a revenue budget, including Council Tax charges, for 2022/23 of £14.979m (£13.279m 2021/22). There was no requirement to utilise the General Fund Balance to provide a balanced budget. The actual out-turn has realised a surplus on services of £0.564m. The Corporate Policy and Resources Committee approved that this would be transferred to earmarked reserves and the general working balance.

The following table reports the revenue actuals against a revised budget for 2022/23 as reported to Corporate Policy and Resources Committee and based on controllable costs/income. This is before any adjustments required by accounting standards that are subsequently reversed under statute, which are included in the Comprehensive Income and Expenditure Account. Note 10 provides details of the accounting adjustments.

Service Cluster	Original Budget	Revised Budget	Actual Outturn	Outturn Variance
Our People	6,068,100	6,899,600	6,813,928	(85,672)
Our Place	1,731,700	1,806,600	1,768,652	(37,948)
Our Council	4,223,700	4,747,600	4,939,083	191,483
Covid-19 Grants	0	50,000	50,500	500
Cluster Total	**12,023,500**	**13,503,800**	**13,572,163**	**68,363**
Interest Receivable	(149,200)	(160,200)	(585,597)	(425,397)
Investment Income – Property	(1,470,800)	(1,470,900)	(1,485,597)	(14,697)
Drainage Board Levies	413,100	413,100	402,301	(10,799)
Parish Precepts	2,333,800	2,333,800	2,333,818	18
Interest Payable	451,800	551,000	459,896	(91,104)
Repayment of Borrowing	898,000	898,000	906,146	8,146
Net Revenue Expenditure	**14,500,200**	**16,068,600**	**15,603,129**	**(465,471)**
Transfer to/(from) General Fund	(465,700)	(1,616,500)	(1,616,500)	0
Transfer to/(from) Earmarked Reserves	944,900	378,600	1,708,396	1,329,796
Amount to be from Government Grants & Council Tax	**14,979,400**	**14,830,700**	**15,695,026**	**864,326**
Business Rates	(3,433,900)	(3,433,900)	(4,747,385)	(1,313,485)
Collection Fund Surplus	(225,500)	(225,500)	(252,844)	(27,344)
Parish Councils	(2,333,800)	(2,333,800)	(2,333,818)	(18)
New Homes Bonus	(924,400)	(924,400)	(924,397)	3
Other Government Grants	(993,100)	(844,400)	(931,477)	(87,077)
Council Tax	(7,068,700)	(7,068,700)	(7,068,680)	20
Total Funding	**(14,979,400)**	**(14,830,700)**	**(16,258,601)**	**(1,427,901)**
Net	**0**	**0**	**(563,575)**	**(563,575)**

6. Service Performance

Corporate Health Performance	Actual 2021/22	Target 2022/23	Actual 2022/23
Perspective: Customer			
Volume of received complaints	155	N/A	210
Volume of received compliments	1,117	N/A	1,133
Perspective: Financial			
Budget Variance	(£186,000)	0	(£564,000)
Council Tax in year collection	98.02%	98.02%	98.28%
Perspective: Process			
Average time to resolve a complaint	9 days	21 days	7 days
Major planning applications determined on time	100%	90%	100%
Non-major planning applications determined on time	97%	94%	97%
Perspective: Quality			
Service and system availability	100%	98%	100%
Reception Visits (face to face)	23,787	28,000	34,623
Telephone calls from customers to the Customer Services Team	40,483	45,000	57,699
E-forms completed by or for customers	65,593	67,000	67,338
Emails from customer to the Customer Services Team	13,207	15,000	10,069
Staff Absenteeism	0.54 days	0.6 days	0.5 days

The Council recognises the revenue impact of capital investment and monitors this closely as part of corporate monitoring processes. Business cases supporting capital investment proposals include all revenue impacts and these are assessed as part of the budget setting process to ensure that they are affordable.

Balance Sheet:

Significant movements on the balance sheet relate to:

- The impact of capital investment in Long Term Assets reflected in the increase of £3.094m to £66.830m (£63.736m 2021/22).
- Total long term liabilities, have decrease by £32.220m mainly relating to the decrease in Pension Liability.

Resulting in a Net Assets total of £43.842m (£8.221m 2021/22). The usable reserves of £28.157m (£28.608m 2021/22) held by the Authority include £19.340m of earmarked reserves which will support the ongoing investment in the capital programme, development of services and management of financial risks.

Debt and Investments:

The Council has previously undertaken Public Works Loan Board and other Local Authority borrowing to support its cash flows and significant capital investments (further information can be found at Note 18 and 35).

At the end of the year the Council has £18.515m of Treasury investment (£20.020m 2021/22). In additional non-treasury investments (commercial properties) and long term debtors (loans) totalled £16.5m.

Material Liabilities Incurred:

The majority of the employees of the Council are members of the Local Government Pension Scheme (LGPS). The liability for both statutory and discretionary pension benefits, measured on an IAS19 basis has decreased over the year. At 31st March 2023 the Council's net liability reported by the Actuary to the LGPS was £8.793m (£40.099m in 2021/22), a decrease of £31.306m. This is mainly due to changes in the actuarial financial assumptions.

At the last formal review in 2022 the Actuary assessed that the West Lindsey District Council Pension Scheme was 17 years from being a fully funded scheme.

More details of the IAS19 valuation are set out in Note 32 to the Financial Statements.

Significant provisions, contingencies and material write-offs:

No significant contingencies or material write offs were recognised in 2022/23.

Staffing Trends:

The Council continues to put considerable effort into its drive to become more efficient by reducing staffing numbers yet maintaining quality award winning services. This has been achieved by introducing a range of measures such as more flexible working, restructuring management and streamlining back office activities by the use of new technology.

The Council utilises full time or part time temporary/fixed term contract staff who provide additional resource for specific projects or service delivery.

Carbon Management Plan:

The Council is committed to reducing energy usage and carbon emissions and has in place within its Carbon Management Plan carbon reducing projects and action plans to deliver this objective. Since 2008/09, CO_2 emissions have been reduced by over 20%. The plan aims to build on this success in order to achieve an ambitious Central Government target reduction of 100% by 2050.

7. Risks and Opportunities

The Council manages all risks via a formal Approved Code of Practice. As part of the process, comprehensive strategic and service risk registers are maintained and processes are in place for risks identification and review. In addition to risk identification, mitigating actions are agreed to either terminate the risk or reduce its potential impact.

Financial risks are specifically identified and considered within the MTFP report as part of the budget setting process. These risks are then monitored by a number of methods depending upon the type of risk.

For example, the risk of income targets not being achieved is monitored through monthly income monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis, benchmarking and future demand estimations.

Business Cases for projects within wider Programmes of work, also identify risks and mitigations, these are monitored through a robust process of reporting.

Key Strategic Risks:

- Information Governance - Data leakage and successful cyber-crime attempts occur leading to financial, reputational and legal consequences due to lack of robust controls, policies and processes which are not communicated to and followed by staff and Members.
- Open for Business - The achievement of the growth targets lags behind the local plan. The increase in tax base does not match ambition.
- People First - We do not deliver a customer focused approach, provide appropriate infrastructure and facilities for residents and businesses.
- Community & Residents - We do not provide leadership of place for our communities and residents to ensure their well-being isn't adversely affected.
- Workforce - We do not develop, equip and support staff to be fully effective in their roles thereby unable to adhere to our customer focussed, entrepreneurial principles, resulting in poor service, non-motivated work force and providing an unattractive offer both for residents and inward investment.
- Asset Management - Our assets are underutilised, generate lower returns than required, do not facilitate inward investment or deliver fewer social benefits than expected.
- Health and Safety - We do not adequately ensure that our staff and visitors are protected in the workplace from accidents or work-related ill-health by eliminating hazards from work activities where possible and where not, assessing and ensuring adequate control of the associated risks. This leads to an unsafe workplace and inadequate care for staff and potential legal action
- Partnerships - We do not fulfil our role as influencer, shaper and co-ordinator of major economic, social and environmental issues that affect the District.
- Our delivery vehicles for shared estates or trading companies do not effectively deliver against their intended purpose and achieve Value for Money.
- Value for Money Services - We do not identify and implement efficient and effective, lower-cost alternative service delivery models. We do not ensure sufficient focus on the financial drivers and value for money considerations of change/improvement proposals. We do not use effective benchmarking data to inform VfM decisions and failure of partnership mechanisms to deliver Value for Money considerations.
- Commercial Approach - Commercial Projects do not deliver anticipated benefits resulting in increased financial pressures

- Compliance - We do not comply, or fail to correctly implement relevant, statutory legislation resulting in adverse reputational impacts and legal and financial consequences.

- Business Continuity - Council services are not maintained and priority services are not provided in the event of significant disruption or a major emergency in the District.

Key Future Risks:

- Successful delivery or our commercial and growth commitments – The Financial Strategy has plans to use a significant amount of reserves in addition to borrowing to further develop the District and to invest in a range or commercial opportunities to increase our self generated income substantially.

- Compliance with General Data Protection Regulations (GDPR), data leakage and Cyber Crime, would result in financial, legal and reputational consequences. Policies, Procedures and technology have been implemented to mitigate risk.

- The future funding of Local Government: there is an unknown risk of the impact of any Local Government Funding Reform and future changes to the Business Rates Retention. The Council has developed a Financial Strategy which aims for a sustainable future reliant on local tax revenues.

Covid-19 Pandemic:

The outbreak of the Novel Coronavirus (Covid-19), declared by the World Health Organisation as a Global Pandemic on 11 March 2020 and subsequent measures put in place by the UK Central Government to stay at home, protect the NHS and save lives has had a significant impact on our communities, businesses, residents and our staff.

In response, the Government, Local Council's and other public services have worked collectively in response and have introduced a number of measures to support the vulnerable, businesses and employees. At West Lindsey District Council, our response plan has included the following actions;

- Working from home where possible
- Safety measures introduced in buildings and vehicles
- Redeployment of staff to areas of need
- Closure to the public of customer hub
- New Initiatives to support the vulnerable in the community i.e. Community Hub
- Administering and distributing Government Business Support Grants
- Supporting businesses
- Suspending car park charges
- Closing public conveniences, theatre, leisure centre
- Supporting tenants
- Partnership working with other Public Services, Local Authorities and volunteers
- Assessed our supply chain and key supplier risks, no gaps identified
- Managing recovery of the high street and being a presence to support patrons
- Co-ordinating testing sites within the District

Financial Recovery:

We are managing and monitoring both our cash flows, the financial impact of Covid-19 on income and expenditure and other pressures and savings, which will be reported on a quarterly basis.

8. Future Outlook

Our Corporate Plan 2019-2023 sets out the current strategic objectives of the Council. It reflects the opportunities and challenges facing the district and what our residents have told us is important to them. We also express our desired outcome, which will provide our officers with clear direction. It is our aim to ensure that attention is paid to all of our communities, residents and businesses; lives are improved and our district prospers.

"West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential".

In order to deliver against our vision, the Council will focus on three themes as illustrated below:

The Executive Business Plan 2022/23, which is contained within the Budget Book, is available on our website and outlines the key deliverables for the next 3 years which will contribute to the achievement of the Corporate Plan objectives:

www.west-lindsey.gov.uk/council-democracy/facts-figures/council-spending/budget-book

Future Financial Resilience:

The potential funding gap for the Council from 2023/24 to 2027/28 is detailed below:

Medium Term Financial Plan	2023/24	2024/25	2025/26	2026/27	2027/28
BFWD	£1,596,300	£1,658,600	£1,781,000	£1,974,900	£2,143,300
Pressures	£771,900	£934,300	£883,200	£831,400	£841,200
Income Loss	£130,600	£162,500	£129,800	£96,100	£96,100
Savings	(£928,500)	(£652,800)	(£630,900)	(£661,500)	(£703,600)
Income Gain	(£166,000)	(£166,800)	(£47,600)	(£88,200)	(£227,700)
Inflation	£556,400	£578,600	£599,200	£623,100	£685,200
Contribution to Reserves	£678,200	£69,000	£69,000	£69,000	£69,000
Increase in MRP	£0	£0	£0	£34,000	£117,000
Contribution to Contingencies	£341,400	£0	£0	£0	£0
Movement in Funding:					
Council Tax Surplus	(£190,000)	£100,000	£100,000	£100,000	£100,000
Council Tax Yield	(£170,000)	(£306,200)	(£373,300)	(£444,400)	(£519,500)
Other Government Grants	(£597,900)	(£26,000)	(£24,500)	(£23,000)	(£23,000)
Business Rates	(£2,022,400)	(£2,025,200)	(£901,000)	(£943,500)	(£1,025,900)
Funding Gap	**£0**	**£326,000**	**£1,584,900**	**£1,597.900**	**£1,552,100**

The Council has a robust budget timetable and will commence its consultation exercise in August 2023. As demonstrated by both levels of reserves and cash-flow whilst there is a funding gap in the Medium Term the Section 151 Officer is comfortable that the Council remains a going concern.

Future Capital Expenditure Plans:

The Council has approved the following capital programme totalling £31.289m funding plans for the period 1 April 2023 to 31 March 2028.

Service Cluster/ Financing	Estimate 2023/24 - £	Estimate 2024/25 - £	Estimate 2025/26 - £	Estimate 2026/27 - £	Estimate 2027/28 - £	Total Capital Programme
Our People	1,302,225	1,763,600	674,900	674,900	674,900	5,090,525
Our Place	15,358,084	4,897,106	554,400	50,000	479,400	21,338,990
Our Council	1,227,500	291,000	92,100	99,300	149,600	1,859,500
Investment	3,000,000	0	0	0	0	3,000,000
Grand Total	**20,887,809**	**6,951,706**	**1,321,400**	**824,200**	**1,303,900**	**31,289,015**
Grants & Contributions etc.	(13,451,663)	(5,978,506)	(674,900)	(674,900)	(674,900)	(21,454,869)
Revenue/Earmarked Reserves	(3,943,146)	(963,200)	(646,500)	(149,300)	(629,000)	(6,331,146)
Usable Capital Receipts	(3,350,000)	(10,000)	0	0	0	(3,360,000)
Prudential Borrowing	(143,000)	0	0	0	0	(143,000)
Total Funding	**(20,887,809)**	**(6,951,706)**	**(1,321,400)**	**(824,200)**	**(1,303,900)**	**(31,289,015)**

For information regarding our plans for 2023/24, please refer to our Executive Business Plan and Medium Term Financial Plan 2023/24-2027/28 contained in the Budget Book which can be found on our website:

www.west-lindsey.gov.uk/my-council/contacts-facts-and-figures/council-spending/budget-book

The Financial Statements:

As required by the Code the financial statements which follow consist of the following;

Comprehensive Income and Expenditure Statement (CIES):

Consolidates the total gains and losses experienced during the year and the total income and expenditure. The surplus on the Provision of Services totalled £1.841m (surplus of £0.191m 2021/22).

Movement in Reserves Statement (MIRS):

Shows the movement in the year on the different reserves held by the Council, which are split between those that are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory accounting (unusable reserves). The Council's usable reserves total £28.157m (£28.608m 2021/22).

