Statement of Accounts and Annual Governance Statement 2024/25

Audited Statement

Contents

A message from the Leader of the Council, Councillor Trevor Young (Leader of the Council for 2024/25 / at the 31st March 2025):

As Leader of West Lindsey District Council I am proud to present you West Lindsey District Council's Financial Statements for 2024/25. In a year of many challenges, the accounts not only provide details of the Council's financial position for 2024/25 but also demonstrate the robust financial management exercised by the Finance Team here at West Lindsey. This report provides me with the opportunity to highlight some of our achievements over the past year in delivering our Corporate Plan objectives which contribute to our overall vision. **West Lindsey is a great place to live, where businesses, communities can thrive and realise their potential** and in the past twelve months we have made real progress in delivering a better future for the people of West Lindsey.

We have supported local communities by providing a wide range of community grants to parish/town councils, community groups and charities. Projects we supported included improving community facilities, providing new play park equipment and delivering community events in towns and villages right across West Lindsey. During 2024/25 we delivered 138 grant awards totalling £232,377 of community investment using a mix of UK Shared Prosperity Funding and our own funds.

We continue to work with key stakeholders via the Employment and Skills Partnership to both address local challenges and facilitate opportunities identified through an Employment and Skills delivery plan - ensuring that ongoing skills intelligence and forecasting pro-actively addresses future business and workforce needs.

We are committed to ensuring the future sustainability of **Our Place** for our residents.. After successfully securing Levelling up Funding from the government the Council continues to deliver its flagship schemes in Gainsborough by awarding grants totalling £3,147,616 relating to 21 properties. Work is almost completed on Whittons Gardens and Baltic Mill and the cinema in Gainsborough due to open in summer 2025.

We continue to deliver the **Local Plan** and to support the development of local neighbourhood plans with 29 now approved.

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 crisis. 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 costs have increased significantly from the previous year. We continue to be faced with increased financial uncertainty in the medium term as the government has only given funding guidance for 2025/26, however a business rates reset and fair funding review will commence in spring/summer 2025 with the outcome known in the autumn which will impact the Council's financial position for 2026/27. This means although it is hoped we will have clarity over funding levels for a three-year period we are anticipating a reduction in overall funding levels which presents challenges to how we continue to deliver our aspirations for the district.

The government also announced a devolution white paper which included a desire for local government re-organisation in two tier arears such as ours. This is currently at a very early stage but we have been clear we see democracy working at its best when it is as close to residents as possible and see West Lindsey District Council in its current form the best way to deliver this.

Despite our challenges we have continued to deliver a balanced budget and promptly delivered our statement of accounts.

I would like to thank the staff of West Lindsey District Council in contributing to our continued success.

Message from the Director of Finance and Assets (S151 Officer), Peter Davy

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 2024/25 after consideration by the Ministry of Housing, Communities and Local Government (MHCLG) and in consultation with stakeholders, that the draft accounts must now be submitted for audit by 30 June 2025 and the backstop date for the conclusion of the audit and publication of the statement of Accounts is now 27 February 2026.

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 continuation of our Levelling Up Fund projects in Gainsborough, supported hosts of Ukrainian families and helped to get Household Support fund funding to vulnerable people. The Council has also continued to work on acquiring the former RAF Scampton site to unlock investment to drive regeneration.

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. The Council made a decision to continue the operation of Market Street Renewal Limited which continued to grow in 2024-25 providing retail and accommodation units in Gainsborough as part of our larger regeneration programmes. Over the last year a number of services have been supported with additional resources due to inflationary challenges and increased demand.

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 surplus from services of £0.350m in addition to corporate savings, budget carry forwards and additional income from interest receivable resulting in an overall surplus for the year to £0.914m. This compares with the accounting surplus on the provision of service of £6.089m 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 £19.6m 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.

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 MHCLG. No further long term borrowing has been undertaken in 2024/25.

In terms of future financial risks, during the year the government has announced its devolution white paper which included a desire to implement local government re-organisation which has significant impacts for West Lindsey. The long awaited business rates reset and fair funding review will take place during 2025/26. We have engaged fully with the consultations and will continue to seek to influence with the Government to achieve outcomes in the best interests of West Lindsey residents.

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.

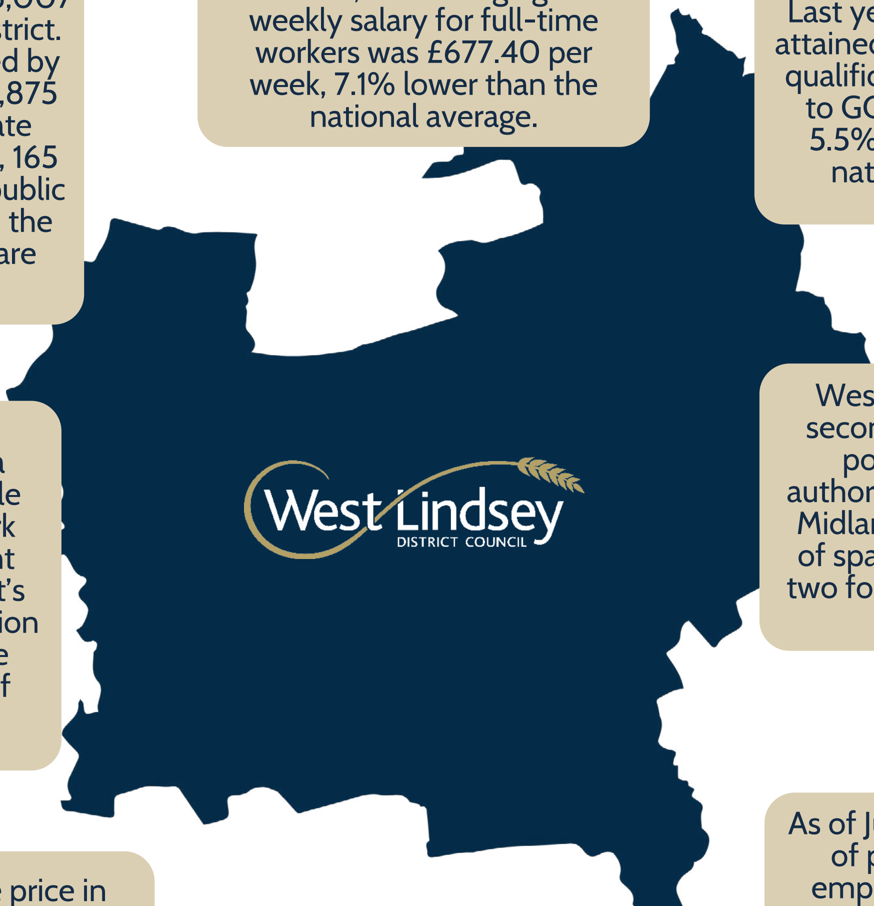
The topography of the District varies from the low Trent Valley to the west to the rolling hills in the Lincolnshire Wolds Area of Outstanding Natural Beauty in the east. There are 20 wards in the district made up of 97 parishes, of which 72 have Parish Councils and 19 smaller ones who have parish meetings. 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 46,007 households in the district. Of these, 8 are owned by the local authority, 4,875 are owned by Private Registered Providers, 165 are owned by other public sector providers and the remaining 40,959 are privately owned.

In 2024, the average gross weekly salary for full-time workers was £677.40 per week, 7.1% lower than the national average.

Last year, 81% of pupils attained at least an RQF2 qualification, equivalent to GCSE level. This is 5.5% lower than the national average.



As of June 2024, a total of 1,685 people claimed out of work benefits, equivalent to 3% of the district's working age population and lower than the national average of 4.2%

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

The average house price in West Lindsey is £229,000, compared to a national average of £295,000. For first time buyers, the average house price is £195,000, whilst the average monthly rent is £632.

The number of business counts fell for the third year in a row, down 1.2% to 3,620 in 2024 compared to 3,725 in 2023. 90% of businesses in West Lindsey are micro-businesses employing between 0-9 people.

As of June 2024, 63.6% of people were in employment, below the national average of 75.5%. A total of 13,300 people are economically inactive, or 24.9%, which is higher than the national average of 21.6%.

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 2024/25 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 2024/25:

- **Our People –** Front facing customer services – i.e. Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety

- **Our Place -** Area based services, i.e. Development Management, Economic Development, Car Parking, Asset Management, Leisure

- **Our Council -** Corporate services, i.e. 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 – 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 31.