Balance Sheet:

The Balance Sheet shows the Councils financial position at 31 March 2023. Showing assets and liabilities in the top part and below the Council's reserves (Net Worth) that match them. Our Net Assets are £43.842m (£8.221m Net Asset 2021/22), with the movement between years mainly affected by the following:

- Valuation of Long Term property assets - The Balance Sheet Non-Current Assets relates to property, plant and equipment and includes acquisitions and enhancements, changes in valuations, and disposals. These events have resulted in an overall carrying value of £66.830m, an increase of £3.094m from £63.736m in 2021/22. Further details are contained within Note 15 to the Statement of Accounts.

- Liabilities - A significant liability included within long term liabilities is the deficit on the pension fund. This amounts to £8.793m (£40.099m 2021/22) a reduction of £31.306m, this can be attributed to changes to actuarial financial assumptions. Further information on the pension's position is contained within Note 32 to the Statement of Accounts.

Reserves:

Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have increased by £36.072m to £15.685m (£(20.387m) 2021/22). Usable reserves have reduced by £0.451m to £28.157m (£28.608m 2021/22)

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events, with the General Fund Working Balance being 29% of Net Operating Expenditure for 2023/24, which compares to our strategy minimum of 10%. The need for adequate reserves becomes even more important in view of the financial challenges faced by Councils. Reserves mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates. Such risks may also include changes in Government policy, further funding reductions and market factors.

Capital Reserves:

Capital Receipts Reserve increases as a result of receipts from asset disposals and reduces as capital receipts are used to finance further capital investment. The reserve reduced from £1.472m 2021/22 to £1.117m in 2022/23 In addition Capital Grants Unapplied Reserve is £3.018m (£2.516m 2021/22) and relates to grant received for specific capital schemes.

- Cash Flow Statement - The Cash Flow Statement represents the Council's movement in cash (and cash equivalents) during the year. It shows that there has been a decrease in cash of £1.344m to £15.709m (£17.053m 2021/2022) as cash is expended on capital investments.

- Expenditure and Funding Analysis (EFA) - The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's clusters.

- Supplementary Financial Statements - The Collection Fund represents the council taxes and business rates collected by West Lindsey District Council on behalf of those authorities responsible for services within the district, and Central Government, and the way in which these monies have been distributed among the authorities and Central Government to finance their expenditure.

Statement of Responsibilities for the Statement of Accounts

1. 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 Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

2. Chief Finance Officer's Responsibilities

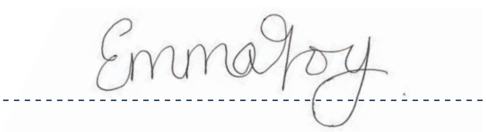
The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the CODE).

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

- Selected suitable Accounting Policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code of Practice
- Kept proper accounting records which were up to date
- Taken responsible steps for the prevention and detection of fraud and other irregularities

Certification of the Accounts

I certify that the Statement of Accounts for 2022/23 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.



Emma Foy BA (HONS) FCCA,
Director of Corporate Services (S151)

Date:

Approval of the Accounts

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Audit Committee.

Councillor Stephen Bunney,
Chairman of Governance & Audit Committee

Date:

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves, those created for statutory accounting purposes only. The Movement in Reserves statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease line shows the statutory General Fund Balance movements in the year following those adjustments. The Council's usable reserves total £28.157m in 2022/23 (£28.608m in 2021/22). Further information can be found in Note 7,10 and Note 11. Unusable reserves total £15.685m deficit in 2022/23 (£20.387m surplus in 2021/22) as detailed in Note 24.

Movement in Reserves during 2022/23:

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2022 carried forward	**(24,620)**	**(1,472)**	**(2,516)**	**(28,608)**	**20,387**	**(8,221)**
Total Comprehensive Income & Expenditure	(1,841)	0	0	(1,841)	(33,780)	(35,621)
Adjustment between accounting basis and funding basis under regulations (Note 10)	2,439	355	(502)	2,292	(2,292)	0
Net Adjustment	0	0	0	0	0	0
Net (Increase)/ Decrease in 2022/23	598	355	(502)	451	(36,072)	(35,621)
Balance at 31 March 2023 carried forward	**(24,022)**	**(1,117)**	**(3,018)**	**(28,157)**	**(15,685)**	**(43,842)**

The General Fund balance of £24.022m includes earmarked reserves of £19.340m.

Movement in Reserves during 2021/22:

Balance at 31 March 2021 carried forward	**(25,553)**	**(1,169)**	**(2,367)**	**(29,089)**	**31,632**	**2,543**
Total Comprehensive Income & Expenditure	(191)	0	0	(191)	(10,573)	(10,764)
Adjustment between accounting basis and funding basis under regulations (Note 10)	1,125	(304)	(149)	672	(672)	0
Net Adjustment	(1)	1	0	0	0	0
Net (Increase)/ Decrease in 2021/22	933	(303)	(149)	481	(11,245)	(10,764)
Balance at 31 March 2022 carried forward	**(24,620)**	**(1,472)**	**(2,516)**	**(28,608)**	**20,387**	**(8,221)**

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Council's raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (Note 7) and the Movement in Reserves Statement. There is a surplus on the Provision of Services totalling £1.841m (surplus of £0.191m in 2021/22). Overall Comprehensive Income and Expenditure is -£35.621m (£-10.764m 2021/22).

2021/22				2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
19,862	(17,323)	2,539	Our People	19,445	(17,847)	1,598
13,544	(5,508)	8,036	Our Place	7,794	(3,399)	4,395
8,992	(3,316)	5,676	Our Council	11,004	(3,377)	7,627
1,754	(1,522)	232	Covid Business Support Grants	1	48	49
44,152	**(27,669)**	**16,483**	**Cost of Services**	**38,244**	**(24,575)**	**13,669**
		2,504	Other Operating Expenditure (Note 12)			2,741
		(1,841)	Financing and Investment Income/Expenditure (Note 13)			(53)
		(17,337)	Taxation & Non Specific Grant Income/Expenditure (Note 14)			(18,198)
		(191)	**(Surplus) or Deficit on Provision of Services**			**(1,841)**
			Items that won't be reclassified to the (Surplus) or Deficit on the Provision of Services			
		(1,063)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets (Note 24)			(283)
		(9,510)	Remeasurements of the net defined benefit liability/(asset) (Note 32)			(33,497)
		(10,573)	**Items that may be reclassified to (Surplus) or Deficit on the Provision of Services**			**(33,780)**
		0	(Surplus) or deficit on revaluation of available for sale financial assets (Note 24)			0
		(10,573)	**Other Comprehensive Income and Expenditure**			(33,780)
		(10,764)	**Total Comprehensive Income and Expenditure**			**(35,621)**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

31st March 2022 £'000		31st March 2023 £'000
37,093	Property, Plant & Equipment (Note 15)	39,993
21,754	Investment Properties (Note 16)	22,405
519	Intangible Assets (Note 17)	745
60	Heritage Assets	60
3,684	Long Term Investments (Note 18)	3,085
626	Long Term Debtors (Note 18)	542
63,736	**Total Long Term Assets**	**66,830**
29	Inventories	56
7,319	Short Term Debtors (Note 19)	5,542
17,053	Cash and Cash Equivalents (Note 20)	15,709
24,401	**Total Current Assets**	**21,307**
(5,000)	Short Term Borrowing (Note 18)	(5,000)
(13,089)	Short Term Creditors (Note 21)	(7,184)
(802)	Short Term Provisions (Note 22)	(691)
(1,710)	Grants Receipts in Advance - Revenue (Note 28)	(626)
(19)	Grants Receipts in Advance - Capital (Note 28)	(3,718)
(20,620)	**Total Current Liabilities**	**(17,219)**
(38)	Long Term Provisions (Note 22)	0
(16,500)	Long Term Borrowing (Note 18)	(16,500)
(40,099)	Pensions Liability (Note 32)	(8,793)
(2,659)	Grants Receipts in Advance - Capital (Note 28)	(1,783)
(59,296)	**Total Long Term Liabilities**	**(27,076)**
8,221	**Total Net Assets/Liabilities**	**43,842**
(28,608)	Usable Reserves (Note 23)	(28,157)
20,387	Unusable Reserves (Note 24)	(15,685)
(8,221)	**Total Reserves**	**(43,842)**

Reserves are reported in two categories:

The first category of reserves are usable reserves.

These are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second category of reserves are those that the Council is not able to use to provide services.

This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'

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 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. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

The movement in overall cash is a decrease of £1.344m (increase of £3.065m 2021/22).

31st March 2022 £'000		31st March 2023 £'000
191	Net Surplus or (Deficit) on the Provision of Services	1,841
1,052	Depreciation of Property, Plant and Equipment	1,075
1,777	Impairment and downward valuations	(1,823)
52	Amortisation of Intangible Assets	87
1,407	Increase/(Decrease) in Creditors	(6,109)
(1,627)	Increase/(Decrease) in Debtors	1,242
24	Increase/(Decrease) in Inventories (Stock)	(27)
2,158	Movement in Pension Liability	2,191
72	Carrying amount for non-current assets and non-current Assets Held For Sale, sold or derecognised	15
(1,526)	Other non cash items charged to the net surplus or deficit on the Provision of Services	394
3,389	**Adjustments to net surplus or deficit on the Provision of Services for non-cash movements**	**(2,955)**
(4,356)	**Adjust for items included in the net surplus or deficit on the Provision of Services that are investing/financing activities**	**(3,930)**
(776)	**Net Cash Flows from Operating Activities**	**(5,044)**
(4,644)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(3,660)
337	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	164
3,840	Other receipts from investing activities	6,659
(467)	**Net Cash Flows from Investing Activities**	**3,163**
5,000	Cash receipts of short and long term borrowing	0
2,808	Other payments from financing activities	537
(3,500)	Repayments of short and long term borrowing	0
4,308	**Net Cash Flows from Financing Activities**	**537**
3,065	**Net increase or (decrease) in cash and cash equivalents**	**(1,344)**
13,988	**Cash and cash equivalents at the beginning of the reporting period**	**17,053**
17,053	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**15,709**

i. General Principles:

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

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.

ii. Accruals of Income and Expenditure:

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

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received, (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. Expenses incurred, which relate to employees, are not accrued for as they are considered to be relatively stable year on year and omitting them would not result in a material error.
- Interest receivable on investments and payable on borrowings is accounted for as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. 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.

iii. Acquisitions:

All operations acquired in year will be treated in line with the Council's accounting policies and if material disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

iv. Cash and Cash Equivalents:

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition or as at the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors:

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

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

vi. Charges to Revenue for Non-Current Assets:

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Council Tax and National Non-Domestic Rates (Business Rates):

Billing authorities act as agents, collecting council tax and non-domestic rates (NNDR) on behalf of the major preceptors (including government for NNDR) and, as principals, collecting council tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NNDR. 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 NNDR collected could be less or more than predicted.

The council tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR 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 Council's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii. Employee Benefits:

The Council accounts for employment and post-employment benefits when employees earn them and the Council is committed to providing them, even if the actual provision might be many years into the future. Employee benefits are accounted for in the following four categories:

- Benefits Payable During Employment

  Short-term employee benefits are those due to be settled payable within twelve months of the Balance Sheet date and include, wages, salaries, social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits, and similar payments and are recognised as an expense for services in the year in which employees render service to the Council.

  An accrual is made for the holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

- Termination Benefits

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

  Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

- Post-employment Benefits

  Employees of the Council are eligible to be members of the Local Government Pension Scheme (LGPS) Lincolnshire Pension Fund, administered by Lincolnshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

- The Local Government Pension Scheme

  The Local Government Pension Scheme is accounted for as a defined benefits scheme. Liabilities of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

  Liabilities are discounted to their value at current prices, using a discount rate of 4.80% determined by reference to market yields at the end of the reporting period on high quality corporate bonds (iBoxx AA over 15 year index).

The assets of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet at fair value:

- quoted securities - current bid price
- unquoted securities - professional estimate
- unitised securities - current bid price
- property - market value

The assessment process takes the most recent triennial actuarial valuation and updates it to reflect current conditions.

The change in the net pensions liability is analysed into the following components:

Service Cost Comprising:

- Current service cost

  The increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

- Past Service Costs

  The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

- Net Interest

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

Re-measurement Comprising:

- Return on Scheme Assets

  Excluding amounts included in net interest on the net defined benefit liability/asset - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Actuarial Gains and Losses

  Changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pension Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Lincolnshire Pension Fund

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

- Discretionary Benefits

  The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

Further information can be found in the Lincolnshire Local Government Pension Fund Annual Report, which is available at the following link:

www.lincolnshire.gov.uk/local-democracy/finances-and-budget/ (option - Lincolnshire Pension Fund)

Treasury and Financial Strategy,
Lincolnshire County Council,
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Newland,
Lincoln, LN1 1YG

ix. Events after the Reporting Period:

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

x. Financial Instruments:

- Financial Liabilities

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

  Financial liabilities are classified into two types.

  - Amortised costs - liabilities that are not held for trading, such as operational creditors and borrowings
  - Fair value through profit or loss - liabilities held for trading.

  The Council currently only has liabilities carried at amortised cost relating to Finance Leases and borrowing, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the lease or 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; amortised cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI).

The Council'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 (i.e. where the cash flows do not take the form of a basic debt instrument).

- Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the financial instrument.

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. The Council has made no soft loans (loans at less than Market Rate) as at 31/03/2023.

- Expected Credit Loss Model

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

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

The Council has a portfolio of loans to measure lifetime expected losses, this will be assessed on each individual instrument basis. This will take into account materiality, history of default, and impact sensitivity of amendments such as interest rate changes.

- Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price
- other instruments with fixed and determinable payments - discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

- Level 3 inputs: unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

  The Council currently holds no financial instruments at fair value through Other Comprehensive Income.

xi. Government Grants and Contributions:

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

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

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

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

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

- Community Infrastructure Levy

  The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be utilised for infrastructure projects to support the development of the area. As a collecting and charging authority an element of the charge is credited to the Comprehensive Income and Expenditure Statement for administration costs, the income is shared with Parish Councils and Lincolnshire County Council to support agreed infrastructure schemes. Amounts will be held on the Balance Sheet until paid over to the relevant bodies.

xii. Heritage Assets – General:

The Council holds Civic Regalia as a Heritage Asset.

Heritage assets are recognised and measured (including the treatment of valuation gains and losses) in accordance with the Council's policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The carrying amount of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – (see Accounting Policy xviv Property Plant and Equipment) in this summary of significant accounting policies.

xiii. Intangible Assets:

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences, rights to use land) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. All such expenditure is accounted for on an accruals basis and capitalised as a non-current asset.

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Interests in Companies and Other Entities:

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The judgement by the S151 Officer is that there is no material impact on the Statement of Accounts. Group Accounts are therefore not required for 2022/23.

xv. Inventories and long-term contracts:

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi. Investment Properties:

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds (greater than £10,000) the Capital Receipts Reserve.

xvii. Joint Operations:

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and the resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

xviii. Leases:

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

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

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

The Council as Lessee:

- Finance Leases

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

  Lease payments are apportioned between:

  - a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

  - a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

- Operating Leases

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

The Council as Lessor:

- Finance Leases

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

  Lease rentals receivable are apportioned between:

  - a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

  - finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

- Operating Leases

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

xix. Property Plant and Equipment:

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

- Recognition

  Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is possible that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets acquired above a de-minimis of £10,000 are capitalised.