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

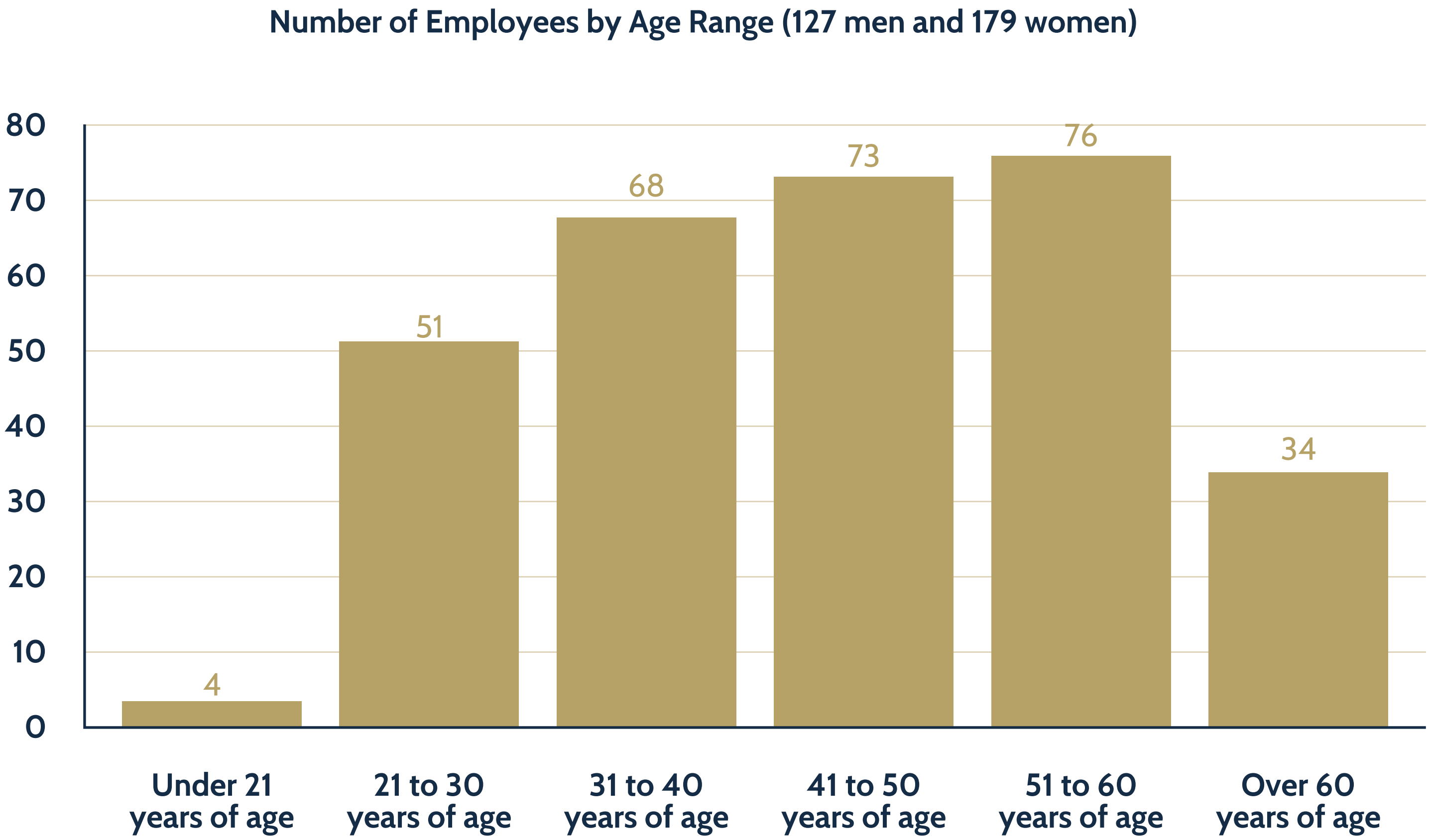
Integrity in Everything we do – accountable for our decisions and actions, open, fair, honest and trustworthy

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 at 31 March 2025 totalled 306 and are analysed by age and gender below:
Since the commencement of government funding cuts in 2010/11 the Council has effectively managed a

reduction of £2.3m in Settlement Funding. This has been achieved through sound financial management and financial strategy initiatives to reduce expenditure and increase income streams.

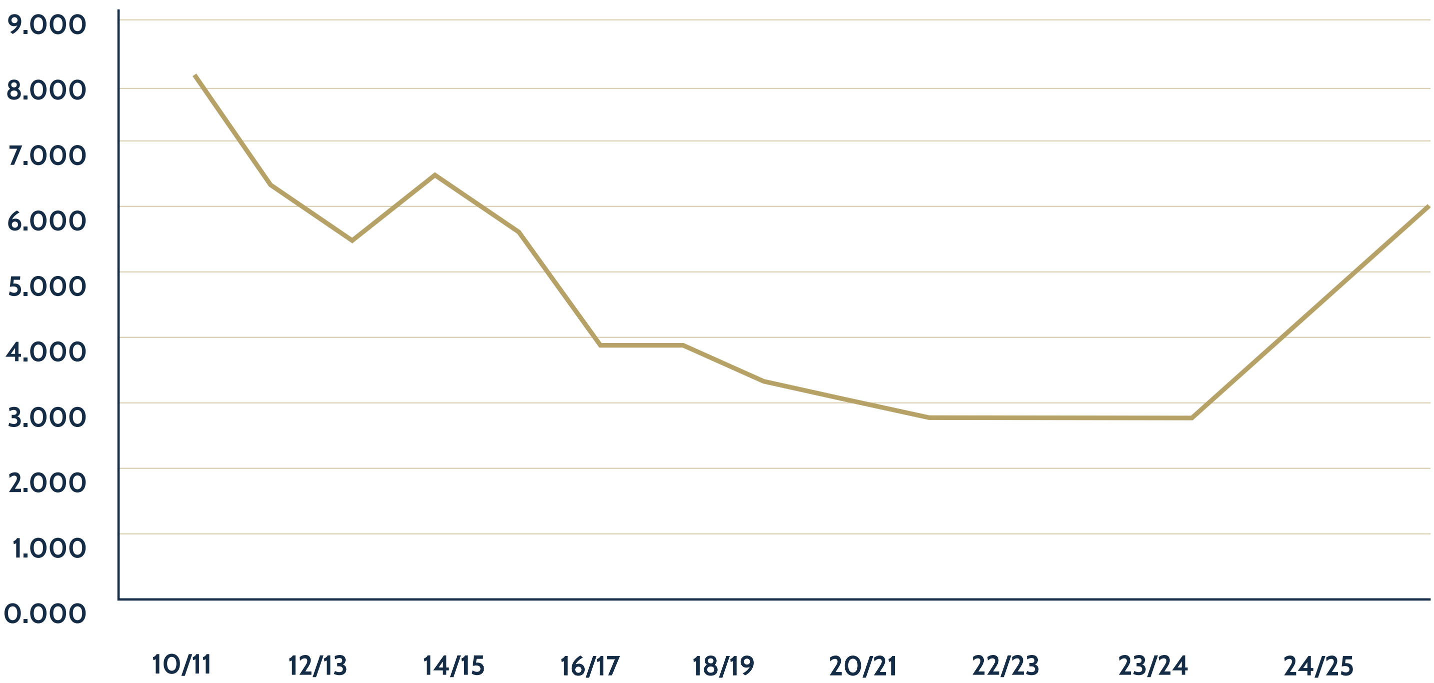
The Graph below illustrates the change in Settlement Funding Levels since 2010/11:



OUR EXTERNAL ECONOMIC OUTLOOK

During 2024/25 geo-political tensions have continued across the world and this has had various affects on the residents of West Lindsey and the Council itself. Costs have specifically been affected by the Russian invasion of Ukraine with fuel and utility costs rising sharply. Interest rates have begun to fall throughout 2024/25 as inflation as also fallen and therefore the Council has benefitted from its investments but has had to pay more to borrow.

Change in Settlement Funding Levels since 2010/11



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 government has now announced this will be implemented in 2026/27, mainly due to other government business taking priority.

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 is a key partner in the public, private and third sector and now working with the Mayor of Greater Lincolnshire.

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. 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.

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.Councilors can combine into political groups.

The make-up of the groups on the council is currently:

- Liberal Democrat Administration - 18
- Opposition Group - 14
- Lincolnshire Independents - 2
- Consensus Independents - 2

The Council is managed by the Chief Executive

The appointments at the 31st March 2025 were:

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

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 2024/25 (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 2024/25 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 2024/25, the Council has:

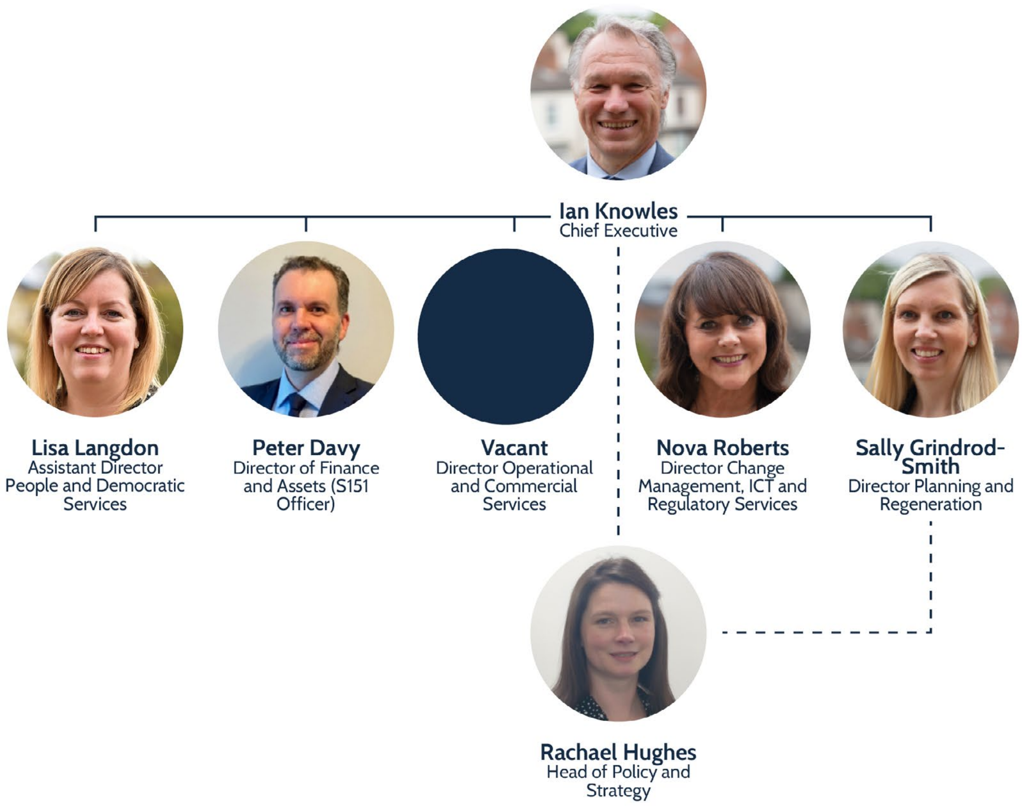
- Started to deliver the UKSPF investment plan
- Delivered a Balanced budget without use of reserves
- Continued to pursue the regeneration of the former RAF Scampton site.
- Made improvements to a number of ICT systems.
- Continued to deliver the LUF Programme across Gainsborough
- Received accolades and recognition across a number of services.

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.

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.

Finance and assets – maintaining a high standard of financial management and seeking best value from our Property Assets, overseeing procurement, collecting council tax and business rates, overseeing other debt collection and administering housing benefits.

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 is working to its Corporate Plan covering the period 2023-2027. 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 objectives:

Our People

- Ensure housing solutions provide choice and support independence.
- Increase opportunities for participating in sport, leisure and cultural activities across the district.
- Deliver services and health improvements that enable the re-establishment of lives after crisis.
- Improve communities and transform places.
- Support our voluntary and community sector to thrive and be sustainable.
- Reduce inequalities across the district and support identified communities at risk.
- Work with key stakeholders to ensure appropriate skills training and provision is in place.
- Improve access to training and increase employment prospects for West Lindsey residents.
- Provide support in meeting the skills needs of local employers.

Our Place

- Create a thriving and dynamic economic environment in which businesses can reach their full potential.
- Diversify the economic base and support the creation of more highly skilled jobs.
- Maintain a sustainable Local Plan for Central Lincolnshire.
- Maintain housing growth to meet need and demand, using private sector solutions where appropriate.
- Improve housing standards and take appropriate enforcement action where necessary.
- A long-term plan for housing investment that maximises opportunities for affordable housing.
- Connecting our local communities and increasing the quality and provision of green space.
- Use the Council's statutory functions to reduce anti-social behaviour and increase people's feelings of safety in their local communities.
- Ensure the Council is meeting its new duties and obligations under the Environment Act, 2021.

Our Council

- Services that deliver value for money to local taxpayers.
- Delivery of a sound assurance framework.
- Climate responsibility is on a par with fiscal responsibility when making key decisions.
- Deliver high quality, customer centric services that offer an excellent customer experience.
- Modern, sustainable services that offer equality of access to all.
- The ability to understand and meet current and future need and demand based on evidence and insight.
- High performing services that demonstrate a culture of continuous learning and improvement.
- Maintain an effective, highly skilled workforce and ensure members are equipped to fulfil their role and duties.

Whittons Garden work has started

THI Market Rasen

Groundbreaking of new Savoy Cinema

RAF Ingham Heritage Centre

Saxilby Bridge refurbishment

THI Gainsborough Market Place

Financial Performance 2024/25:

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 2025/26 - 2029/30.

Funded By	Actual 2024/25	Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Forecast Budget 2028/29	Forecast Budget 2029/30
Business Rate Retention Scheme	6,114,152	6,654,900	5,219,100	4,692,700	4,170,000	4,211,700
Council Tax	7,752,300	8,148,600	8,558,100	8,945,900	9,349,500	9,772,800
Collection Fund Surplus Council Tax	259,047	275,600	0	0	0	0
New Homes Bonus	845,263	499,400	0	0	0	0
Other Government Grants	1,251,550	2,726,300	1,215,300	723,800	632,400	638,100

The Council sets its Council Tax annually and for 2024/25 the equivalent Band D rate was £241.55 (£234.54 2023/24) generating £7.752m (£7.434m 2023/24) – 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 £4.716m and interest and investment income totals £2.843m.

Revenue:

The Council approved a revenue budget, including Council Tax charges, for 2024/25 of £18.499m (£16.739m 2023/24). 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 £1.126m. 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 2024/25 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 Council	8,224,800	8,528,847	8,073,441	(455,406)
Our People	1,715,100	1,822,700	1,787,738	(34,962)
Our Place	4,705,100	5,049,900	5,189,496	139,596
Covid 19 Business Support Grants	0	0	1,020	1,020
Cluster Total	**14,645,000**	**15,401,447**	**15,051,695**	**(349,752)**
Interest Receivable	(658,200)	(692,200)	(1,212,675)	(520,475)
Investment Income – Property	(1,568,400)	(1,575,600)	(1,629,896)	(54,296)
Drainage Board Levies	531,900	531,900	531,852	(48)
Parish Precepts	2,700,700	2,700,700	2,700,676	(24)
Interest Payable	692,700	692,700	708,706	16,006
Repayment of Borrowing	959,300	959,300	954,044	(5,256)
Net Revenue Expenditure	**17,303,000**	**18,018,247**	**17,104,402**	**(913,845)**
Transfer to/(from) General Fund	(52,700)	(955,200)	(981,700)	(26,500)
Transfer to/(from) Earmarked Reserves	1,248,600	1,471,353	1,674,346	202,993
Amount to be from Government Grants & Council Tax	**18,498,900**	**18,534,400**	**17,797,048**	**(737,352)**
Business Rates	(5,796,700)	(5,796,700)	(6,114,152)	(317,452)
Collection Fund Surplus	(290,000)	(290,000)	(259,047)	30,953
Parish Councils	(2,700,700)	(2,700,700)	(2,700,700)	0
New Homes Bonus	(845,300)	(845,300)	(845,263)	37
Other Government Grants	(1,113,900)	(1,149,400)	(1,251,550)	(102,150)
Council Tax	(7,752,300)	(7,752,300)	(7,752,300)	0
Total Funding	**(18,498,900)**	**(18,534,400)**	**(18,923,012)**	**(388,612)**
Net	**0**	**0**	**(1,125,964)**	**(1,125,964)**

6. Service Performance

Corporate Health Performance	Actual 2023/24	Target 2024/25	Actual 2024/25
Perspective: Customer			
Volume of received complaints	176	No target set	159
Volume of received compliments	1,333	No target set	1,602
Perspective: Financial			
Budget Variance	(£191,371)	0	(£1,125,964)
Council Tax in year collection	97.73%	97.73%	97.70%
Perspective: Process			
Average time to resolve a complaint	7 days	14 days	7 days
Major Planning applications determined on time	98%	90%	87%
Non-Major planning applications determined on time	97%	94%	97%
Perspective: Quality			
Service and system availability	100%	98%	100%
Reception Visits (face to face)	40,979	No target set	45,403
Telephone calls from customers to the Customer Services Team	44,659	No target set	49,175
E-forms completed by or for customers	64,131	No target set	65,474
Emails from customer to the Customer Services Team	6,801	No target set	7,145
Staff absenteeism	0.6 days	0.6 days	0.64 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 annual revaluation of Property Plant and Equipment in Long Term Assets has contributed to the increase of £6.731m to £69.632m (£62.901m 2023/24).
- An increase in Short-Term Investments in Current Assets, have contributed to the increase of £1.985m to £26.655m (£24.672m 2023/24).

Resulting in a Net Assets increasing by £8.490m to total of £50.924m (£42.434m 2023/24)

The usable reserves of £28.586m (£28.486m 2023/24) held by the Authority include £19.558m 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 £21.750m of Treasury investment (£20.210m 2023/24). In addition, long term borrowing totalled £14.0m with the Public Works Loan Board.

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 2025 the Council's net liability reported by the Actuary to the LGPS was £9.831m (£10.395m in 2023/24), a decrease of £0.564m. 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 16 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 2024/25.