- Measurement

  Assets are initially measured at cost, comprising;

  - The purchase price

  - Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

  - The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

  The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure assets, community assets and assets under construction (depreciated historical cost)

- surplus assets (the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective)

- all other assets (current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV))

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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

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

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

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

- Impairment

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

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

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

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

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

- Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings (straight line allocation over the life of the property as estimated by the valuer with the exception of a number of leased shops, where the remaining term of the lease is used)

- Vehicles, plant and equipment (straight line allocation over the life of the asset, as advised by a suitably qualified officer)

- Infrastructure (straight line allocation)

Asset Useful Economic Lives Assumed

Assets	Useful Life Range
Office/Leisure Centre	25 to 60 years
Crematorium	60 years
Depots & Stores	52 years
Shops	25 to 60 years
Public Conveniences	49 years
CCTV Systems/IT equipment/Wheeled Bins/Office Equipment/Led Lighting/Crematorium Equipment	1 to 25 years
Vehicles/Bin Lifters	1 to 7 years
Infrastructure Assets	16 to 28 years
Dwellings	54 years

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and a materiality level of £0.5m for major components has been applied.

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

- Disposals and Non-current Assets Held for Sale

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. The balance on the Capital Receipts Reserve can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xx. Provisions, Contingent Liabilities and Contingent Assets:

- Provisions

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

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

- Contingent liabilities

  A contingent liability arises when an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

- Contingent assets

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

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

xxi. Reserves:

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

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

xxii. Revenue Expenditure Funded From Capital Under Statute:

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

xxiii. Value Added Tax (VAT):

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

xxiv. Fair Value Measurement:

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

a) In the principle market for the asset or liability, or
b) In the absence of a principle market, in the most advantageous market for the asset or liability

The Council measures the fair value of an asset or liability using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

Notes to the Accounts (2): Accounting Standards that have been issued but have not been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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.

The following Accounting Standards and amendments have been issued but will not be adopted until the 2023/24 financial year:

- IFRS 16 Leases: This will require the Council as Lessee to recognise most leases on the balance sheet as right of use assets with corresponding lease liabilities (there is recognition for low value and short term leases). The implementation of this standard is encouraged for 2022/23. However, the adoption of this standard is not required until the 2024/25 Code.
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

There is no anticipated impact as a result of these changes to standards for West Lindsey District Council.

Notes to the Accounts (3): 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:

- Future Government Funding

  There is a high degree of uncertainty about future levels of funding for local government. However, the Council has a robust Financial Strategy and a 5 year Financial Plan which illustrates that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

  The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. As the Council cannot be dissolved without statutory prescription, the accounts have been prepared on a going concern basis.

- Leases

  The Council has examined the leases and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a financial lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate the interest and principal repayments.

- Business Rates

  The Council collects a net income of £15.7m (£15.2m 2021/22) from Business Rates. The assumptions made about the outcome of appeals against the Valuation Office Listed Rateable Value, becomes a significant and critical judgement. Assessments are made based on previous experience of the 2005 and 2010 list and also any settled appeals against the 2017 list. The Council's share of any reduction is 40%. Any impact on the overall position is mitigated by a safety net of 7.5% of our baseline funding which is approximately £0.226m. As the Council is in the Lincolnshire Business Rates Pool, the Pool will ensure that no partner will lose more than 7.5% of their baseline funding. However, due to a technical adjustment if the Council did enter the safety net it would only impact the general fund the year after this happens.

Notes to the Accounts (4): 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.

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

- Revenue Costs and Reserves

  The outbreak of hostilities in Ukraine during February 2022 and the resulting world sanctions against Russia together with the after effects of the Covid-19 pandemic have pushed up costs and the rate of inflation considerably over the past few months, particularly with respect to fuel and energy prices. These increased revenue costs are likely to have an adverse affect on the Council's budgets.

- Business Rates

  Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2022/23 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to March 2023. The estimate has been calculated using the analysis of successful appeals to date against the 2010 and 2017 rating lists.

- Property Plant and Equipment

  Property assets are included on the basis of a full valuation and assessed useful lives undertaken on 31 March 2023. Where possible the valuer has avoided applying indices to calculate the 31 March valuation. The assessment of useful lives is subject to revision and the valuation would therefore be expected to change accordingly. The carrying value of these long term assets at the end of the reporting period was £39.993m (£37.093m 2021/22).

  The impact of a change in valuation or useful life as at 31 March 2023 would affect the carrying value of the asset in the balance sheet and the subsequent charge for depreciation or impairment in the CIES.

- Pensions Liability

  The estimation of the net liability to pay pensions depends on a number of judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting Actuaries is engaged by Lincolnshire County Council, the administering authority for the Local Government Pension Scheme, to provide expert advice about the assumptions to be applied. During 2022/23 the Council's Actuaries advised that the net pension liability had reduced by £32.799m to £7.300m. The reduction in the net pension liability is due to the change in the discount rate and of future assumed RPI and CPI inflation. The table below illustrates the potential financial impact of changes in the specific assumptions applied by the Actuary in future years:

Asset Useful Economic Lives Assumed

Sensitivity Analysis - Change in Assumptions at 31 March 2023	Approx % increase to Employer Liability	Approx Monetary Amount £'000
0.1% decrease in Real Discount Rate	1.55%	1,104
1 Year increase in member life expectancy	4.51%	3,201
0.1% increase in Salary Increase Rate	0.15%	106
0.1% in the Pension Increase Rate	1.43%	1,017

A full valuation of the Pension Scheme was undertaken during 2022/23, as at 31st March 2022.

- Arrears

At 31st March 2023 the Council had arrears of £3.988m (£4.074m 2021/22) outstanding mainly in respect of sundry debtors, Business Rates and housing benefit overpayments debtors. A review of balances outstanding, recovery performance and future looking review has resulted in an impairment allowance of £1,721m (£1.637m 21/22) . However, if circumstances were to deteriorate then an additional loss allowance would be required and an assessment made if a lifetime credit allowance should be applied.

- Fair Value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cashflow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in the assumptions used could affect the fair value of the council's assets and liabilities.

With regard to fair value estimates of Surplus and Investment Properties, where Level 1 inputs are not available, the Council employs RICS qualified valuers (Wilks, Head & Eve) to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters. Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Note 15, 16 and 17.

With regards assets valued at fair value, no assets are classed as level 1 in the Fair Value Hierarchy. The majority of these assets are Level 2 which utilises quoted market place prices with adjustments for location and condition. The Council has three assets valued at Level 3 of the Fair Value Hierarchy, an Aggregate Site and two oil wells. The significant unobservable inputs used in the fair value measurement include estimated cashflows from the assets and assumptions regarding rental values. Significant changes in any of the unobservable inputs or the level two assumptions would result in a significantly higher or lower fair value measurement for these assets

Notes to the Accounts (5): Material Items of Income and Expenditure

For the purpose of this disclosure note the Council considers material items to be those greater than £850k. In 2022/23 the Council received the following Energy Support Grants:

The Tax Energy Rebate Scheme (where the Council was the Agent for Central Government) each Council Tax payer in Bands A-D was awarded £150, with also a discretionary scheme for those over Band D, the Council received in total £5.8m from Central Government, of which £5.7m has been paid out in the year.

The Energy Rebate Support Scheme £690k and £259k Alternative Fuel Payment Scheme, where the Council is the Agent for Government/Non Public Body and has no discretion in how these grants are deployed has been received in the year. During the year none of the grants have been spent. A total of £950k is held as a creditor on the balance sheet to be paid out to various recipients in 2023/24.

Notes to the Accounts (6): Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Director of Corporate Resources (S151 Officer) on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Non-adjusting post balance sheet event:

In September 2023, the Council approved aquisition of a further 50% of the shares in Market Street Renewal Ltd, meaning it now owns 100% of the shares and therefore now fully owns the company. Details of the 2022/23 transactions with the company are disclosed in note 29 (related parties).

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

2021/22				2022/23		
Net Expenditure Chargeable to General Fund £'000	**Adjustments (Note 7a) £'000**	**Net Expenditure in Income & Expenditure Statement £'000**		**Net Expenditure Chargeable to General Fund £'000**	**Adjustments (Note 7a) £'000**	**Net Expenditure in Income & Expenditure Statement £'000**
976	1,563	2,539	Our People	1,657	(59)	1,598
1,931	6,105	8,036	Our Place	4,753	(359)	4,394
5,937	(261)	5,676	Our Council	6,581	1,046	7,627
232	0	232	Covid Business Support Grants	49	0	49
9,076	**7,407**	**16,483**	**Net Cost of Services**	**13,041**	**628**	**13,669**
(8,142)	(8,532)	(16,674)	Other Income/ Expenditure	(12,443)	(3,067)	(15,510)
934	**(1,125)**	**(191)**	**(Surplus) or Deficit**	**598**	**(2,439)**	**(1,841)**
(25,555)			Opening General Fund Balance	(24,620)		
1			Net Adjustment	0		
934			(Surplus) or Deficit in Year	598		
(24,620)			**Closing General Fund Balance (31 March)**	**(24,022)**		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis

	2022/23			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes £'000**	**Net Change for Pensions' Adjustments £'000**	**Other Statutory Differences £'000**	**Total Adjustments £'000**
Our People	(277)	217	1	(59)
Our Place	(788)	403	26	(359)
Our Council	485	554	7	1,046
Covid Business Support Grants	0	0	0	0
Net Cost of Services	**(580)**	**1,174**	**34**	**628**
Other Income & Expenditure	(1,393)	1,017	(2,691)	(3,067)
Difference*	**(1,973)**	**2,191**	**(2,657)**	**(2,439)**

	2021/22			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes £'000**	**Net Change for Pensions' Adjustments £'000**	**Other Statutory Differences £'000**	**Total Adjustments £'000**
Our People	1,337	237	(11)	1,563
Our Place	5,666	455	(16)	6,105
Our Council	(786)	529	(4)	(261)
Covid Business Support Grants	0	0	0	0
Net Cost of Services	**6,217**	**1,221**	**(31)**	**7,407**
Other Income & Expenditure	(5,132)	936	(4,336)	(8,532)
Difference*	**1,085**	**2,157**	**(4,367)**	**(1,125)**

** Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services*

Notes to the Expenditure and Funding Analysis:

1. Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment and revaluation gains and losses in 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 or 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 were satisfied in the year.

2. Net change for the pensions' adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Council as 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 charged to the Comprehensive Income and Expenditure Statement

3. Other Statutory Adjustments

Other statutory adjustments 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 the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under Taxation and non-specific grants income and expenditure represents the difference between what is chargeable under statutory regulations for Council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Accounts (8): Segmental Income

2021/22 Income from Services: £'000		2022/23 Income from Services: £'000
(584)	Our People	(952)
(2,199)	Our Place	(2,211)
(2,737)	Our Council	(2,825)
(5,520)	**Total Income analysed on a segmental basis**	**(5,988)**

Included within the Segmental Income note is the following material income for services provided in 2022/23.

- Our Place: £1.061m Development Control Application Fees (£0.968m in 2021/22)
- Our Council: £1.094m of income relating to Green Waste Service Charges (£0.990m in 2021/22)

Notes to the Accounts (9): Expenditure and Income Analysed by Nature

Expenditure and Income 2022/23:	**Our People £'000**	**Our Place £'000**	**Our Council £'000**	**Covid Business Support Grants £'000**	**Corporate Amounts £'000**	**Total £'000**
Employee benefits expenses	2,156	5,390	7,292	0	46	**14,884**
Other services expenses	15,912	2,866	3,227	1	(1,639)	**20,367**
Depreciation, amortisation, impairment	1,377	(462)	485	0	1,982	**3,382**
Interest payments	0	0	0	0	3,139	**3,139**
Precepts and levies	0	0	0	0	2,736	**2,736**
Disposal of assets	0	0	0	0	15	**15**
Total Expenditure	**19,445**	**7,794**	**11,004**	**1**	**6,279**	**44,523**
Fees, charges & other services	(952)	(2,211)	(2,825)	0	(3,022)	**(9,010)**
Interest & Investment income	0	0	0	0	(569)	**(569)**
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(14,403)	**(14,403)**
Government Grants & contributions	(16,895)	(1,188)	(552)	48	(3,795)	**(22,382)**
Total Income	**(17,847)**	**(3,399)**	**(3,377)**	**48**	**(21,789)**	**(46,364)**
(Surplus) or Deficit on the Provision of Services	**1,598**	**4,395**	**7,627**	**49**	**(15,510)**	**(1,841)**

Expenditure and Income 2021/22:	Our People £'000	Our Place £'000	Our Council £'000	Covid Business Support Grants £'000	Corporate Amounts £'000	Total £'000
Employee benefits expenses	2,155	5,110	6,265	0	45	**13,575**
Other services expenses	16,369	2,768	3,514	1,754	(1,385)	**23,020**
Depreciation, amortisation, impairment	1,338	5,666	(787)	0	35	**6,252**
Interest payments	0	0	0	0	2,468	**2,468**
Precepts and levies	0	0	0	0	2,572	**2,572**
Disposal of assets	0	0	0	0	72	**72**
Total Expenditure	**19,862**	**13,544**	**8,992**	**1,754**	**3,807**	**47,959**
Fees, charges & other services	(584)	(2,199)	(2,738)	0	(2,931)	**(8,452)**
Interest & Investment income	0	0	0	0	(212)	**(212)**
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(13,634)	**(13,634)**
Government Grants & contributions	(16,739)	(3,309)	(578)	(1,522)	(3,704)	**(25,852)**
Total Income	**(17,323)**	**(5,508)**	**(3,316)**	**(1,522)**	**(20,481)**	**(48,150)**
(Surplus) or Deficit on the Provision of Services	**2,539**	**8,036**	**5,676**	**232**	**(16,674)**	**(191)**

Notes to the Accounts (10): Adjustments between Accounting Basis and Funding Basis under Regulations

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

The following sets out a description of the reserves that the adjustments are made against.