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 communicates 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-motivates 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 possible and where not, assessing and ensuring adequate control of the associated risks. This leads to an unsafe workplace and in adequate 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 date to inform VFM decisions and failure of partnership mechanisms to deliver VFM 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.

Financial Recovery:

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

8. Future Outlook

Our Corporate Plan 2023 – 2027 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.

The following vision has been adopted by the Council:

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

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

The Executive Business Plan 2025/26, 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:

Medium Term Financial Plan	**2025/26**	**2026/27 (£)**	**2027/28 (£)**	**2028/29 (£)**	**2029/30 (£)**
BFWD	719,200	1,098,700	1,258,700	1,306,100	1,508,100
Establishment	449,700	468,500	503,700	517,300	526,200
Pressures	330,100	520,500	568,300	557,200	549,400
Income Loss	76,700	87,200	69,200	57,500	8,900
Savings	(234,100)	(244,000)	(251,500)	(282,100)	(274,000)
Income Gain	(181,800)	(182,100)	(192,300)	(201,800)	(229,600)
Inflation	7,900	9,300	0	(9,300)	93,900
Contribution to Reserves	620,100	126,000	126,000	126,000	126,000
Use of Reserves	0	(620,100)	0	0	0
Increase in MRP	(4,800)	2,500	2,600	2,600	(100)
Increase in Interest Receivable	(73,900	(90,300)	(99,300)	(99,300)	(99,300)
Increase in Interest Payable	32,400	182,600	101,400	65,000	28,800
Movement in Funding:					
Council Tax Surplus	(275,600)	0	0	0	0
Council Tax Yield	(123,400)	(250,500)	(345,800)	(446,700)	(558,400)
Other Government Grants	(424,800)	(438,800)	52,700	144,100	138,400
Business Rates	(917,700)	575,500	1,159,800	1,741,000	1,699,300
Funding Gap	**0**	**1,245,000**	**2,953,500**	**3,477,600**	**3,517,600**

The potential funding gap for the Council from 2025/26 to 2029/30 is detailed below:

The Council has a robust budget timetable and will commence its consultation exercise in August 2025. 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:

Service Cluster/ Financing	Estimate 2025/26 (£)	Estimate 2026/27 (£)	Estimate 2027/28 (£)	Estimate 2028/29 (£)	Estimate 2029/30 (£)	Total Capital Programme (£)
Our People	547,100	99,300	149,600	96,100	67,700	959,800
Our Place	1,632,400	736,200	736,200	736,200	736,200	4,577,200
Our Council	6,377,916	105,000	479,400	928,800	335,000	8,226,116
Corporate	35,200	0	0	0	0	35,200
Grand Total	**8,592,616**	**940,500**	**1,365,200**	**1,761,100**	**1,138,900**	**13,798,316**
Grants & Contributions etc	(2,076,082)	(736,200)	(736,200)	(736,200)	(736,200)	(5,020,882)
Useable Capital Receipts	(51,700)	0	0	(10,000)	0	(61,700)
Reserves	(6,066,434)	(204,300)	(629,000)	(1,014,900)	(402,700)	(8,317,334)
Section 106 Contributions	(255,400)	0	0	0	0	(255,400)
Borrowing	(143,000)	0	0	0	0	(143,000)
Total Funding	**(8,592,616)**	**(940,500)**	**(1,365,200)**	**(1,761,100)**	**(1,138,900)**	**(13,798,316)**

The Council has approved the following capital programme totalling £13.798m funding plans for the period 1 April 2025 to 31 March 2030.
For information regarding our plans for 2024/25, please refer to our Executive Business Plan and Medium Term Financial Plan 2024/25-2028/29 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 £6.089m (surplus of £2.519m 2023/24).

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 £28.586m (£28.486m 2023/24).

Balance Sheet:

The Balance Sheet shows the Councils financial position at 31 March 2025. Showing assets and liabilities in the top part and below the Council's reserves (Net Worth) that match them. Our Net Assets are £50.924m (£42.434m Net Asset 2023/24), 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 £69.632m, a increase of £6.731m from £62.901m in 2023/24. 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 £9.831m (£10.395m 2023/24) a decrease of £0.564m, 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 £8.390m to £22.338m (£13.948m 2023/24) Usable reserves have increased by £0.100m to £28.586m (£28.486m 2023/24).

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events, with the General Fund Working Balance being 25.2% of Net Operating Expenditure for 2024/25, 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 increased from £1.460m 2023/24 to £1.479m in 2024/25. In addition, Capital Grants Unapplied Reserve is £3.070m (£3.577m 2023/24) 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 increase in cash of £1.424m to £19.694m (£18.270m 2023/24) 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.

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 2024/25 (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 2024/25 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Peter Davy BA (Hons), FMAAT, FCPFA
Director of Finance and Assets (S151 Officer)
West Lindsey District Council

Date:
25/11/2025

Approval of the Accounts

In accordance with the Accounts and Audit (Amendment) Regulations 2024, I certify that the statement of Accounts was approved by the Governance and Audit Committee.

Councillor Stephen Bunney,
Chairman of Governance & Audit Committee
West Lindsey District Council

Date:
25/11/2025

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 £28.586m in 2024/25 (£28.486m in 2023/24). Further information can be found in **Note 7,10 and Note 11.** Unusable reserves total £22.071m deficit in 2024/25 (£13.948m deficit in 2023/24) as detailed in **Note 24.**

Movement in Reserves during 2024/25

	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 2024 carried forward	**(23,449)**	**(1,460)**	**(3,577)**	**(28,486)**	**(13,948)**	**(42,434)**
Total Comprehensive Income & Expenditure	(6,339)	0	0	**(6,339)**	(2,147)	**(8,486)**
Adjustment between accounting basis and funding basis under regulations (Note 10)	5,753	(19)	507	**6,241**	(6,241)	**0**
Net Adjustment	(2)	0	0	**(2)**	(2)	**(4)**
Net (Increase)/ Decrease in 2023/24	**(588)**	**(19)**	**507**	**(100)**	**(8,390)**	**(8,490)**
Balance at 31 March 2025 carried forward	**(24,037)**	**(1,479)**	**(3,070)**	**(28,586)**	**(22,338)**	**(50,924)**

The General Fund balance of £24.037m includes earmarked reserves of £19.558m.

Movement in Reserves during 2023/24

Balance at 31 March 2023 carried forward	**(24,022)**	**(1,117)**	**(3,018)**	**(28,157)**	**(15,685)**	**(43,842)**
Total Comprehensive Income & Expenditure	(2,519)	0	0	**(2,519)**	3,927	**1,408**
Adjustment between accounting basis and funding basis under regulations (Note 10)	3,092	(343)	(559)	**2,190**	(2,190)	**0**
Net Adjustment	(0)	0	0	**(0)**	0	**0**
Net (Increase)/ Decrease in 2022/23	**573**	**(343)**	**(559)**	**(329)**	**1,737**	**1,408**
Balance at 31 March 2024 carried forward	**(23,449)**	**(1,460)**	**(3,577)**	**(28,486)**	**(13,948)**	**(42,434)**

The accompanying notes form part of the financial statements.

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. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis (EFA) (Note 7) and the Movement in Reserves Statement (MIRS). There is a surplus on the Provision of Services totalling £6.089m (surplus of £2.519m in 2023/24). Overall Comprehensive Income and Expenditure is £-8.219m (£1.408m 2023/24).

2023/24				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
20,155	(18,179)	1,976	Our People	23,186	(21,291)	1,895
10,543	(5,012)	5,531	Our Place	17,914	(11,741)	6,173
10,001	(3,305)	6,696	Our Council	8,843	(3,263)	5,580
19	(3)	16	Covid Business Support Grants	5	(4)	1
40,718	**(26,499)**	**14,219**	**Cost of Services**	**49,948**	**(36,299)**	**13,649**
		4,192	Other Operating Expenditure (Note 12)			3,226
		(1,402)	Financing and Investment Income/Expenditure (Note 13)			(1,847)
		(19,528)	Taxation & Non Specific Grant Income/Expenditure (Note 14)			(21,367)
		(2,519)	**(Surplus) or Deficit on Provision of Services**			**(6,339)**
			Items that won't be reclassified to the (Surplus) or Deficit on the Provision of Services			
		1,532	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets (Note 24)			(2,627)
		2,395	Remeasurements of the net defined benefit liability/(asset) (Note 32)			480
		3,927	**Items that may be reclassified to (Surplus) or Deficit on the Provision of Services**			**(2,147)**
		0	(Surplus) or deficit on revaluation of available for sale financial assets (Note 24)			0
		3,927	**Other Comprehensive Income and Expenditure**			**(2,147)**
		1,408	**Total Comprehensive Income and Expenditure**			**(8,486)**

The accompanying notes form part of the financial statements.

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. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve 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'.