- General Fund Balance

  The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

- Capital Receipts Reserve

  The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

- Capital Grants Unapplied

  The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2022/23: Usable Reserves			
Adjustments between accounting basis & funding basis under regulations	**General Fund Balance £'000**	**Capital Receipts Reserves £'000**	**Capital Grants Unapplied Account £'000**	**Movement in Unusable Reserves £'000**
Pension Costs (transferred to (or from) the Pensions Reserve)	(2,191)	0	0	2,191
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	828	0	0	(828)
Holiday pay transferred to the Accumulated Absences	(34)	0	0	34
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	1,875	0	0	(1,875)
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	(599)	0	0	599
Total Adjustments to Revenue Resources	**(121)**	**0**	**0**	**121**
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	112	(112)	0	0
Repayment of Loan Principal		(11)	0	11
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	906	0	0	(906)
Voluntary provision for the repayment of debt (transfer from the capital Adjustment Account)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	955	0	0	(955)
Total Adjustments between Revenue and Capital Resources	**1,973**	**(123)**	**0**	**(1,850)**

Use of Capital Receipts Reserves to finance capital expenditure	0	523	0	(523)
Capital grants and contributions unapplied credited to the CIES	587	0	(587)	0
Reversal of previous year grant applied to Capital Financing	0	(53)	0	53
Use of Capital Receipts Reserves to finance statutory provision on loans funded by borrowing	0	8	0	(8)
Application of capital grants to finance capital expenditure	0	0	85	(85)
Total Adjustments to Capital Resources	**587**	**478**	**(502)**	**(563)**
Total Adjustments	**2,439**	**355**	**(502)**	**(2,292)**

	2021/22: Usable Reserves			
Adjustments between accounting basis & funding basis under regulations	**General Fund Balance £'000**	**Capital Receipts Reserves £'000**	**Capital Grants Unapplied Account £'000**	**Movement in Unusable Reserves £'000**
Pension Costs (transferred to (or from) the Pensions Reserve)	(2,156)	0	0	2,156
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	1,962	0	0	(1,962)
Holiday pay transferred to the Accumulated Absences	31	0	0	(31)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	(1,917)	0	0	1,917
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	543	0	0	(543)
Total Adjustments to Revenue Resources	**(1,537)**	**0**	**0**	**1,537**
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	286	(286)	0	0
Repayment of Loan Principal	0	(186)	0	186
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	449	0	0	(449)
Voluntary provision for the repayment of debt (transfer from the capital Adjustment Account)	374	0	0	(374)

Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,082	0	0	(1,082)
Total Adjustments between Revenue and Capital Resources	**2,191**	**(472)**	**0**	**(1,719)**
Use of Capital Receipts Reserves to finance capital expenditure	0	37	0	(37)
Capital grants and contributions unapplied credited to the CIES	471	0	(471)	0
Reversal of previous year grant applied to Capital Financing	0	(50)	0	50
Use of Capital Receipts Reserves to finance statutory provision on loans funded by borrowing	0	181	0	(181)
Application of capital grants to finance capital expenditure	0	0	322	(322)
Total Adjustments to Capital Resources	**471**	**168**	**(149)**	**(490)**
Total Adjustments	**1,125**	**(304)**	**(149)**	**(672)**

Notes to the Accounts (11): Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2022/23.

	Balance at 31 March 2021 £'000	Transfer Out 2021/22 £'000	Transfer in 2021/22 £'000	Balance at 31 March 2022 £'000	Transfer Out 2022/23 £'000	Transfer In 2022/23 £'000	Balance at 31 March 2023 £'000
Contingency/Risk Reserves	5,887	(3,284)	3,058	5,661	(1,311)	**559**	**4,909**
Service Investment/Renewals Reserves	4,724	(1,650)	1,187	4,261	(1,655)	**1,574**	**4,180**
Strategy Reserve	7,606	(527)	2,213	9,292	(676)	**1,635**	**10,251**
Total	**18,217**	**(5,461)**	**6,458**	**19,214**	**(3,642)**	**3,768**	**19,340**

Contingency/Risk Reserves - To support areas of volatility (Business Rate appeals, valuations of investment properties, insurance etc.)
Service Investment/Renewals Reserve - To support service development initiatives, including IT upgrades and replacement programmes.
Strategy Reserve - To finance projects within the Corporate Plan and Financial Strategy.

Notes to the Accounts (12): Other Operating Expenditure

2021/22 £'000		2022/23 £'000
2,186	Parish Council Precepts	2,334
386	Drainage Board Levies	402
(68)	(Gains)/Losses on the disposal of non-current assets	5
2,504	**Total**	**2,741**

Notes to the Accounts (13): Financing and Investment Income and Expenditure

2021/22 £'000		2022/23 £'000
374	Interest payable and similar charges	456
(242)	Adjustment to Credit loss provision	4
927	Net interest on the net defined benefit liability/(asset)	1,010
(755)	Interest receivable and similar income	14
(2,145)	Income and Expenditure in relation to investment properties and changes in their fair value	(1,537)
(1,841)	**Total**	**(53)**

Notes to the Accounts (14): Taxation and Non-Specific Grant Income and Expenditure

2021/22 £'000		2022/23 £'000
(9,224)	Council Tax Income	(9,655)
(4,410)	Non-Domestic Rates Income and Expenditure	(4,747)
(1,512)	Non ring-fenced Government Grants	(1,820)
(1,091)	Covid-19 Grants	(36)
(1,100)	Capital Grants and Contributions	(1,940)
(17,337)	**Total**	**(18,198)**

Movements in 2022/23	**Other Land/ Buildings £'000**	**Vehicles, Plant, Furniture & Equip-ment £'000**	**Com-munity Assets £'000**	**Surplus Assets £'000**	**Assets Under Construc-tion £'000**	**Total PPE (excluding Infra-structure Assets) £'000**	**Infra-structure Assets £'000**
Cost or Valuation at April 2022	**29,757**	**5,193**	**105**	**3,262**	**913**	**39,230**	
Additions	57	934	0	0	1,108	**2,099**	82
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	32	0	0	24	0	**56**	0
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	1,694	0	0	(91)	0	**1,603**	0
Derecognition (Disposals)	0	(213)	0	0	0	**(213)**	0
Derecognition (other)	0	(28)	0	0	0	**(28)**	0
Other movements in cost or valuation	0	35	0	0	(743)	**(708)**	412
At 31 March 2023	**31,540**	**5,921**	**105**	**3,195**	**1,278**	**42,039**	
Accumulated Depre-ciation & Impairment at April 2021	**0**	**(2,367)**	**0**	**0**	**0**	**(2,367)**	
Depreciation charge	(442)	(619)	0	(4)	0	**(1,065)**	(10)
Depreciation written out to the Revaluation Reserve	223	0	0	3	0	**226**	0
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	219	0	0	1	0	**220**	0
Derecognition (Disposals)	0	198	0	0	0	**198**	0
Derecognition (other)	0	28	0	0	0	**28**	0
At 31 March 2023	**0**	**(2,760)**	**0**	**0**	**0**	**(2,760)**	
*** At 31 March 2023**	**31,540**	**3,161**	**105**	**3,195**	**1,278**	**39,279**	**714**
*** At 31 March 2022**	**29,757**	**2,826**	**105**	**3,262**	**913**	**36,863**	**230**

** Net Book Value*

Movements in 2021/22	Other Land/ Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE (excluding Infrastructure Assets) £'000	Infrastructure Assets £'000
Cost or Valuation at April 2021	**25,738**	**4,618**	**105**	**3,064**	**2,927**	**36,452**	
Additions	887	431	0	0	2,958	**4,276**	0
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	529	0	0	264	0	**793**	0
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	(1,957)	0	0	2	0	**(1,955)**	0
Derecognition (Disposals)	0	(12)	0	(7)	0	**(19)**	0
Derecognition (other)	0	(54)	0	(12)	0	**(66)**	0
Other movements in cost or valuation	4,560	210	0	(49)	(4,972)	**(251)**	0
At 31 March 2022	**29,757**	**5,193**	**105**	**3,262**	**913**	**39,230**	
Accumulated Depreciation & Impairment at April 2021	**0**	**(1,821)**	**0**	**0**	**0**	**(1,821)**	
Depreciation charge	(429)	(609)	0	(3)	0	**(1,041)**	(10)
Depreciation written out to the Revaluation Reserve	252	0	0	2	0	**254**	0
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	177	0	0	1	0	**178**	0
Derecognition (Disposals)	0	12	0	0	0	**12**	0
Derecognition (other)	0	51	0	0	0	**51**	0
At 31 March 2022	**0**	**(2,367)**	**0**	**0**	**0**	**(2,367)**	
*** At 31 March 2022**	**29,757**	**2,826**	**105**	**3,262**	**913**	**36,863**	**230**
*** At 31 March 2021**	**25,738**	**2,797**	**105**	**3,064**	**2,927**	**34,631**	**240**

** Net Book Value*

Infrastructure Assets - Movements on Balances:

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets (Local Government Circular 09/2022) 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 chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2021/22: £'000	Reconciliation of Infrastructure Assets and PPE Assets to the Balance Sheet	2022/23: £'000
230	Infrastructure Assets	714
36,863	Other PPE Assets	39,279
37,093	**Net Book Value as at 31 March**	39,993

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.

Depreciation:

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

- Other Land and Buildings: 25-60 years
- Vehicles, Plant, Furniture and Equipment: 1-25 years
- Infrastructure: 16-28 years
- Surplus: 49-51 years

Capital Commitments:

At 31 March 2023, the Council has no ongoing contracts for the construction or enhancement of property, plant and equipment. The commitments at 31 March 2023 was £0.802m.

Effects of Changes in Estimates:

There have been no major changes in relation to estimated asset life,residual asset values, depreciation method or disposal costs in 2022/23 that would have a material effect.

Revaluations:

The Council carries out a full revaluation of its property portfolio every five years. The last full revaluation was carried out on 31 March 2019. In the intervening years a valuation review is carried out. Valuations were carried out as at 31 March 2023 by appointed valuers, Wilks, Head and Eve LLP in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated replacement cost with an annual impairment review.

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical Cost	0	3,161	0	2,097	**5,258**
Valued at Current Value *	31,540	0	0	0	**31,540**
Valued at Fair Value *	0	0	3,195	0	**3,195**
Total Cost or Valuation	**31,540**	**3,161**	**3,195**	**2,097**	**39,993**

** as of 31 March 2023*

The significant assumptions applied in estimating the current values are:

- no allowance has been made for liability of taxation upon disposal;
- the instant build approach has been used for Depreciated Replacement Cost valuations;
- valuations have been provided at gross cost and do not include an allowance for purchasers cost;
- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

Assets Valued at Fair Value:

With regard to assets valued at fair value, no assets within the portfolio are classed at Level 1 in the fair value hierarchy i.e. unadjusted prices in active markets for identical assets. For the remaining assets the majority are surplus assets classed at Level 2 i.e. quoted prices that are observable for the asset with adjustments being made based on perhaps location and condition..

2021/22: £'000	Level 2 Significant Observable Inputs	2022/23: £'000
3,047	Surplus Assets	2,901
3,047	**Fair Value as at 31 March**	2,901

The valuations have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy. Level 3 inputs comprise unobservable inputs for an asset used to measure fair value in circumstances where market data is not available as there is little, if any, market activity for the asset at the measurement date.

There are three assets that are assessed at Level 3 i.e. where unobservable inputs have been used to measure fair value. Two oil well sites plus an aggregate site (total Balance Sheet Value £0.293m) have been based on known and estimated cash flows from the properties. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions). For level 3 assets the following quantitative data shows the effect on their fair value measurement.

Asset	Valuation Technique used to measure fair value	Unobservable Inputs	Range	Sensitivity
Oil Well Site	Adopting the expected cash flows from the properties	Yields	4%-9%	Changes in income, yields, term length will result in a lower or higher fair value
Aggregate Site	Adopting the expected cash flows from the properties	Yields	4%-9%	Changes in income, yields, term length will result in a lower or higher fair value

Notes to the Accounts (16): Investment Properties

2021/22: £'000	Movement in Fair Value of Investment Properties	2022/23: £'000
20,978	Balance at the start of the year	21,754
0	Purchases	0
0	Subsequent Expenditure	593
776	Net gain/(loss) from fair value adjustments	58
21,754	**Fair Value as at 31 March**	22,405

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line. The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2021/22: £'000	Income and Expenditure	2022/23: £'000
(1,418)	Rental Income from Investment Property	(1,531)
49	Direct operating expenses arising from Investment Property	52
(1,369)	**Net (Gain)/Loss**	(1,479)

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

Fair Value Hierarchy:

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the Council's external valuers Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

As at 31 March 2023, the Council holds seven properties classed as investment properties. All seven properties are categorised within Level 2 of the fair value hierarchy i.e. based on observable inputs for the asset. There have been no transfers from or to any of the other hierarchy groups during the year. Accounting policy xvi includes details of how assets based on fair value are valued. For assets within Level 2 observable inputs for the asset either directly or indirectly are used. Details are as follows:

2021/22: £'000	Level 2 Significant Observable Inputs	2022/23: £'000
1,155	Retail (2 properties)	1,241
2,773	Hotel	2,670
2,523	Leisure	2,617
9,850	Manufacturing (2 properties)	10,207
5,453	Commercial Unit	5,670
21,754	**Fair Value as at 31 March**	22,405

Notes to the Accounts (17): Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses. The Council has no internally generated software. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to the major software suites used by the Council is seven years. The carrying amount of intangible assets is amortised on a straight-line basis.

2021/22: £'000	Movement on Intangible Assets	2022/23: £'000
481	Gross carrying amounts	931
(360)	Accumulated amortisation	(412)
121	**Net carrying amount at start of year**	**519**
199	Purchases	18
0	Other disposals	0
(52)	Amortisation for the period	(88)
251	Other changes	296
519	**Net carrying amount at end of year**	745
931	Gross carrying amounts	1,245
(412)	Accumulated amortisation	(500)
519	**Total**	745

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

Financial Assets	Non-Current Investments £'000		Non-Current Debtors £'000		Current Investments £'000		Current Debtors £'000		Total £'000	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Fair Value (Profit or Loss)	3,636	3,037	0	0	0	0	0	0	**3,636**	**3,037**
Amortised Cost	48	48	626	542	17,053	15,709	5,986	5,176	**23,713**	**21,475**
Total Financial Assets	**3,684**	**3,085**	**626**	**542**	**17,053**	**15,709**	**5,986**	**5,176**	**27,349**	**24,512**
Non-Financial Assets	21,754	22,405	0	0	0	0	1,333	366	**23,087**	**22,771**
Total	**25,438**	**25,490**	**626**	**542**	**17,053**	**15,709**	**7,319**	**5,542**	**50,436**	**47,283**

Financial Liabilities	Non-Current Borrowings £'000		Non-Current Creditors £'000		Current Borrowings £'000		Current Creditors £'000		Total £'000	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Amortised Cost	16,500	16,500	2,659	1,783	5,000	5,000	13,549	10,177	**37,708**	**33,460**
Total Financial Liabilities	**16,500**	**16,500**	**2,659**	**1,783**	**5,000**	**5,000**	**13,549**	**10,177**	**37,708**	**33,460**
Non-Financial Liabilities	0	0	0	0	0	0	1,269	1,351	**1,269**	**1,351**
Total	**16,500**	**16,500**	**2,659**	**1,783**	**5,000**	**5,000**	**14,818**	**11,528**	**38,977**	**34,811**

Material Soft Loans Made by the Council:

The Council has not made any soft loans, employee car loans, or reclassifications during the financial year.

Financial Instruments Designated at Fair Value through Profit or Loss:

The Council has invested £3m in Pooled Investment Property Funds (CCLA Property Fund) which are measured at Fair Value on the Balance Sheet at £3.037m (£3.636m 2021/22) based on their quoted price in an active market for identical shares. Gains and Losses are reflected in the CIES in Financing Income and Expenditure and due to a statutory override (the Department for Levelling Up, Housing and Communities agreed a temporary statutory override commencing in 2019/20 to allow Local Authorities a period of 5 years to adjust their portfolio holdings) in year gains and losses are transferred via the MIRS to the Pooled Investment Adjustment Account. The cumulative gains held total £0.037m. As an investment fund, prices can go down as well as up.

Fair Value of Equity Instruments designated at Fair Value through Other Comprehensive Income:

The Council does not have any Equity Instruments designated at fair value through Other Comprehensive Income.