31st March 2024 £'000		31st March 2025 £'000
36,354	Property, Plant & Equipment (Note 15)	43,235
22,922	Investment Properties (Note 16)	22,952
680	Intangible Assets (Note 17)	562
60	Heritage Assets	60
2,019	Long Term Investments (Note 18)	2,056
866	Long Term Debtors (Note 18)	767
62,901	**Total Long Term Assets**	**69,632**
45	Inventories	53
6,355	Short Term Debtors (Note 19)	7,007
18,270	Cash and Cash Equivalents (Note 20)	19,595
24,670	**Total Current Assets**	**26,655**
(10,000)	Short Term Borrowing (Note 18)	(10,000)
(5,862)	Short Term Creditors (Note 21)	(6,834)
(378)	Short Term Provisions (Note 22)	(568)
(830)	Grants Receipts in Advance - Revenue (Note 28)	(165)
(2,280)	Grants Receipts in Advance - Capital (Note 28)	(2,767)
(19,350)	**Total Current Liabilities**	**(20,334)**
(14,000)	Long Term Borrowing (Note 18)	(14,000)
(10,395)	Pensions Liability (Note 32)	(9,831)
(1,392)	Grants Receipts in Advance - Capital (Note 28)	(1,198)
(25,787)	**Total Long Term Liabilities**	**(25,029)**
42,434	**Total Net Assets/Liabilities**	**50,924**
(28,486)	Usable Reserves (Note 23)	(28,586)
(13,948)	Unusable Reserves (Note 24)	(22,338)
(42,434)	**Total Reserves**	**(50,924)**

The accompanying notes form part of the financial statements.

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 (ie borrowing) to the Council. The movement in overall cash is an increase of £1.424m (increase of £2.561m 2023/24).

31st March 2024 £'000		31st March 2025 £'000
2,519	**Net Surplus or (Deficit) on the Provision of Services**	**6,339**
1,127	Depreciation of Property, Plant and Equipment	1,315
(672)	Impairment and downward valuations	(2,318)
134	Amortisation of Intangible Assets	212
0	Increase/Decrease in Impairment provision for Bad Debts	0
(707)	Increase/(Decrease) in Creditors	(507)
(251)	Increase/(Decrease) in Debtors	(180)
11	Increase/(Decrease) in Inventories (Stock)	(8)
(789)	Movement in Pension Liability	(1,044)
1,491	Carrying amount for non-current assets and non-current Assets Held For Sale, sold or derecognised	4
183	Other non cash items charged to the net surplus or deficit on the Provision of Services	69
527	**Adjustments to net surplus or deficit on the Provision of Services for non-cash movements**	**(2,457)**
(5,109)	**Adjust for items included in the net surplus or deficit on the Provision of Services that are investing/financing activities**	**(951)**
(2,063)	**Net Cash Flows from Operating Activities**	**2,931**
(761)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,440)
(10)	Purchase of short-term (not considered to be cash equivalents) and long-term Investments	(38)
(634)	Other payments for investing activities	(349)
665	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	138
0	Proceeds from short-term (not considered to be cash equivalents) and long-term Investments	0
4,388	Other receipts from investing activities	1,595
3,648	**Net Cash Flows from Investing Activities**	**(1,094)**
5,000	Cash receipts of short and long term borrowing	20,000
(1,524)	Other payments from financing activities	(512)
(2,500)	Repayments of short and long term borrowing	(20,000)
976	**Net Cash Flows from Financing Activities**	**(512)**
2,561	**Net increase or (decrease) in cash and cash equivalents**	**1,325**
15,709	**Cash and cash equivalents at the beginning of the reporting period**	**18,270**
18,270	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**19,595**

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Amendment) Regulations 2024, 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 2024/25 (The Code) and the Service Reporting Code of Practice 2024/25, 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 amortisation 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:

a) 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.

b) 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.

c) 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.

d) 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 5.25% to 5.50% 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 pension's 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;

https://www.lincolnshire.gov.uk/local-democracy/finances-and-budget/

Option: Lincolnshire Pension Fund.

or the following address;

Treasury and Financial Strategy,
Lincolnshire County Council,
County Offices
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 cost – liabilities that are not held for trading, such as operational creditors and borrowings; and

- 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 (ie 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 31/03/2025.

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 2024/25.

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

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and

- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

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.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve.

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

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to 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 or where this is initiated by a service to the individual service, 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 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.

Asset Useful Economic Lives Assumed

Assets	Useful Life Range
Office/Leisure Centre	25 to 60 years
Crematorium	25 to 60 years
Depots & Stores	25 to 60 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 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 on the date the asset is commissioned and 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.

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 contingences. 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 principal market for the asset or liability, or

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

The Council measures the fair value of an asset or liability using 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

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 2024/25, 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 2025/26 financial year.

'a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

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 £19.544m (£17.255m 23/24) 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 £3.007m. 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 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Revenue Costs and Reserves

The Cost of Living Crisis during 2024/25 coupled with inflation have pushed up costs considerably, particularly in regards of fuel and energy prices. These increased revenue costs have been factored into the Council's medium term financial strategy where possible.

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 2024/25 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 2025. 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 2025. 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 £43.235m (£36.354m 2023/24).

The impact of a change in valuation or useful life as at 31 March 2025 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 2024/25 the Council's Actuaries advised that the net pension liability had decreased by £0.564m to £9.831m.

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

Arrears

At 31st March 2025 the Council had arrears of £3.453m (£4.689m 23/24) 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 £1.595m (£1.876m 23/24) . 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 cash flow 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 cash flows 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 2024/25 the Council did not pay any agency related grants above this threshold.

The Statement of Accounts was authorised for issue by the Director of Finance and Assets (S151 Officer) on 30 June 2025. 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 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Notes to the Accounts (7): Expenditure and Funding Analysis

The objective of the expenditure and funding analysis is to demonstrate to council tax payers how the funding available to the Council (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.

2023/24				2024/25		
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**
1,964	12	1,976	Our People	1,708	187	1,895
4,890	641	5,531	Our Place	4,619	1,554	6,173
7,694	(998)	6,696	Our Council	7,393	(1,813)	5,580
16	0	16	Covid Business Support Grants	1	0	1
14,564	**(345)**	**14,219**	**Net Cost of Services**	**13,721**	**(72)**	**13,649**
(13,991)	(2,747)	(16,738)	Other Income/ Expenditure	(14,307)	(5,681)	(19,988)
573	**(3,092)**	**(2,519)**	**(Surplus) or Deficit**	**(586)**	**(5,753)**	**(6,339)**
(24,022)			Opening General Fund Balance	(23,449)		
(0)			Rounding Difference Brought Forward	(2)		
573			(Surplus) or Deficit in Year	(586)		
(23,449)			**Closing General Fund Balance (31 March)**	**(24,037)**		

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

	2024/25			
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	274	(108)	21	**187**
Our Place	1,779	(230)	5	**1,554**
Our Council	(775)	(1,060)	22	**(1,813)**
Covid Business Support Grants	0	0	0	**0**
Net Cost of Services	**1,278**	**(1,398)**	**48**	**(72)**
Other Income & Expenditure	(2,473)	354	(3,562)	**(5,681)**
Difference*	**(1,195)**	**(1,044)**	**(3,514)**	**(5,753)**

	2023/24			
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	68	(63)	7	**12**
Our Place	820	(141)	(38)	**641**
Our Council	(52)	(940)	(6)	**(998)**
Covid Business Support Grants	0	0	0	**0**
Net Cost of Services	**836**	**(1,144)**	**(37)**	**(345)**
Other Income & Expenditure	(1,825)	354	(1,276)	**(2,747)**
Difference*	**(989)**	**(790)**	**(1,313)**	**(3,092)**

** 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

2023/24 Income from Services: £'000		2024/25 Income from Services: £'000
(824)	Our People	(706)
(2,129)	Our Place	(2,502)
(2,676)	Our Council	(2,968)
(5,629)	**Total Income analysed on a segmental basis**	**(6,176)**

Included within the Segmental Income note is the following material income for services provided in 2024/25.