Income, Expense, Gains and Losses:

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2021/22			2022/23	
Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000		Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
(543)	0	Financial assets measured at fair value through the profit or loss	599	0
(239)	0	Financial assets measured at amortised cost	3	0
(782)	**0**	**Total Net (Gains)/Losses**	**602**	**0**
(141)	0	Financial assets measured at fair value through the profit or loss	(154)	0
(71)	0	Financial assets measured at amortised cost	(432)	0
(212)	**0**	**Total Interest Revenue**	**(586)**	**0**
371	0	Financial Liabilities measured at amortised cost	446	0
371	**0**	**Total Interest**	**446**	**0**
22	0	Financial assets measured at fair value through the profit or loss	23	0
4	0	Financial liabilities measured at amortised cost	5	0
26	**0**	**Total Fee Expense**	**28**	**0**

Fair Values of Financial Assets:

Some of the Councils financial assets are measured at fair value on a recurring basis and are described in the following table, including valuation technique use to measure them.

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation Technique used to measure Fair Value	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Fair Value through Profit or Loss - CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	3,636	3,037
Total			**3,636**	**3,037**

Transfers between Levels of the Fair Value Hierarchy:

There has been no transfers between input levels during the year.

Changes in Valuation Technique:

There has been no change in the valuation technique used during the year for financial instruments.

The Fair Values of Financial Assets and Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required):

Except for the financial assets carried at fair value (described in the above table), all other financial liabilities and financial assets held by the Council are carried in the Balance Sheet at amortised cost and have been assessed as Level 2. The fair values are calculated as follows:

2021/22			2022/23	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
363	809	Loans and Receivables (Long Term Debtors)	340	821
0	0	Finance Lease Liabilities	0	0
(5,002)	(5,002)	Non PWLB Borrowing	(5,073)	(5,073)
(16,574)	(19,574)	PWLB Borrowing	(16,575)	(13,749)

Fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

For loans receivable and leases - agreed at market rates. Fair Value is therefore calculated on the net present value of future cashflows over their remaining term and assuming no early repayment or impairment is recognised.

For loans borrowed from the PWLB fair value is calculated under PWLB debt redemption procedures by applying the premature repayment calculation. The PWLB would raise a penalty charge for early redemption (a premium) for additional interest that will not now be paid which would result in an exit price being £13,749m.

The authority has a continuing ability to borrow at concessionary rates (0.2 base points below standard rate) from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £16.500m would be valued at £12,151m.

Debtors and creditors and receipts in advance are carried at cost (invoiced or billed amount) as this is a fair approximation of their value.

Notes to the Accounts (19): Debtors

2021/22: £'000		2022/23: £'000
1,881	Central Government Bodies	914
1,417	Other Local Authorities	657
2,369	Other Entities and Individuals	2,163
1,006	Trade Receivables	1,441
(945)	Less: Provision for Expected Credit Loss	(946)
5,728	**Total**	4,229

The Provision for Expected Credit Loss is made up as follows:

2021/22: £'000		2022/23: £'000
(881)	Other Entities and Individuals	(727)
(64)	Trade Receivables	(219)
(945)	**Total**	(946)

Debtors for Local Taxation (Council Tax/Business Rates) of £1.313m (£1.591m 2021/22) are excluded from the table above.

Notes to the Accounts (20): Cash and Cash Equivalents

Cash comprises of cash in hand and bank deposits and may include bank overdrafts.

Balances classified as Cash Equivalents fit the definition of short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to insignificant risk of change in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet date:

2021/22: £'000		2022/23: £'000
20	Cash held by the Council	12
43	Bank Current Accounts	96
16,990	Short-term Deposits	15,601
17,053	**Total**	15,709

Notes to the Accounts (21): Creditors

2021/22: £'000		2022/23: £'000
8,823	Central Government Bodies	3,082
918	Other Local Authorities	916
1,112	Other Entities and Individuals	1,248
1,474	Trade	1,083
12,327	**Total**	6,329

Creditors for Local Taxation (Council Tax/Business Rates) of £0.855m (£0.762m 2021/22) are excluded from the table above.

Notes to the Accounts (22): Provisions

	Injury/Damage Compensation Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2022	(38)	(626)	(176)	(840)
Additional provisions made in year	0	(285)	(210)	(495)
Unused amounts reversed in year	19	247	0	266
Amounts used in year	19	183	176	378
Balance at 31 March 2023	**0**	**(481)**	**(210)**	**(691)**

Long Term Provisions:

There are no long term provisions.

Short Term Provisions:

Cost of employee's accrued leave £0.210m and Business Rates appeals £0.481m. These provisions should be settled within the next financial year.

Notes to the Accounts (23): Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and also in Note 10 & 11.

2021/22: £'000	Summary	2022/23: £'000
(10,841)	Revaluation Reserve	(11,030)
(9,084)	Capital Adjustment Account	(13,518)
(315)	Deferred Capital Receipts Reserve	(263)
(636)	Pooled Investment Funds (statutory override)	(37)
40,099	Pensions Reserve	8,793
988	Collection Fund Adjustment Account	160
176	Accumulated Absences Account	210
20,387	**Total Unusable Reserves**	(15,685)

Revaluation Reserve:

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

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

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

2021/22: £'000	Revaluation Reserve	2022/23: £'000
(9,906)	Balance at 1 April	(10,841)
(1,783)	Upward revaluations of assets	(1,173)
720	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	890
(1,063)	(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(283)
99	Difference between fair value depreciation and historical cost depreciation	94
29	Accumulated gains on assets sold or scrapped	0
128	Amount written off to the Capital Adjustment Account	94
(10,841)	**Balance at 31 March**	(11,030)

Capital Adjustment Account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis).The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The account also contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the authority.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2021/22: £'000	Capital Adjustment Account	2022/23: £'000
(8,614)	Balance at 1 April	(9,084)
	Reversal of items relating to capital expenditure debited or credited to the CIES	
1,052	Charges for depreciation and impairment of non-current assets	1,075
1,777	Revaluation losses on Property, Plant and Equipment	(1,823)
52	Amortisation of intangible assets	87
3,336	Revenue expenditure funded from capital under statute	2,059
2	Credit loss on Loans funded by Capital	0
72	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	15
(128)	Adjusting amounts written out of the Revaluation Reserve	(94)
6,163	Net written out amount of the cost of non-current assets consumed in the year	1,319
	Capital Financing Applied in the year	
(38)	Use of Capital Receipts Reserve to finance new capital expenditure	(523)
(3,598)	Capital grants and contributions credited to the CIES that have been applied to capital Financing	(3,231)
(321)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(85)
(449)	Statutory provision for the financing of capital investment charged against the General Fund balance	(906)

(374)	Voluntary provision for the financing of capital investment charged against the General Fund Balance	0
(181)	Statutory provision charged against Capital Receipts Reserve for the repayment of loans funded by borrowing	(8)
186	Loan Principal Repaid	12
(1,082)	Capital expenditure charged against the General Fund balance	(955)
(776)	Movement in market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement	(57)
(9,084)	**Balance at 31 March**	(13,518)

Deferred Capital Receipts Reserve:

The Council has awarded a leisure centre management contract which contains an embedded lease. The Deferred Capital Receipts Reserve offsets the outstanding debt included in long and short term debtors for the interest in the equipment acquired by the lessee. The balance is reduced each year, when payments are received, and recognised as a capital receipt.

2021/22: £'000	Deferred Capital Receipts Reserve	2022/23: £'000
(365)	Balance at 1 April	(315)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
50	Transfer to the capital receipts reserve upon receipt of cash	52
(315)	**Balance at 31 March**	(263)

Pooled Investment Funds Adjustment Account:

The Pooled Investment Funds Adjustment Account holds the Fair Value adjustments of Investments re-classified as Fair Value through the Profit and Loss (IFRS 9). There is a 5 year statutory override in place to prevent the fair value movement having an adverse effect on the CIES and General Fund. This unusable reserve will hold the fair value gains and losses until the investment is no longer held or the statutory override ends. .

2021/22: £'000	Pooled Investment Funds Adjustment Account	2022/23: £'000
(93)	Balance at 1 April	(636)
(543)	Fair Value Adjustment	599
(636)	**Balance at 31 March**	(37)

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, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory accounting requirements 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 substantial 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.

2021/22: £'000	Pension Reserve	2022/23: £'000
47,453	Balance at 1 April	40,099
(9,510)	Remeasurement of the net defined benefit liability/(asset)	(33,497)
4,397	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of services in the CIES	4,671
(2,241)	Employee pensions contributions and direct payments to pensioners payable in year	(2,480)
40,099	**Balance at 31 March**	8,793

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 and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021/22: £'000	Collection Fund Adjustment Account	2022/23: £'000
2,950	Balance at 1 April	988
(1,962)	Amount by which Council Tax and Non-Domestic rating income credited to the CIES is different from Council Tax and Non-Domestic rating income calculated for the year in accordance with statutory requirements	(828)
988	**Balance at 31 March**	160

Accumulated Absences Account:

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

2021/22: £'000	Accumulated Absences Account	2022/23: £'000
207	Balance at 1 April	176
(207)	Settlement or cancellation of accrual made at the end of the preceding year	(176)
176	Amounts accrued at the end of the current year	210
(31)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	34
176	**Balance at 31 March**	210

Notes to the Accounts (25): Members' Allowances

The following amounts were paid to Members of the Council during the year.

2021/22: £'000	Members' Allowance	2022/23: £'000
220	Basic Allowance	225
64	Special Responsibility Allowances	63
9	Expenses	12
293	**Total Expenditure**	300

The remuneration paid to the Council's senior employees is as follows:

Post Title	Salary including fees/allowances (£)		Compensation for loss of office (£)		Pensions Contribution (£)		Total (£)	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Chief Executive	127,879	132,289	0	0	19,757	20,439	147,636	152,728
Director Operational & Commercial Services - started 1st June 2022	0	67,477	0	0	0	10,425	0	77,902
Assistant Director Operational & Commercial Services - changed 1st June 2022 to Director Operational and Commercial Services	72,674	12,197	0	0	11,228	1,885	83,902	14,082
Assistant Director Finance, Business Support & Property Services (S151) - left May 2022	72,674	31,295	0	0	11,228	4,835	83,902	36,130
Director Planning & Regeneration - started 1st June 2022	0	67,477	0	0	0	10,425	0	77,902
Assistant Director Planning & Regeneration - changed 1st June 2022 to Director Planning & Regeneration	64,382	11,718	0	0	9,947	1,811	74,329	13,529
Assistant Director Homes & Communities	65,775	71,057	0	0	10,162	10,978	75,937	82,035
Director Change Management & Regulatory Services - started 1st June 2022	0	67,477	0	0	0	10,425	0	77,902
Assistant Director Change Management & Regulatory Services - Changed 1st June 2022 to Director Change Management & Regulatory Services	70,482	12,197	0	0	10,889	1,885	81,371	14,082

Assistant Director People & Democratic Services Monitoring Officer - left 31 March 2021	61,221	63,346	0	0	9,472	9,787	70,693	73,132
Director of Corporate Services (S151) - started May 2022	0	75,002	0	0	0	11,588	0	86,590

Assistant Director Finance, Business Support & Property Services (S151) left in May 2022. Also the Assistant Director People & Democratic Services - Monitoring Officer left in February 2023. There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2021/22 or 2022/23.

The number of Council's employees (including senior officers disclosed in the table above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions but including redundancy payments for loss of office) were paid the following amounts:

Employees 2021/22	Remuneration Band	Employees 2022/23
2	£50,000 to £54,999	3
1	£55,000 to £59,999	3
2	£60,000 to £64,999	1
1	£65,000 to £69,999	0
3	£70,000 to £74,999	1
0	£75,000 to £79,999	4
0	£80,000 to £84,999	0
0	£85,000 to £89,999	0
0	£90,000 to £94,999	0
0	£95,000 to £99,999	0
0	£100,000 to £104,999	0
0	£105,000 to £109,999	0
0	£110,000 to £114,999	0
0	£115,000 to £119,999	0
0	£120,000 to £124,999	0
1	£125,000 to £129,999	0
1	£130,000 to £134,999	1
10	**Total**	**13**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for the Council in 2022/23 are set out in the table below:

Exit Package Cost band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total number of Exit Packages by Cost Band		Total cost of Exit Packages in each band (£)	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0- £20,000	0	0	0	1	0	1	0	11,286
£20,001 -£40,00	0	0	0	0	0	0	0	0
£40,001 -£60,000	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**1**	**0**	**1**	**0**	**11,286**

There was 1 exit package made during 2022/23 (none in 2021/22).

Notes to the Accounts (27): 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 for non-audit services provided by the Council's external auditors. The appointed auditors are Mazars Ltd.

2021/22: £'000	External Audit Costs	2022/23: £'000
48	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year (Mazars)	40
6	Fees payable to the External Audit for the certification of grant claims and returns for the year (Mazars 21-22/KPMG 22-23)	30
0	Fees payable in respect of other services provided by the External Audit during the year	0
54	**Total**	70

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2021/22: £'000	Credited to Taxation and non Specific Grant Income:	2022/23 £'000
5,523	Business Rates Retention Scheme	5,113
719	Non-Ring Fenced Grants - New Homes Bonus	924
129	Non-Ring Fenced Grants - Lower Tier Services Grant	138
664	Non-Ring Fenced Grants - Other Grant and Contributions	758
1,091	Covid-19 Related Grants	36
370	Capital Grants & Contributions - S106 Beal Homes (Riverside Walk)	0
0	Capital Grants & Contributions - Townscape Heritage (THI)	75
250	Capital Grants & Contributions - S106 Taylor Lindsey - Roman Gates	0
54	Capital Grants and Contributions - Decarbonisation Grant Scheme	15
0	Capital Grants and Contributions – UK Shared Prosperity Fund	21
121	Capital Grants & Contributions - PCC Safer Streets Fund	6
53	Capital Grants & Contributions - Levelling Up Fund	1,236
252	Capital Grants & Contributions - Other	587
9,226	**Total Non-Specific Grant Income**	8,909
	Credited to Services, Revenue Related	
14,591	Department of Work & Pensions - Housing Benefit Allowance	13,730
228	Department of Work & Pensions - Housing Benefits Administration Grants	228
829	Disabled Facilities Grants	807
2,193	Housing Infrastructure Fund - Southern SUE	0
2,282	Government Covid-19 Grants	(27)
321	Other Covid-19 Grants	0
0	Lincolnshire County Council - Household Support Fund	553
1,704	Other Grants & Contributions	3,295
22,148	**Total Credited to Service**	18,586

Liabilities:

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances are included as liabilities on the Balance Sheet and at year end are as follows.

2021/22: £'000	Capital Grants Receipts in advance	2022/23: £'000
1,690	S106 Agreements	1,523
645	Lincolnshire County Council - GLLEP LOTS & Cinema	70
324	Levelling Up Fund - Thriving Gainsborough	3,674
0	UK Shared Prosperity Fund	20
0	HIF Southern SUE Funding	201
19	PCC Safer Streets Fund	13
	Revenue Grants Receipts in advance	
1	Mr Big	1
1,408	DLUHC - Covid Additional Relief Fund (CARF)	0
1	DLUHC - Homelessness prevention grant	0
216	Notts City Council - Green Homes Grant	283
59	PCC Safer Streets Fund	29
25	IDeA - Housing Advisors Programme	0
0	DLUHC - UK Shared Prosperity Fund	242
0	Levelling Up Fund - Thriving Gainsborough	5
0	DWP - Supported Accommodation	6
0	DLUHC - Contain Outbreak Management Fund (COMF)	50
0	Business Support grant recovery	10
4,388	**Total**	**6,127**

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 of the accounts to assess the extent to which there exists the possibility that 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.

All Members and senior officers have been required to complete a related party declaration identifying the organisations with which they (and/or their closest family members) have influence and/or control, and which may have a related party interest with the Council.

UK Central Government:

The UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from Government Departments are set out in the analysis in Note 28.

Councillors:

Councillors have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in Note 25.

During 2022/23, 9 Councillors and 5 spouses/family members declared a related party interest with regard to being either a director or partner or having an interest in a company or organisations. The Council paid levies and additional drainage costs of £0.352m to four Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (3 councillors, £0.225m), Scunthorpe and Gainsborough Water Management Board (2 councillors, £0.057m), Upper Witham IDB (1 councillor, £0.051m), Ancholme IDB (1 councillor, £0.019m).

In addition, the Council paid grants totalling £0.121m to voluntary organisations in which councillors have a position on the governing body. The relevant Councillors did not take part in any discussion or decision relating to the grants. The Register of Members' Interest is available to be viewed on the Council's website. The Council acted as an agent for Central Government issuing Covid-19 Grants, £0.019m was paid to organisations where Councillors had declared a related party interest.

Senior Officers:

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation.

The Council's Assistant Director of Finance and Property resigned as a Director for WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Limited on 1st August 2022. To be replaced by an employee of The Council as the Secretary of WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Limited as at 1st August 2022. The Director of Planning and Regeneration continues to be a Director to Market Street Renewal Ltd (part owned by WLDC).

Other Pubic Bodies (Subject to Common Control by UK Central Government):

The Council has determined that material transactions have occurred with the following parties:

- Lincolnshire County Council - Pension Fund as disclosed in Note 32, preceptor as disclosed in the Collection Fund, A number of Members of the Council are also elected Members of Lincolnshire County Council.

- Lincolnshire Police & Crime Commissioner - preceptors as disclosed in the Collection Fund Note.

- Parish Councils - a number of Members of the Council have been elected as Parish Councillors - Parish Precepts are disclosed in Note 12.

The Council has representation on the Central Lincolnshire Joint Strategic Planning Committee. Voting rights on the Committee are shared equally with the Council holding a 25% share. During 2022/23 the Council contributed £98,800 (£98,900 2021/22).

Entities Controlled or Significantly Influenced by the Council:

In 2016/17 the Council acquired Surestaff (Lincs) Ltd and created a Teckal Company (WLDC Staffing Services Ltd that provides services solely to the Council) along with a holding company WLDC Trading Ltd all classed as subsidiaries in relation to the Council under group accounts, the Council being 100% shareholder of this group of companies.

Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd were established to provide temporary operational workers but not key management personnel to the Council. The director of the companies is Ady Selby, who is also the Director of Commercial and Operational Services for the Council. The Company secretary is Peter Davy who is also the Financial Services Manager (Deputy S151) for the Council.

The Council had the following transactions with each of the companies:

2021/22: £	Surestaff Lincs Ltd	2022/23: £
10,663	Council Received	11,773
0	Council Paid Out	0
0	Covid-19 Grant (Small Business Grant Fund - WLDC acting as agent)	0
7,147	Kick Start Grant	0
32,000	Loans Balance Brought Forward	32,000
0	Loans Issued in the financial year	0
0	Less Loans Repaid in the financial year	(2,000)
32,000	Loans Outstanding 31 March	30,000
	WLDC Staffing Services Ltd	
13,434	Council Received	14,140
795,374	Council Paid Out	717,294
17,000	Loans Balance Brought Forward	12,000
0	Loans Issued in the financial year	0
(5,000)	Less Loans Repaid in the financial year	(5,000)
12,000	Loans Outstanding 31 March	7,000

WLDC Trading Ltd was created as a holding company for the purpose of governance. West Lindsey District Council is the sole shareholder and WLDC Trading Ltd holds 1 share WLDC Staffing Services Ltd and 200 shares in Surestaff Lincs Ltd.

Group Accounts have not been produced for 2022/23 incorporating the financial position of Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd.

In 2016/17, West Lindsey District Council became a 50% shareholder of Market Street Renewal Limited. Sally Grindrod-Smith, Director of Planning and Regeneration at West Lindsey District Council, is a Director. The company was primarily set up for the development and renovation of Market Street in Gainsborough. The Council had the following transactions with Market Street Renewal Ltd:

2021/22: £	Market Street Renewal Limited (MSRL)	2022/23: £
22,425	Council Received	19,216
0	Council Paid Out	0
200	MSRL Share Capital	200
357,500	Loans Balance Brought Forward	342,500
0	Loans Issued in the financial year	0
(15,000)	Less Loans Repaid in the financial year	(7,500)
342,500	Loans Outstanding 31 March	335,000
0	Grants Issued	0

Group Accounts for this Joint Venture would be incorporated into the accounts using the equity method which means a proportionate share of the balance sheet for the company along with the profit and loss would be brought into the Council Accounts. The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to the users of the Statements of Accounts in understanding the Council position.

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), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

2021/22: £'000		2022/23: £'000
38,525	Opening Capital Financing Requirement Capital Investment	40,293
1,318	Property, Plant and Equipment	1,073
2,958	Assets Under Construction	1,108
199	Intangible Assets	18
0	Investment Properties	593
0	Long Term Shares Investment	0
0	Long Term Loan	0
0	Adjustment for non-capital loans	0
3,336	Revenue Expenditure Funded from Capital Under Statute	2,059
	Sources of Finance	
(38)	Capital Receipts	(523)
(3,919)	Government Grants and Contributions	(3,316)
0	Reversal of previous year grant applied capital financing	0
	Sums set aside from revenue	
(1,082)	Direct revenue contributions	(955)
(630)	Minimum Revenue Provision	(914)
(374)	Voluntary Revenue Provision	0
40,293	**Closing Capital Financing Requirements**	39,436
	Explanation of Movements in Year	
1,768	Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(857)
0	Assets Acquired under Finance Leases	0
1,768	**Increase/(Decrease) in Capital Financing Requirement**	(857)

West Lindsey District Council as Lessee:

Finance Leases:

The Council acquired eight shops in 1989 on long term leases (125 years) with all rents payable at minimal/nominal amount.

The Council acquired an administrative building in 2013 on a long term lease (83 years) with rent payable at minimal/nominal amount.

The Council acquired an Investment Property during 2017/18 for £2.49m on long term lease (219 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 25 years (with 12.3 years remaining).

The Council acquired a further Investment Property in 2018/19 for £2.52m - the overflow car park element of the purchase acquired on long term lease (135 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 35 years (with 17.5 years remaining). The assets acquired under these leases are carried as Property and Investment Properties in the Balance Sheet at the following carrying amounts:

2021/22: £'000		2022/23: £'000
441	Other Land and Buildings	466
2,894	Investment Properties	2,796
3,335	**Total**	**3,262**

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. In 2022/23, no contingent rents were payable by the Council (2021/22 £0).

The Council has sub-let the properties held under these finance leases. At 31 March 2023 the minimum payments expected to be received under non-cancellable sub-leases was £5.3m (£5.3m at 31 March 2022).

Operating Leases:

The Council has entered into operating leases for a depot and car park space, empty home and multi-function devices. The future minimum lease payments due under non-cancellable leases in future years are:

2021/22: £'000		2022/23: £'000
10	Not later than one year	10
12	Later than one year and not later than five years	2
4	Later than five years	4
26	**Total**	**16**

The expenditure charged to the Our Place and Our Council Cluster lines in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2021/22: £'000		2022/23: £'000
29	Minimum lease payments	10
(8)	Contingent rents	(6)
4	Sublease payments receivable	4
25	**Total**	**8**

West Lindsey District Council as Lessor:

Finance Leases:

The Council leased out three properties on finance leases in the 1980's with remaining terms in excess of 60 years. A premium was paid on commencement of the lease term, for each property with annual rents payable on a peppercorn basis. The total existing use value of the three properties at 31 March 2023 was £0m (£0m as at 31 March 2022). The properties are themselves held by the Council on long leases. Based on the materiality of the values, the peppercorn rents and the length of the lease terms the Council has not assessed any gross investment in the leases.

Within the leisure centre management contract for the sites at Market Rasen (commencement 2020) and Gainsborough (commencement 2018) there is an embedded finance lease of gym equipment. The lease term is 8 years for each site, representing the estimated useful economic life of the asset. The gross investment in the lease is made up of the minimum lease payments expected to be received over the remaining term. There is no residual value anticipated for the gym equipment when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the equipment acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

2021/22: £'000	Finance lease debtor (net present value of minimum lease payments)	2022/23: £'000
63	Current	63
290	Non-Current	227
(38)	Unearned Finance Income	(27)
315	**Total**	**263**

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

	Gross Investment in the lease £'000		Minimum Lease Payments £'000	
	2021/22	2022/23	2021/22	2022/23
Not later than one year	52	53	52	53
Later than one year and not later than five years	225	191	225	191
Later than five years	38	19	38	19
Total	**315**	**263**	**315**	**263**

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. In 2022/23 no contingent rents were receivable by the authority (£0 2021/22).

Operating Leases:

The Council leases out land and property under operating leases for the following purposes:
For the provision of community services, such as sports facilities.

For economic development purposes to provide investment property returns to provide suitable affordable accommodation for local businesses and to bring empty properties back into use.

The net book value of these assets is £43.8m (2021/22 £43.0m)

The future minimum lease payments receivable in future years are:

2021/22: £'000		2022/23: £'000
1,690	Not later than one year	1,819
6,266	Later than one year and not later than five years	6,490
8,434	Later than five years	7,001
16,390	**Total**	**15,310**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2022/23 there were no contingent rents receivable by the Council (2021/22 £0m).

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The Pension Fund is administered by Lincolnshire County Council who contracted the day to day administration of the fund to West Yorkshire Pension Fund (WYPF). Lincolnshire County Council continue to undertake the investment of the pension fund assets.

The key risk to the Council is the future payments that need to be made to pensioners under the defined benefit scheme and making sure these are adequately funded. Therefore, a professional Actuary is engaged by the County Council to assess the likely asset returns and future liabilities of the Council's sub fund within the overall Lincolnshire Pension Fund. The current Actuary is Barnett Waddingham. The following notes are based on the assumptions and reports received from the Actuary as at 31 March 2023. A full revaluation exercise is undertaken every 3 years, and this exercise was undertaken as at 31 March 2022, the next triennial review being due 31 March 2025. The 2022 Valuation assessed that the Council has a 85.2% funded scheme.

The Council can also make discretionary enhancements in accordance with its agreed policies. The additional costs resulting from historically awarding such discretions are included in the tables below.

Participation in Pension Schemes:

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

- The Local Government Pension Scheme, administered locally by Lincolnshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Lincolnshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Lincolnshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Committee and are detailed in Pension Fund Annual Report and Accounts, which can be found on the Pension Fund website: www.lincolnshire.gov.uk/pensions

The principle risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits:

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There's no plan assets built up to meet these pension liabilities, therefore the Council is required to meet the costs of any early retirements awarded.

Transactions Relating to Post-employment Benefits:

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

2021/22: £'000	Local Government Pension Scheme	2022/23: £'000
	Comprehensive Income/Expenditure Statement - Cost of Services	
3,386	Current Service Cost	3,611
40	Past Service Cost/(Gain)	0
44	Administration Expenses	50
927	Net Interest Expense	1,010
4,397	**Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services**	**4,671**
Other Post-employment Benefits charged to the Comprehensive Income/Expenditure Statement - Remeasurement of the net defined benefit liability comprising		
5,103	Return on plan assets (excluding the amount included in the net interest expense)	(3,212)
0	Actuarial Gains/(Losses) arising on changes in demographic assumptions	4,514
4,631	Actuarial Gains/(Losses) arising on changes in financial assumptions	39,769
0	Other actuarial Gains/(Losses) on assets	(510)
(224)	Experience Gains/(Losses) on defined benefit obligation	(7,064)
9,510	**Total Charged to Other Comprehensive Income and Expenditure**	**33,497**
13,907	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**38,168**
	Movement in Reserves Statement	
(4,397)	Reversal of net charges made to the (Surplus) or Deficit for Provision of Services for post-employment benefits in accordance with the Code.	(4,671)
2,162	Employers' contributions payable to the scheme	2,397
79	Retirement benefits payable to pensioners	83
(2,156)	**Net Movement in Reserves Statement (Note 10)**	**(2,191)**

Pensions Assets and Liabilities Recognised in the Balance Sheet:

The amount included in the Balance Sheet arising from the Councils obligation in respect of its defined benefit scheme is as follows:

2021/22: £'000	Balance Sheet	2022/23: £'000
(104,412)	Present value of the defined benefit obligation	(71,001)
64,313	Fair value of plan assets	62,208
(40,099)	**Net liability arising from the defined benefit obligation**	**(8,793)**

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

2021/22: £'000	Reconciliation of Fair Value of Scheme (Plan) Assets	2022/23: £'000
58,879	Opening fair value of scheme assets at 1 April	64,313
1,170	Interest Income	1,672
	Remeasurement Gains/(Losses)	
5,103	The return on plan assets, excluding the amount included in the net interest expense	(3,212)
0	Other actuarial gains/(losses)	(510)
2,162	Employer Contributions	2,397
485	Contributions paid by scheme participants	559
(3,442)	Benefits paid	(2,961)
(44)	Administration Expenses	(50)
64,313	**Closing fair value of scheme assets at 31 March**	**62,208**

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

Funded Liabilities 2021/22 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2022/23 £'000
106,332	Opening present value of scheme liabilities at 1 April	104,412
3,386	Current service cost	3,611
2,097	Interest cost	2,682
485	Contributions from scheme participants	559
	Remeasurement Gains/(Losses)	
0	Actuarial Gains/(Losses) arising on changes in demographic assumptions	(4,514)
(4,631)	Actuarial Gains/(Losses) arising on changes in financial assumptions	(39,769)
224	Other	7,064
40	Past service costs	0
(3,521)	Benefits paid	(3,044)
104,412	**Closing present value of scheme liabilities at 31 March**	**71,001**

Local Government Pension Scheme Asset Categories:

Fair Value of Scheme Assets 2021/22: £'000	Percentage of Total Assets 2021/22: £'000	Local Government Pension Scheme Asset Categories	Fair Value of Scheme Assets 2022/23: £'000	Percentage of Total Assets 2022/23: £'000
		Equity Instruments		
0	0	Consumer	0	0
0	0	Manufacturing	0	0
0	0	Energy & Utilities	0	0
0	0	Financial Institutions	0	0
0	0	Health & Care	0	0
0	0	Information Technology	0	0
0	0	Other	0	0
		Private Equity		
0	0	All	0	0
		Real Estate		
7,097	11	UK Property	4,688	8
0	0	Overseas Property	0	0
		Investment Funds & Unit Trusts		
46,522	72	Equities	34,740	56
8,161	13	Bonds	8,228	13
0	0	Infrastructure	2,349	4
0	0	Other	10,219	16
		Cash & Cash Equivalents		
2,533	4	All	1,984	3
64,313	**100**	**Total Assets**	**62,208**	**100**

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. Both the Local Government Pension Scheme and discretionary benefits liabilities have been provided by Barnett Waddingham, an independent firm of actuaries, estimates for the Lincolnshire County Council Fund being based on the latest formal valuation of the scheme as at 31 March 2022.