- Our Place: £1.036m Development Control Application Fees (£0.771m in 2023/24)
- Our Council: £1.231m of income relating to Green Waste Service Charges (£1.091m in 2023/24)

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

Expenditure and Income 2024/25:	Our People £'000	Our Place £'000	Our Council £'000	Covid Business Support Grants £'000	Corporate Amounts £'000	Total £'000
Employee benefits expenses	2,385	5,221	6,154	0	17	**13,777**
Other services expenses	16,278	3,169	3,463	5	(3,566)	**19,349**
Depreciation, amortisation, impairment	4,523	9,525	(775)	0	204	**13,477**
Interest payments	0	0	0	0	4,673	**4,673**
Precepts and levies	0	0	0	0	3,233	**3,233**
Disposal of assets	0	(1)	1	0	28	**28**
Total Expenditure	**23,186**	**17,914**	**8,843**	**5**	**4,589**	**54,537**
Fees, charges & other services	(706)	(2,502)	(2,968)	0	(1,987)	**(8,163)**
Interest & Investment income	0	0	0	0	(1,224)	**(1,224)**
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(16,826)	**(16,826)**
Government Grants & contributions	(20,585)	(9,239)	(295)	(4)	(4,540)	**(34,663)**
Total Income	**(21,291)**	**(11,741)**	**(3,263)**	**(4)**	**(24,577)**	**(60,876)**
(Surplus) or Deficit on the Provision of Services	**1,895**	**6,173**	**5,580**	**1**	**(19,988)**	**(6,339)**

Expenditure and Income 2023/24:	Our People £'000	Our Place £'000	Our Council £'000	Covid Business Support Grants £'000	Corporate Amounts £'000	Total £'000
Employee benefits expenses	2,021	5,020	6,341	0	17	**13,399**
Other services expenses	16,127	2,777	3,712	19	(2,972)	**19,663**
Depreciation, amortisation, impairment	2,007	2,746	(52)	0	764	**5,465**
Interest payments	0	0	0	0	3,953	**3,953**
Precepts and levies	0	0	0	0	3,051	**3,051**
Disposal of assets	0	0	0	0	1,491	**1,491**
Total Expenditure	**20,155**	**10,543**	**10,001**	**19**	**6,304**	**47,022**
Fees, charges & other services	(824)	(2,129)	(2,676)	0	(2,346)	**(7,975)**
Interest & Investment income	0	0	0	0	(1,168)	**(1,168)**
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(15,718)	**(15,718)**
Government Grants & contributions	(17,355)	(2,883)	(629)	(3)	(3,810)	**(24,680)**
Total Income	**(18,179)**	**(5,012)**	**(3,305)**	**(3)**	**(23,042)**	**(49,541)**
(Surplus) or Deficit on the Provision of Services	**1,976**	**5,531**	**6,696**	**16**	**(16,738)**	**(2,519)**

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.

	2024/25: 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)	1,044	0	0	**(1,044)**
(Council Tax and NNDR (transfers to (or from) Collection Fund Adjustment Account)	163	0	0	**(163)**
Holiday pay transferred from the Accumulated Absences	(47)	0	0	**47**
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	866	0	0	**(866)**
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	38	0	0	**(38)**
Total Adjustments to Revenue Resources	**2,064**	**0**	**0**	**(2,064)**
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	83	(83)	0	**0**
Repayment of Loan Principal	0	0	0	**0**
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	954	0	0	**(954)**
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)	1,843	0	0	**(1,843)**
Total Adjustments between Revenue and Capital Resources	**2,880**	**(83)**	**0**	**(2,797)**

Use of Capital Receipts Reserves to finance capital expenditure	0	119	0	**(119)**
Capital grants and contributions unapplied credited to the CIES	809	0	(809)	**0**
Reversal of previous year grant applied to Capital Financing	0	(55)	0	**55**
Use of Capital Receipts Reserves to finance statutory provision on loans funded by borrowing	0	0	0	**0**
Application of capital grants to finance capital expenditure	0	0	1,316	**(1,316)**
Total Adjustments to Capital Resources	**809**	**64**	**507**	**(1,380)**
Total Adjustments	**5,753**	**(19)**	**507**	**(6,241)**

	2023/24: 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)	789	0	0	**(789)**
Council Tax and NNDR (transfers to Collection Fund Adjustment Account)	782	0	0	**(782)**
Holiday pay transferred to the Accumulated Absences	38	0	0	**(38)**
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)	(2,024)	0	0	**2,024**
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	(76)	0	0	**76**
Total Adjustments to Revenue Resources	**(491)**	**0**	**0**	**491**
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	612	(612)	0	**0**
Repayment of Loan Principal	0	(402)	0	**402**
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,278	0	0	**(1,278)**
Voluntary provision for the repayment of debt (transfer to the capital Adjustment Account)	0	0	0	**0**

Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	776	0	0	**(776)**
Total Adjustments between Revenue and Capital Resources	**2,666**	**(1,014)**	**0**	**(1,652)**
Use of Capital Receipts Reserves to finance capital expenditure	0	324	0	**(324)**
Capital grants and contributions unapplied credited to the CIES	917	0	(917)	**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	400	0	**(400)**
Application of capital grants to finance capital expenditure	0	0	358	**(358)**
Total Adjustments to Capital Resources	**917**	**671**	**(559)**	**(1,029)**
Total Adjustments	**3,092**	**(343)**	**(559)**	**(2,190)**

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 2024/25.

	Balance at 31 March 2023 £'000	Transfer Out 2023/24 £'000	Transfer In 2023/24 £'000	Balance at 31 March 2024 £'000	Transfer Out 2024/25 £'000	Transfer In 2024/25 £'000	Balance at 31 March 2025 £'000
Contingency/Risk Reserves	4,909	(1,151)	**1,952**	**5,710**	(119)	**157**	**5,748**
Service Invest-ment/Renewals Reserves	4,180	(1,207)	**1,491**	**4,464**	(1,693)	**1,507**	**4,278**
Strategy Reserve	10,251	(966)	**588**	**9,873**	(1,487)	**1,146**	**9,532**
Total	**19,340**	**(3,324)**	**4,031**	**20,047**	**(3,299)**	**2,810**	**19,558**

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

2023/24 £'000		2024/25 £'000
2,577	Parish Council Precepts	2,701
474	Drainage Board Levies	532
1,141	(Gains)/Losses on the disposal of non-current assets	(7)
4,192	**Total**	**3,226**

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

2023/24 £'000		2024/25 £'000
560	Interest payable and similar charges	766
23	Impairment losses (including reversals of impairment losses or impairment gains on financial instruments	(57)
355	Net interest on the net defined benefit liability/ (asset)	355
(1,210)	Interest receivable and similar income	(1,250)
(1,130)	Income and Expenditure in relation to investment properties and changes in their fair value	(1,661)
(1,402)	**Total**	**(1,847)**

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

2023/24 £'000		2024/25 £'000
(10,201)	Council Tax Income	(10,712)
(5,517)	Non-Domestic Rates Income and Expenditure	(6,114)
(1,903)	Non ring-fenced Government Grants	(2,060)
(1,908)	Capital Grants and Contributions	(2,481)
(19,528)	**Total**	**(21,367)**

Movements in 2024/25	Other Land/ Buildings £'000	Vehicles, Plant, Furniture & Equip-ment £'000	Infra-structure Assets £'000	Com-munity Assets £'000	Surplus Assets £'000	Assets Under Construc-tion £'000	Total PPE £'000
Cost or Valuation at April 2024	**30,557**	**5,433**	**1,292**	**105**	**1,417**	**565**	**39,369**
Additions	459	1,712	9	0	0	1,077	**3,257**
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	1,852	0	0	0	(40)	0	**1,812**
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	2,223	0	0	0	95	0	**2,318**
Derecognition (Disposals)	0	(581)	0	0	0	0	**(581)**
Derecognition (other)	0	0	0	0	0	0	**0**
Other movements in cost or valuation	254	0		0	0	0	**254**
At 31 March 2025	**35,345**	**6,564**	**1,301**	**105**	**1,472**	**1,642**	**46,429**
Accumulated Depreciation & Impairment at April 2024	**0**	**(2,811)**	**(204)**	**0**	**0**	**0**	**(3,015)**
Depreciation charge	(555)	(698)	(58)	0	(4)	0	**(1,315)**
Depreciation written out to the Revaluation Reserve	555	0	0	0	4	0	**559**
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	0	0	0	0	0	0	**0**
Derecognition (Disposals)	0	577	0	0	0	0	**577**
Derecognition (other)	0	0	0	0	0	0	**0**
Other Movements in Costs or valuation	0	0	0	0	0	0	0
At 31 March 2025	**0**	**(2,932)**	**(262)**	**0**	**0**	**0**	**(3,194)**
Net Book Value							
At 31 March 2025	**35,345**	**3,632**	**1,039**	**105**	**1,472**	**1,642**	**43,235**
At 31 March 2024	**30,557**	**2,622**	**1,088**	**105**	**1,417**	**565**	**36,354**

Movements in 2023/24	Other Land/ Buildings £'000	Vehicles, Plant, Furniture & Equip-ment £'000	Infra-structure Assets £'000	Com-munity Assets £'000	Surplus Assets £'000	Assets Under Construc-tion £'000	Total PPE £'000
Cost or Valuation at April 2023	**31,540**	**5,921**	**871**	**105**	**3,195**	**1,278**	**42,910**
Additions	798	87	396	0	0	236	**1,517**
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	(683)	0	0	0	(1,313)	0	**(1,996)**
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	844	0	0	0	(172)	0	**672**
Derecognition (Disposals)	(1,484)	(561)	0	0	0	0	**(2,045)**
Derecognition (other)	0	(15)	0	0	0	0	**(15)**
Other movements in cost or valuation	(458)	1	25	0	(293)	(949)	**(1,674)**
At 31 March 2024	**30,557**	**5,433**	**1,292**	**105**	**1,417**	**565**	**39,369**
Accumulated Depreciation & Impairment at April 2022	**0**	**(2,760)**	**(157)**	**0**	**0**	**0**	**(2,917)**
Depreciation charge	(460)	(616)	(47)	0	(4)	0	**(1,127)**
Depreciation written out to the Revaluation Reserve	460	0	0	0	4	0	**464**
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	0	0	0	0	0	0	**0**
Derecognition (Disposals)	0	554	0	0	0	0	**554**
Derecognition (other)	0	15	0	0	0	0	**15**
Other Movements in Costs or valuation	0	(4)	0	0	0	0	(4)
At 31 March 2024	**0**	**(2,811)**	**(204)**	**0**	**0**	**0**	**(3,015)**
Net Book Value							
At 31 March 2024	**30,557**	**2,622**	**1,088**	**105**	**1,417**	**565**	**36,354**
At 31 March 2023	**31,540**	**3,161**	**714**	**105**	**3,195**	**1,278**	**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: 8-30 years
- Surplus: 49-52 years

Capital Commitments:

'At 31 March 2025, the Council has no ongoing contracts for the construction or enhancement of property, plant and equipment. The commitments at 31 March 2025 were £1.830m. Similar commitments at 31 March 2024 were £1.623m. These relate to Levelling Up Fund, Food Waste Collection, Vehicle Replacement and Disabled Facilities Grants.