Significant Assumptions used by the Actuary:

The significant assumptions used by the actuary have been:

2021/22:	Local Government Pension Scheme	2022/23:
	Long Term Expected Rate of Return on Assets in the Scheme (%)	
2.6	Equity Investments	4.8
2.6	Equity Bonds	4.8
2.6	Property	4.8
2.6	Cash	4.8
	Mortality Assumptions (years)	
21.2	Longevity at 65 for current pensioners - Men	19.8
23.7	Longevity at 65 for current pensioners - Women	22.9
22.1	Longevity at 65 for future pensioners - Men	21.1
25.1	Longevity at 65 for future pensioners - Women	24.4
	Financial Assumptions (%)	
3.2	Rate of Inflation	2.95
3.5	Rate of increase in salaries	3.95
3.2	Rate of increase in pensions	2.95
2.6	Rate for discounting scheme liabilities	4.80
	Take up option to convert pension into maximum retirement lump sum - within HMRC limits (%)	
50	Pre April 2008 service - Maximum additional tax-free cash	50
75	Post April 2008 service - Maximum tax-free cash	50

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analysis (next page) has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis - Change in Assumptions at 31 March 2023	Approx. Increase to Employer Liability (%)	Approx. Monetary Amount - £'000
0.1% decrease in Real Discount Rate	1.55	1,104
1 Year increase in Member Life Expectancy	4.51	3,201
0.1% increase in Salary Increase Rate	0.15	106
0.1% in the Pension Increase Rate (CPI)	1.43	1,017

The Lincolnshire County Council fund has approved a Funding Strategy Statement (FSS), the purpose of the FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities

The objectives of the Fund's funding policy include the following:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

Impact on the Council's Cash Flows:

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £2.798m in contributions in 2023/24.

Notes to the Accounts (33): Contingent Liabilities

Grant Claims:

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

The Council also acts as the Accountable Body for a range of grant funding that is or has been paid for the benefit of third parties. In the role of Accountable Body, the Council has to agree to the repayment of grant should there be a breach of the terms and conditions of the grant.

Whilst every effort is taken to administer the grants to minimise any risk of financial loss to the Council, this risk cannot be eliminated. However, it is not possible to make a reliable forecast of any grant claw back arising from Accountable Body status.

Notes to the Accounts (34): Contingent Assets

Right to Buy Sharing Agreement:

As with other agreed stock transfers, the Council has entered into an agreement with ACIS relating to any future sales of the transferred housing stock to existing tenants.

The Council will receive capital receipts each year up to 2028 for any properties sold. The value of the receipt is calculated using a formula that takes the net income forgone from the total proceeds from the sale of dwellings.

It is therefore difficult to ascertain how much the Council might receive each year (during 2022/23 the Council received £0.064m from 3 property sales).

Key Risks:

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk - the possibility that the Council might not have funds available to meet it's commitment to make payments.
- Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in measures as interest rate movements and stock market movements.

Overall procedures for managing risk:

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 officers in the Financial Services team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk:

Credit risk arises from deposits with banks and financial institutions, as well as any credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

The Council uses creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- Banks 1 - good credit quality, the Council will only use banks which :-
  - are UK banks: and/or
  - are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA

  and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
  - Short Term F1
  - Long term A
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. (These banks can be included if it continues to be part nationalised or it meets the ratings in Banks 1 above).

- Banks 3 – The Councils own banker for transactional purposes. If the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation – The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies – The Council will use all societies which meet the ratings for banks outlined above
- Money Market Funds – AAA
- Enhanced Money Market Funds - AAA
- UK Government (including gilts, treasury bonds and the DMADF)
- Local authorities, parish Councils etc.
- Supranational institutions
- Local Authority Property Asset Fund
- Corporate Bond Funds
- Covered Bonds

A limit of £2m per counterparty will be applied to the use of Non-Specified investments largely determined by the long term investment limits. Except for Local Authority Property Asset Fund which will have a limit of £4m.

The full Investment Strategy for 2022/23 was approved by Full Council on 7 March 2022 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £7.5m (£5m 2021/22) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits.

Amounts Arising from Expected Credit Loss:

The changes in the loss allowance for each class of financial instrument i.e. investments at amortised cost, trade receivables etc:

Asset Class (amortised cost)	12 Month expected credit loss (£'000)	Lifetime expected credit losses - not credit impaired (£'000)	Lifetime expected credit losses - credit impaired (£'000)	Lifetime credit losses - simplified approach (£'000)	Total £'000
Opening Balance at 1 April 2022	0	(38)	(13)	(932)	**(983)**
Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	**0**
Amounts Written off	0	0	0	0	**0**
Changes in models/risk parameters	0	0	(139)	137	**(2)**
Other Changes	0	0	0	0	**0**
At 31 March 2023	**0**	**(38)**	**(152)**	**(795)**	**(985)**

Credit risk exposure:

The Council has the following exposure to credit risk at 31 March 2023:

	Credit Risk Rating	Gross Carrying amount (£'000)	
		31 March 2022	31 March 2023
12-Month expected credit losses	AAA - Very Low AA - Very Low Very Low	14,953 2,001 3,636	13,550 2,000 3,037
Significant increase in credit risk since initial recognition	Very High High Medium Low Very Low	32 0 19 354 400	30 0 15 335 407
Credit-impaired at 31 March	Standards Debtors - High Risk	13	152
Simplified Approach	Standard Debtors - Medium Risk Benefit Debtors - Medium Risk	403 1,374	608 1,143
At 31 March		**23,185**	**21,277**

Excludes statutory debtors Council Tax and NNDR.

The Council initiates a legal charge on property where, for instance, clients can not afford to pay immediately, usually in cases where the Council has carried out works carried out to buildings in default of the owner. The total collateral at 31 March 2023 was £0.076m (£0.074m 31 March 2022).

Liquidity Risk:

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of the Council's financial assets is as follows:

31 March 2022 £'000	Maturity Analysis of Financial Assets	31 March 2023 £'000
23,038	Less than 1 year	20,885
4	Between 1 and 2 years	0
0	Between 2 and 3 years	0
4,307	More than 3 years	3,627
27,349	**Total**	**24,512**

Refinancing and Maturity Risk:

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

31 March 2022 £'000	Maturity Analysis of Financial Liabilities	31 March 2023 £'000
18,549	Less than 1 year	16,998
5,159	Between 1 and 2 years	1,783
0	Between 2 and 5 years	3,000
5,500	Between 5 and 25 years	2,500
8,500	Between 25 and 50 years	8,500
37,708	**Total**	**32,781**

Market Risk:

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 charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowing at fixed rates - the fair value of the liabilities borrowings will fall
- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balances. Movements in the fair value of fixed rate investments that have quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

At 31 March 2023, 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	1
Increase in interest receivable on variable rate investments	(6)
Impact on Surplus or Deficit on the Provision of Service	**(5)**
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	3,377

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 19 – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk:

The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

However, the Council holds £3m in the CCLA property fund that has a carrying value as at 31 March 2023 of £3.037m. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer.

Foreign Exchange Risk:

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

Notes to the Accounts (36): Cash Flow Statement - Operating Activities

The cash flow for operating activities include the following items:

2021/22: £'000		2022/23: £'000
212	Interest received	461
(371)	Interest paid	(711)
(159)	**Total**	**(250)**

Notes to the Accounts (37): Reconciliation of Liabilities arising from Financing Activities

Reconciliation	As at 1 April £'000		Financing Cash Flows £'000		Non-cash changes: Acquisition £'000		Non-cash changes: Other £'000		As at 31 March £'000	
	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23	21/22	22/23
Long-term borrowings	**16,500**	16,500	0	0	0	0	0	0	**16,500**	**16,500**
Short-term borrowings: Lease Liabilities	**0**	0	0	0	0	0	0	0	**0**	**0**
Other Short Term borrowing	**5,000**	5,000	1,500	0	0	0	(77)	0	**5,000**	**5,000**
Total liabilities from financing activities	**21,500**	**21,500**	**1,500**	**0**	**0**	**0**	**(77)**	**0**	**21,500**	**21,500**

Notes to the Accounts (38): Agency Services

In accordance with the Code, the collection and distribution of National Non-Domestic Rates (NNDR) and Council Tax is deemed to be an agency arrangement. The costs of collection of NNDR and the surplus or deficit on the Collection Fund for the year, are shown in the Collection Fund Statement.

The Council acted as an Agency of the Government in the distribution of grants in relation to Business Support Grants. During the year no grants received issued to Businesses. There is a sum of £0.780m remaining at 31 March 2023 which is a net balance from the last three financial years. The balance is a creditor on the Council's balance sheet to be repaid to the Government in 2023/24.

Notes to the Accounts (39): Group Accounts

The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to users of the Statement of Accounts in understanding the Council's financial position. Details of entities controlled or significantly influenced by the Council can be found in Note 29.

Notes to the Accounts (40): Trust Funds

The Council acts as a custodian for funds of Hemswell Resident Company Ltd whose purpose is to supply estate management and other services to a private estate at Hemswell Cliff. The funds are held as a bare trust known as the Reserve Account with West Lindsey District Council acting as Trustee and Hemswell Resident Company Ltd as Beneficiary. The Council takes no decision on the funds use, however is contracted to provide services to the Company. The fund is currently £0.063m which is held as cash with a corresponding creditor liability on our balance sheet.

The Collection Fund:

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Business Rates (NNDR).

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore is to isolate the income and expenditure relating to Council Tax and Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

In 2013/14, the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Council's a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base.

The scheme allows the Council to retain a proportion of the total Business Rates received. In 2022/23 the Council's Share was 40%, Lincolnshire County Council 10% and Central Government 50%. Business Rates Surpluses and Deficits declared by West Lindsey District Council in relation to Collection Fund are apportioned to the relevant bodies in the subsequent financial year in their respective proportions.

The Code of Practice followed by Local Authorities in England stipulates that the Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

2021/22				2022/23		
Council Tax £'000	**Business Rates £'000**	**Total £'000**		**Council Tax £'000**	**Business Rates £'000**	**Total £'000**
60,098	0	60,098	Net Council Tax Receivable (Note 1)	64,265	0	64,265
370	0	370	Section 13A 1C Transfer from General Fund	49	0	49
0	15,215	15,215	Net Business Rates Receivable (Note 2)	0	15,652	15,652
0	152	152	Transitional Protection Payments receivable	0	0	0
60,468	**15,367**	**75,835**	**Total Income**	**64,314**	**15,652**	**79,966**
			Expenditure - WLDC			
8,897	7,186	16,083	Precepts, Demands & Shares	9,402	6,555	15,957
167	(2,905)	(2,738)	Distributed Surplus/(Deficit)	226	(1,173)	(947)
			Expenditure - LCC			
41,100	1,796	42,896	Precepts, Demands & Shares	44,452	1,639	46,091
776	(726)	50	Distributed Surplus/(Deficit)	1,042	(293)	749

			Expenditure - Lincs PCC			
8,023	0	8,023	Precepts, Demands & Shares	8,576	0	8,576
146	0	146	Distributed Surplus/(Deficit)	203	0	203
			Expenditure - Central Gov			
0	8,982	8,982	Precepts, Demands & Shares	0	8,193	8,193
0	(3,631)	(3,631)	Distributed Surplus/(Deficit)	0	(1,466)	(1,466)
0	105	105	Cost of Collection Allowance	0	105	105
0	0	0	Write offs of uncollectable amounts	0	0	0
299	329	628	Increase/(Decrease) in Impairment Allowance	200	211	411
0	(434)	(434)	Increase/(Decrease) in Provision for Appeals	0	(362)	(362)
0	0	0	Transitional Protection Payments	0	34	34
0	187	187	Disregarded Amounts	0	192	192
0	0	0	Prior Year Adjustments	0	0	0
59,408	**10,889**	**70,297**	**Total Expenditure**	**64,101**	**13,635**	**77,736**
1,415	(7,919)	(6,504)	Surplus or (Deficit) b/fwd 1 April	2,475	(3,441)	(966)
1,060	4,478	5,538	Surplus or (Deficit) arising during the year (Note 3)	213	2,017	2,230
2,475	**(3,441)**	**(966)**	**Surplus or (Deficit) c/fwd 31 March**	**2,688**	**(1,424)**	**1,264**

'Council tax income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Lincolnshire Police and Crime Commissioner and West Lindsey District Council together with each Parish requirement. This is then divided by the Council Tax base i.e. the number of properties in each valuation band for 2022/23 this was converted to an equivalent number of Band D dwellings and adjusted for discounts. The basic amount of Council Tax for a Band D property excluding an average parish charge is £1,936.21 (£1,853.21, 2021/22) and is multiplied by the ratio specified for the particular band to give an individual amount due.

'The Council Tax Base for 2022/23 was 31,038.46 (30,128.37 2021/22). This increase between financial years is as a result of the reduction in long term empty properties, and new properties added to the rating list. The tax base for 2022/23 was approved by the Council meeting in January 2022 and was calculated as follows:

Valuation Band	No of Dwellings on Valuation List		Equivalent Dwellings after discounts, exemptions/reliefs and Local Council Tax Support Scheme		Ratio to Band D	Number of Band D Equivalent Dwellings	
	2021/22	2022/23	2021/22	2022/23		2021/22	2022/23
Disabled	0	0	26	24	5/9	14	13
Band A	16,564	16,681	10,560	10,781	6/9	7,040	7,187
Band B	8,197	8,296	6,720	6,833	7/9	5,227	5,315
Band C	7,775	7,870	6,751	6,872	8/9	6,001	6,108
Band D	5,895	6,008	5,409	5,516	9/9	5,409	5,516
Band E	3,590	3,714	3,347	3,474	11/9	4,091	4,246
Band F	1,505	1,565	1,417	1,484	13/9	2,047	2,145
Band G	530	532	494	495	15/9	823	825
Band H	67	67	49	54	18/9	98	108
Total	**44,123**	**44,733**	**34,773**	**35,533**		**30,750**	**31,463**
Deduction for non-collection, new build, demolition and other adjustments						(756)	(535)
Band D Equivalent for Council Tax Base						29,994	30,928
Band D Equivalent for Contributions in Lieu						134	110
Council Tax Base (Band D equivalent)						**30,128**	**31,038**

Notes to the Collection Fund Account (2): Business Rates

Business Rates (NNDR) are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 51.2p in 2022/23 (51.2p in 2021/22). The non-domestic rate multiplier for small businesses is 49.9p in 2022/23 (49.9p in 2021/22).

Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £48.953m at 31 December 2021 and were used to calculate the Business Rates Retention scheme amounts for 2022/23 (£49.117m in 2021/22). The Local rateable values totalled £49.670m at 31 March 2023. (£49.288m at 31 March 2022).

The introduction of the Business Rates Retention Scheme in 2013/14 resulted in local authorities retaining a proportion of the total collectible rates due rather than paying the whole Business Rates to the central pool (WLDC 40%, Lincolnshire County Council 10% and Central Government 50%.)

The business rates shares payable for 2022/23 were estimated before the start of the financial year as £1.639m (£1.796m 2021/22) to Lincolnshire County Council, £8.193m (£8.982m 2021/22) to Central Government with £6.555m (£7.186m 2021/22) retained by West Lindsey District Council. These sums have been paid in 2022/23 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all Authorities receive their baseline amount. Tariffs due from Authorities are payable to Central Government or if the authority is part of a Business Rates Pool, to the administering authority. The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £3.583m in 2022/23 (£3.583m 2021/22) to the Lincolnshire Business Rates Pool.

The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £3.583m in 2022/23 (£3.583m 2021/22) to the Lincolnshire Business Rates Pool.

The total income from business rate payers collected in 2022/23 was £15.652m (£15.215m 2021/22).

In addition to the tariff, a 'safety net' figure is calculated at 92.5% for 2022/23 (92.5% for 2021/22) of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £2.796m (£2.796m 2021/22). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief.

Notes to the Collection Fund Account (3): Collection Fund Surpluses and Deficits

The year-end surplus or deficit on the Council Tax Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation is made on the 15 January each year and was taken into consideration when setting the Council Tax 2022/23.

In 2022/23 the Council received £0.226m (£0.168m in 2021/22), its share of the 2021/22 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund surplus of £1.264m at 31 March 2023 (£0.9664m deficit 31 March 2022). This is made up of NNDR deficit of £1.424m (£3.441m 31 March 2022) and Council Tax Surplus of £2.688m (£2.475m 31 March 2022) There has been an decrease in the provision for appeals in 2022/23 with the total provision at £1.202m. (£1.564m 2021/22).

For the purpose of these accounts the accumulated surplus/(deficit) is attributed in relevant amounts for both Council Tax and Business Rates to the precepting bodies' (debtor)/creditor accounts and the billing authority (WLDC) as follows:

2021/22			2022/23		
Council Tax £'000	Business Rates £'000		Council Tax £'000	Business Rates £'000	Total £'000
377	(1,376)	West Lindsey District Council	404	(570)	(166)
1,757	(344)	Lincolnshire County Council	1,914	(142)	1,772
341	0	Lincolnshire Police and Crime Commissioner	370	0	370
0	(1,721)	Central Government	0	(712)	(712)
2,475	**(3,441)**	**Balance at 31 March**	**2,688**	**(1,424)**	**1,264**

Audit Report 2022/23 to be shown here when the audit is completed.

Audit Report 2022/23 to be shown here when the audit is completed.

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Accounting Policies:

Those principles, basis, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

Accruals:

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

Amortisation:

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

Authorised Limit:

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances:

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

Balance Sheet:

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BEIS:

Department of Business Energy and Industrial Strategy

Billing Authorities:

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

Business Rates/National Non-Domestic Rates (NNDR):

See National Non Domestic Rates (NNDR).

Capital Adjustment Account:

The Capital Adjustment Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, usable capital receipts and contributions which have been used to fund capital expenditure and to repay borrowing (Minimum Revenue Provision). It also accumulates depreciation impairment and write off of fixed assets on disposal.

Capital Charges:

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services, an example being depreciation.

Capital Expenditure:

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

Capital Programme:

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is five years.

Capital Receipts:

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

Chartered Institute of Public Finance and Accountancy (CIPFA):

The professional accountancy body concerned with local authorities and the public sector.

Collection Fund:

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

Community Assets:

These are fixed assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services.

Contingent Liabilities:

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

Construction Contracts:

A contractual obligation for the construction or enhancement of Property, Plant and Equipment.

Council Tax:

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

Council Tax Base:

The Council Tax Base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

Credit Risk Exposure:

The value of the position exposed to default. Credit Risk is the risk that a financial loss will be incurred if a counter-party to a transaction does not fulfil its financial obligations in a timely manner.

Current Expenditure:

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

Deferred Credits/Deferred Capital Receipts:

These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages or finance leases out. The balance is reduced by the amount repayable in any financial year.

Depreciation:

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

DLUHC:

Department of Levelling up, Housing and Communities.

Earmarked Reserves:

These are reserves set aside for a specific purpose or a particular service or type of expenditure.

Emoluments:

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

Expected Credit Loss:

The utilisation of historic, current and forward-looking information to assess the expected impairment of a financial instrument that are possible with 12 months of the reporting date or lifetime of the financial instrument.

External Audit:

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Fair Value:

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

Fees and Charges:

Income raised by charging users of services for the facilities. For example, Council's usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

Finance Lease:

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

Financial Instrument:

Contracts which give rise to a financial asset of one organisation and a financial liability.

Financial Instrument Adjustment Account:

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

Financial Reporting Standards (FRS):

A statement of accounting practice issued by the Accounting Standards Board.

Financial Year:

The Council's financial year commences on 1 April and ends on 31 March the following year.

Fixed Asset:

Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

General Fund:

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund.

Gross Expenditure:

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

Heritage Assets:

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

Impairment:

Impairment occurs when that value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset. Examples of factors which may cause such a reduction in value include evidence of obsolescence or physical damage to the asset.

International Financial Reporting Standards (IFRS):

Accounting standards adopted from 1 April 2010 for Local Government entities.

Infrastructure Assets:

Expenditure on works of construction or improvement but which have no tangible value, such as construction of or improvement to highways.

Internal Audits:

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. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

Intangible Assets:

Capital expenditure which does not result in the creation of a tangible fixed asset but which gives the Council a controllable access to future economic benefits, e.g. software licences.

Investments:

Deposits with approved institutions.

Long Term Debtors:

Amounts due to the Council more than one year after the Balance Sheet date.

Minimum Revenue Provision (MRP):

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

Main Account Statements:

- Comprehensive Income and Expenditure Statement (CIES) - A financial statement which records the day to day activity of the Council
- Movement in Reserves Statement (MIRS) - This statement shows the movement in the year on the different reserves held by the Council
- The Balance Sheet - This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council
- Cash Flow Statement - This statement shows the changes in cash and cash equivalents of the Council during the reporting period

National Non-Domestic Rate (NNDR)/Business Rates:

Business rates is the common term used for national non domestic rates (NNDR) which is the levy on business property. It is based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all Local Authorities. Local Authorities collect the non-domestic rate but the proceeds are apportioned on a % basis (currently 50%Central Government, 40% Council, 10% County Council).

Net Expenditure:

Gross expenditure less gross income.

Non-Operational Asset:

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

Operational Asset:

Fixed assets held by the Council and used or consumed in the delivery of its services.

Operating Lease:

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

Operational Boundary:

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Pension Fund:

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

Precept:

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council taxpayers on their behalf.

Precepting Authorities:

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Lincolnshire County Council, Lincolnshire Police Authority/Police and Crime Commissioner, Lincolnshire Fire and Rescue Authority and Parish Council's all precept upon West Lindsey District Council.

Provisions:

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

Related Parties:

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;
- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of a Council include:

- UK Central Government;
- Local authorities and other bodies precepting or levying demands on the Council Tax;
- Its subsidiary and associated companies;
- Its joint ventures and joint venture partners;
- Its Members;
- Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of close family, or the same household;
- Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

Reporting Standards:

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS) including Statements of Standard Accounting Practice (SSAP).

Revaluation Reserve:

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It also records any reductions in the value of assets subject to the limit of any previous increases in the value of the same asset. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

Revenue Expenditure Funded from Capital under Statute (REFCUS):

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

Revenue Support Grant (RSG):

This funding is the Government Grant provided by the Department of Levelling Up, Housing and Communities (DLUHC) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

Segmental:

An analysis of income or expenditure over the Council's reporting service clusters.

Soft Loans:

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

Statement of Accounts:

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must publish and issue the Statements for Audit by 31 May and approve the Statements by 31 July following the end of the financial year.

Statement of Recommended Practice (CODE):

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

Teckal:

Teckal means the codified rule of EU procurement law as set out within Directive 2014/24/EU and Regulation 12 of the Public Contracts Regulations 2015, pursuant to which the requirement for open advertisement and tendering for public contracts in accordance with the Regulations does not apply.

Total Cost:

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

Trading Operations:

Services provided to users on a basis such as quoted price or schedule of rates and within a competitive environment.

Usable Capital Receipts:

Amounts available to finance capital expenditure in future years.

Usable Reserves:

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

Unusable Reserves:

Represent gains and losses yet to be realised and which are not available to support services.

Executive Summary:

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. This includes complying with legislation, making evidence-based decisions within a clear framework, displaying a healthy culture, behaviour and values, whilst ensuring transparency, equity and accountability, engaging with and where appropriate, leading their communities.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it complies with its governance code, legislation, directives and regulations and its performance and effectiveness of its governance arrangements during the year, and any planned changes in the coming period following assessment by external bodies including auditors, other regulators and peers.

The Council expects all members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Officer and Member Code of Conduct, Constitution, Corporate Vision and Values, and Corporate Priorities as well as applicable statutory requirements.

This document describes our governance arrangements and their effectiveness. This document is drawn from a number of assurance mechanisms which includes external audits of accounts and funding arrangements, our overall governance and decision making framework, the Scrutiny function, the work of advisors and regulators, the Governance and Audit Committee and the Internal Audit Function.

The External Audit function is undertaken by Mazars LLP, this provides an opinion of the Financial Statements and the Value for Money Opinion. Any weaknesses identified by the external auditor are highlighted in the Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2022/23 accounts and Value for Money opinion and no significant recommendations.

1. Scope of Responsibility

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

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has a Local Code of Governance which details these arrangements and is structured around the seven Principles of Good Governance, which are as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Accounts and Audit (England) Regulations 2015 require every council to agree and publish and Annual Governance Statement Further, we have followed the CIPFA (Chartered Institute of Public Finance and Accountancy)/ SOLACE guidance entitled: Delivering Good Governance in Local Government Framework (2016), in producing this AGS.

2. The Purpose of the Governance Framework

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

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievements of the Council's policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Strategic risks are reported to the Governance and Audit Committee bi-annually.

The governance framework has been in place at the Council for the year ended 31st March 2023, and up to the date of approval of this Statement.

3. Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduced a framework of assurance.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the management team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The council has undertaken an assessment of compliance with the principles of the FM Code. This assessment has confirmed the council's compliance.

4. The Governance Framework and Annual Review of Effectiveness

A permanent Monitoring Officer has been appointed, subject to formal Council approval.

The Council held Elections on the 4th May 2023 with all 36 seats on the Council up for election. A total of 19 new Councillors have been elected and the overall results, broken down below, mean that no single political party holds a majority. The Liberal Democrat group has partnered with the Independent member for Hemswell to form a minority administration. An alliance of Conservative Councillors and the Independent member for Dunholme and Welton make up the opposition group, while the third group comprises of two Lincolnshire Independent Councillors.

- Liberal Democrat Administration - 19 members
- The Opposition Group - 15 members
- Lincolnshire Independents - 2 members

West Lindsey District Council operates a committee model of Governance under the Localism Act 2011. This has ensured that there is a more democratic approach to decision making with no elected member having any individual executive power to make decisions and requiring committees to be politically proportionate. The Council's Constitution sets out how the Council operates.

The Council uses its Constitution as a basis from which decision making, delegations and matters relating to the ability to meet legislative and statutory requirements are considered. Following legislative changes in May 2021 the Council returned to face-to-face Committee meetings.

The Council is working to its Corporate Plan covering the period 2019-2023. It sets out the Council's vision for the District and sets out key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium-Term Financial Plan (MTFP) and Executive Business Plan which details key corporate activity which will support the achievement of the Council's aims and objectives. This ensures that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council.

The Council continued to deliver its Corporate Priorities, including the following major projects:

Our People:

- Implementing a framework for co-ordinating and delivering cultural activity across the district.
- Supported the Jubilee programme of events across the district
- Delivered an events programme for Townscape Heritage and Mayflower 400
- Extended the Viable Housing Scheme to meet the accommodation needs of those not eligible for social housing
- Enabled the delivery of extra care housing to support those with specific needs
- Implemented the First Homes affordable housing scheme
- Extended the Employment and Skills Partnership

Our Place:

- Continued to implement projects associated with the 'Thriving Gainsborough' Programme, delivered via the Levelling Up Fund
- Maintained delivery of projects outlined in the Council's Growth Programme
- Developed and delivered the Open and Green Space Strategy

Our Council:

- Progressed the Council's transformational Together 24 Programme, incorporating people led change and technology enabled service reviews
- Implement and embed phase one of the 'One Council' system incorporate finance and performance management
- Delivered separate paper and card kerbside collections as part of the Lincolnshire Waste Partnership

The Constitution of the Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.

The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Chief Financial Officer and Monitoring Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

The council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. Officer training needs have been identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

The Council has successfully concluded its LGA Peer Review Challenge which began in January 2020.

The Council is pleased that the Peer Challenge follow-up recognises the significant progress that has been made since 2020 to implement the recommendations and, in many cases, go beyond these to deliver further improvements to service delivery, ensure greater strategic alignment, secure a highly skilled and resilient workforce and ensure financial resilience, all of which puts residents at the heart of Council activity in-line with its core values. The Council remains ambitious in its plans and recognises there is always more to do.

West Lindsey's next full peer challenge is scheduled to take place in 2024 and officers are working to prepare for this in collaboration with key stakeholders and decision makers.

The Internal Audit Plan 2022-23 was agreed by the Governance and Audit Committee. All the audits completed in year achieved either High or Substantial assurance.

The Annual Audit Internal Audit Report for 2022-23 was presented to the Governance and Audit Committee in July 2023.The reported stated that for the twelve months ending 31 March 2023 the Council's arrangements for governance, risk management and control framework have continued to be strong. Based on the work Internal Audit have undertaken and the wider information obtained from other assurance sources; the Head of Internal Audit's opinion on the adequacy and effectiveness of the Council's arrangements for governance risk management and control is:

- Governance – Performing Well
- Risk – Performing Well
- Internal Control – Performing Well
- Financial Control – Performing Well

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework and including the system of internal control.

The review is informed by:

1. The Combined Assurance report – made up from:
   a. Feedback from senior managers within the authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas
   b. The findings from the Annual Audit work plan
   c. Third Party assessment e.g. peer review, external consultancy
2. The Annual Review of Comments, Compliments and Complaints
3. The Annual Monitoring Officer Report and Review of the Constitution
4. The Annual Review of the Effectiveness of Internal Audit
5. Reviews of Whistleblowing
6. The Annual Review of Fraud
7. The Head of Internal Audit's Annual Report
8. Review of Strategic Risks
9. Comments made by external auditors and other review agencies

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this AGS. As a result, the arrangements are deemed as being fit for purpose.

5. Significant Governance Issues

No significant governance issues have been identified in 2022-23.

6. Governance Risks - Areas for Improvement during 2023-24 (year ahead)

Whilst we are satisfied with the effectiveness of the corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance, the following issues have been identified as risks or areas for improvement as part of the 2022-23 Annual Governance Statement process. An action plan will be implemented to ensure activity takes place to monitor the following risks and monitor improvements required:

- Need to recruit a permanent Monitoring Officer. An interim is currently in place.
- Loss of key staff – ensure that processes are fully documented, succession plans are in place where appropriate, identify activities which are overly reliant on one individual.
- Financial settlement – continue to update the MTFS as we gain greater certainty on the level of funding for future years.
- Continue the review of corporate procurement procedures (carried forward from last year). The Council historically has bought in services from Lincolnshire Procurement but due to recruitment issues they can only provide a limited service.

7. Approval of the Annual Governance Statement 2022-23

The Council is satisfied that appropriate and effective governance arrangements have been in place for 2022-23.

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Ian Knowles, Chief Executive, West Lindsey District Council	Councillor Trevor Young, Leader, West Lindsey District Council
Date:	**Date:**

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West Lindsey DISTRICT COUNCIL