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 2024/25 that would have a material effect.

Revaluations:

The Council carries out a full revaluation of its property portfolio periodicially. The last full revaluation was carried out on 31 March 2025. In the intervening years a valuation review is carried out. Valuations were carried out as at 31 March 2025 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	3,632	0	2,786	**6,418**
Valued at Current Value *	35,345	0	0	0	**35,345**
Valued at Fair Value *	0	0	1,472	0	**1,472**
Total Cost or Valuation	**35,345**	**3,632**	**1,472**	**2,786**	**43,235**

** as of 31 March 2025*

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

2023/24: £'000	Level 2 Significant Observable Inputs	2024/25: £'000
1,417	Surplus Assets	1,472
1,417	**Fair Value as at 31 March**	1,472

adjustments being made based on perhaps location and condition..
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 no assets that are assessed at Level 3 i.e. where unobservable inputs have been used to measure fair value.

Details of 'Right Of Use Assets' (ROUA) can be found at Note 31 - Leases

2023/24: £'000	Movement in Fair Value of Investment Properties	2024/25: £'000
22,405	Balance at the start of the year	22,922
937	Other Movements	0
0	Subsequent Expenditure	0
(420)	Net gain/(loss) from fair value adjustments	30
22,922	**Fair Value as at 31 March**	**22,952**

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.

2023/24: £'000	Income and Expenditure	2024/25: £'000
(1,586)	Rental Income from Investment Property	(1,656)
36	Direct operating expenses arising from Investment Property	25
(1,550)	**Net (Gain)/Loss**	**(1,631)**

There are 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 2025, the Council holds nine properties classed as investment properties. All nine 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 of the Councils investment properties and information about the fair value hierarchy as at 31 March are as follows:

2023/24: £'000	Level 2 Significant Observable Inputs	2024/25: £'000
2,112	Retail (4 Properties)	1,880
2,575	Hotel	2,773
2,524	Leisure	2,524
9,780	Manufacturing (2 properties)	9,843
5,931	Commercial Unit	5,932
22,922	**Fair Value as at 31 March**	**22,952**

Details of 'Right Of Use Assets' (ROUA) can be found at Note 31 - Leases

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.

2023/24: £'000	Movement on Intangible Assets	2024/25: £'000
1,245	Gross carrying amounts	1,220
(500)	Accumulated amortisation	(540)
745	**Net carrying amount at start of year**	**680**
69	Purchases	32
(94)	Other disposals	0
(134)	Amortisation for the period	(150)
94	Other changes	0
680	**Net carrying amount at end of year**	**562**
1,220	Gross carrying amounts	1,252
(540)	Accumulated amortisation	(690)
680	**Total**	**562**

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	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Fair Value (Profit or Loss)	1,961	1,998	0	0	0	0	0	0	1,961	1,998
Amortised Cost	58	58	866	767	18,270	19,595	5,805	5,150	24,999	25,570
Total Financial Assets	2,019	2,056	866	767	18,270	19,595	5,805	5,150	26,960	27,568
Non-Financial Assets	22,922	22,952	0	0	0	0	550	1,857	23,472	24,809
Total	24,941	25,008	866	767	18,270	19,595	6,355	7,007	50,432	52,377

Financial Liabilities	Non-Current Borrowings £'000		Non-Current Creditors £'000		Current Borrowings £'000		Current Creditors £'000		Total £'000	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Amortised Cost	14,000	14,000	1,392	1,198	10,000	10,000	7,609	9,312	33,001	34,510
Total Financial Liabilities	**14,000**	**14,000**	**1,392**	**1,198**	**10,000**	**10,000**	**7,609**	**9,312**	**33,001**	**34,510**
Non-Financial Liabilities	0	0	0	1,198	0	0	1,363	454	1,363	454
Total	**14,000**	**14,000**	**1,392**	**1,198**	**10,000**	**10,000**	**8,972**	**9,766**	**34,364**	**34,964**

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 £2m (£2m in 2023/24) in Pooled Investment Property Funds (CCLA Property Fund) which are measured at Fair Value on the Balance Sheet at £1.998m (£1.961m 2023/24) 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 losses held total £0.002m. 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:

2023/24			2024/25	
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
76	0	Financial assets measured at fair value through the profit or loss	(38)	0
(2)	0	Financial assets measured at amortised cost	(52)	0
74	**0**	**Total Net (Gains)/Losses**	**(90)**	**0**
(124)	0	Financial assets measured at fair value through the profit or loss	(113)	0
(1,163)	0	Financial assets measured at amortised cost	(1,100)	0
(1,287)	**0**	**Total Interest Revenue**	**(1,213)**	**0**
594	0	Financial Liabilities measured at amortised cost	761	0
594	**0**	**Total Interest**	**761**	**0**
23	0	Financial assets measured at fair value through the profit or loss	15	0
5	0	Financial liabilities measured at amortised cost	4	0
28	**0**	**Total Fee Expense**	**19**	**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 2024 £'000	As at 31 March 2025 £'000
Fair Value through Profit or Loss - CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,961	1,998
Total			**1,961**	**1,998**

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:

2023/24			2024/25	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
724	674	Loans and Receivables (Long Term Debtors)	703	703
0	0	Finance Lease Liabilities	0	0
(10,161)	(10,161)	Non PWLB Borrowing	(10,091)	(10,000)
(14,063)	(10,324)	PWLB Borrowing	(14,062)	(9,424)

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 cash flows 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 £9.424m.

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 £14.000m would be valued at £8.379m.

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

2023/24: £'000		2024/25: £'000
763	Central Government Bodies	1,463
577	Other Local Authorities	1,242
1,681	Other Entities and Individuals	1,570
1,754	Trade Receivables	1,107
(967)	Less: Provision for Expected Credit Loss	(866)
3,808	**Total**	**4,516**

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

2023/24: £'000		2024/25: £'000
(615)	Other Entities and Individuals	(729)
(352)	Trade Receivables	(137)
(967)	**Total**	**(866)**

Debtors for Local Taxation (Council Tax/Business Rates) of £2.491m (£2.547m 2023/24) have been excluded from the table above.

Details of Related Parties can be found at Note 29.

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:

2023/24: £'000		2024/25: £'000
5	Cash held by the Council	8
554	Bank Current Accounts	309
17,711	Short-term Deposits	19,278
18,270	**Total**	**19,595**

Notes to the Accounts (21): Creditors

2023/24: £'000		2024/25: £'000
1,191	Central Government Bodies	1,900
190	Other Local Authorities	375
1,821	Other Entities and Individuals	1,812
1,297	Trade	2,293
4,499	**Total**	**6,380**

Creditors for Local Taxation (Council Tax/Business Rates) of £0.454m (£1.363m 2023/24) are excluded from the table above.

Details of Related Parties can be found at Note 29.

Notes to the Accounts (22): Provisions

	Injury/Damage Compensation Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2024	**(9)**	**(198)**	**(172)**	**(379)**
Additional provisions made in year	(13)	(376)	(60)	(449)
Unused amounts reversed in year	0	0	0	**0**
Amounts used in year	0	260	0	**260**
Balance at 31 March 2025	**(22)**	**(314)**	**(232)**	**(568)**

Long Term Provisions:

There are no long term provisions.

Short Term Provisions:

Cost of employee's accrued leave £0.219m and Business Rates appeals £0.314m. 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.**

2023/24: £'000	Summary	2024/25: £'000
(9,374)	Revaluation Reserve	(11,840)
(14,351)	Capital Adjustment Account	(19,611)
(210)	Deferred Capital Receipts Reserve	(154)
42	Pooled Investment Funds (statutory override)	2
10,395	Pensions Reserve	9,831
(622)	Collection Fund Adjustment Account	(785)
172	Accumulated Absences Account	219
(13,948)	**Total Unusable Reserves**	**(22,338)**

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.

2023/24: £'000	Revaluation Reserve	2024/25: £'000
(11,030)	Balance at 1 April	**(9,375)**
(94)	Upward revaluations of assets	(2,890)
1,626	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	263
1,532	(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	**(2,627)**
108	Difference between fair value depreciation and historical cost depreciation	162
15	Accumulated gains on assets sold or scrapped	0
123	Amount written off to the Capital Adjustment Account	**162**
(9,375)	**Balance at 31 March**	**(11,840)**

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.

2023/24: £'000	Capital Adjustment Account	2024/25: £'000
(13,518)	Balance at 1 April	**(14,351)**
	Reversal of items relating to capital expenditure debited or credited to the CIES	
1,127	Charges for depreciation and impairment of non-current assets	1,315
(673)	Revaluation losses on Property, Plant and Equipment	(2,317)
134	Amortisation of intangible assets	150
4,114	Revenue expenditure funded from capital under statute	14,127
(7)	Credit loss on Loans funded by Capital	5
1,491	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	4
6,185		**13,284**
(123)	Adjusting amounts written out of the Revaluation Reserve	(162)
6,062	Net written out amount of the cost of non-current assets consumed in the year	**13,122**
	Capital Financing Applied in the year	
(324)	Use of Capital Receipts Reserve to finance new capital expenditure	(119)
(4,580)	Capital grants and contributions credited to the CIES that have been applied to capital Financing	(13,958)
(358)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(1,316)

(1,278)	Statutory provision for the financing of capital investment charged against the General Fund balance	(954)
0	Voluntary provision for the financing of capital investment charged against the General Fund Balance	0
(400)	Statutory provision charged against Capital Receipts Reserve for the repayment of loans funded by borrowing	0
402	Loan Principal Repaid	0
(776)	Capital expenditure charged against the General Fund balance	(2,005)
(7,314)		**(18,352)**
420	Movement in market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement	(30)
(14,351)	**Balance at 31 March**	**(19,611)**

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.

2023/24: £'000	Deferred Capital Receipts Reserve	2024/25: £'000
(263)	**Balance at 1 April**	**(210)**
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
53	Transfer to the capital receipts reserve upon receipt of cash	56
(210)	**Balance at 31 March**	**(154)**

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. .

2023/24: £'000	Pooled Investment Funds Adjustment Account	2024/25: £'000
(37)	**Balance at 1 April**	**42**
79	Fair Value Adjustment	(40)
42	**Balance at 31 March**	**2**

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.

2023/24: £'000	Pension Reserve	2024/25: £'000
8,793	Balance at 1 April	10,395
2,395	Remeasurement of the net defined benefit liability/(asset)	480
2,031	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of services in the CIES	2,031
(2,824)	Employee pensions contributions and direct payments to pensioners payable in year	(3,075)
10,395	**Balance at 31 March**	**9,831**

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.

2023/24: £'000	Collection Fund Adjustment Account	2024/25: £'000
160	Balance at 1 April	**(622)**
(782)	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	(163)
(622)	**Balance at 31 March**	**(785)**

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.

2023/24: £'000	Accumulated Absences Account	2024/25: £'000
210	**Balance at 1 April**	**172**
(210)	Settlement or cancellation of accrual made at the end of the preceding year	(172)
172	Amounts accrued at the end of the current year	219
(38)	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	47
172	**Balance at 31 March**	**219**

Notes to the Accounts (25): Members' Allowances

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

2023/24: £'000	Members' Allowance	2024/25: £'000
232	Basic Allowance	243
66	Special Responsibility Allowances	65
16	Expenses	14
314	**Total Expenditure**	322

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 (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/25	2024/25
Chief Executive	136,919	141,353	0	0	32,176	33,686	169,095	175,039
Director Operational & Commercial Services (left October 2024)	85,597	52,610	0	0	20,115	12,352	105,712	64,962
Director Planning & regeneration	85,597	91,511	0	0	20,115	21,251	105,712	112,762
Assistant Director Homes & Communities (left June 2023)	8,350	0	0	0	1,962	0	10,312	0
Director Change Management & Regulatory Services	85,597	90,429	0	0	20,115	21,251	105,712	111,680
Director of Corporate Services (s151) (left February 2025)	94,652	86,852	0	0	22,243	20,307	116,895	107,159
Interim Director Finance and Assets (s151) (started Feb 2025)	0	12,612	0	0	0	3,033	0	15,645
Assistant Director People & Democratic Services (started November 2023)	29,116	76,651	-	-	6,842	17,971	35,958	94,622

There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2023/24 or 2024/25.

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 2023/24	Remuneration Band	Employees 2024/25
5	£50,000 to £54,999	13
2	£55,000 to £59,999	1
2	£60,000 to £64,999	3
0	£65,000 to £69,999	0
0	£70,000 to £74,999	0
0	£75,000 to £79,999	1
0	£80,000 to £84,999	0
3	£85,000 to £89,999	1
1	£90,000 to £94,999	2
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
0	£125,000 to £129.999	0
1	£130,000 to £134.999	0
0	£135,000 to £139.999	0
0	£140,000 to £145.999	1
14	**Total**	**22**

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for the Council in 2024/25 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 (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0- £20,000	0	4	5	1	5	5	23,803	16,721
£20,001 -£40,00	0	1	0	0	0	0	0	0
£40,001 -£60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £120,000	0	0	0	1	0	1	0	111,157
Total	**0**	**5**	**5**	**2**	**5**	**6**	**23,803**	**127,878**

There are 6 exits packages made during 2024/25 (5 in 2023/24). The £111,157 detailed above was recognised as expenditure in the CIES but was recovered from the Local Authority agreeing the departure and therefore also recognised as income in the CIES.

There are 7 exits packages made during 2024/25 (5 in 2023/24). The £92,222 detailed above was recognised as expenditure in the CIES but was recovered from the Local Authority agreeing the departure and therefore also recognised as income in the CIES.

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 were KPMG LLP for 2023/24 and 2024/25.

2023/24 £'000	External Audit Costs	2024/25 £'000
174	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year *	164
43	Fees payable to the External Audit for the certification of grant claims and returns for the year.	31
217	**Total**	**195**

* This includes £17.8k of fee variations for the 2023/24 external audit (£9.5k ISA-315r and £8.3k audit overruns)

Notes to the Accounts (28): Grant Income

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

2023/24 £'000	Credited to Taxation and non Specific Grant Income:	2024/25 £'000
5,251	Business Rates Retention Scheme	5,804
561	Non-Ring Fenced Grants - New Homes Bonus	845
1,342	Non-Ring Fenced Grants - Other Grant and Contributions	1,215
3	Covid-19 Related Grants	4
54	Capital Grants & Contributions - Townscape Heritage (THI)	0
47	Capital Grants & Contributions - S106 Burton Waters, Beal Homes	0
0	Capital Grants and Contributions - Food Waste Grant Scheme	594
28	Capital Grants and Contributions – UK Shared Prosperity Fund	66
12	Capital Grants & Contributions - PCC Safer Streets Fund	0
490	Capital Grants & Contributions - Thonock & Somerby Repayment	0
850	Capital Grants & Contributions - Levelling Up Fund	1,050
427	Capital Grants & Contributions - Other	771
9,065	**Total Non-Specific Grant Income**	**10,349**
	Credited to Services, Revenue Related	
13,499	Dept of Work & Pensions - Housing Benefit Allowance	13,269
216	Dept of Work & Pensions - Housing Benefits Administration Grants	213
894	Disabled Facilities Grants	1,008
0	Levelling Up Fund	5,949
50	Government Covid 19 Grants	0
0	Home Upgrade Grant	3,204
0	UK Shared Prosperity Fund/REPF	2,190
0	Townscape Heritage THI	608
725	Lincolnshire County Council - Household Support Fund	442
5,482	Other Grants & Contributions	3,235
20,866	**Total Credited to Service**	**30,118**

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.

2023/24: £'000	Capital Grants Receipts in advance	2024/25: £'000
728	S106 Agreements	392
70	Lincolnshire County Council - GLLEP LOTS & Cinema	70
1,490	Levelling Up Fund - Thriving Gainsborough	0
60	UK Shared Prosperity Fund	5
0	Food Waste Collection	429
0	Local Authority Housing Fund	549
597	HIF Southern SUE Funding	737
715	Notts City Council - Green Homes Grant (HUG)	1,771
12	Townscape Heritage Initiative	12
	Revenue Grants Receipts in advance	
298	Notts City Council - Green Homes Grant (HUG)	107
0	NKDC Acquia Subscription	1
29	PCC Safer Streets Fund	29
300	UK Shared Prosperity Fund	0
	Electrification of depots	25
2	Levelling Up Fund - Thriving Gainsborough	0
194	PCC Elections Funding	0
7	Business Support grant recovery	3
4,502	**Total**	**4,130**

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.**

Details of Business Rates (NNDR) income for 2024/25 along with debtors and creditors at 31st March 2025 are disclosed in the Collection Fund.

Councillors:

Councillors have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in **Note 25.**

During 2024/25, 14 current Councillors, and 4 spouses/family members (1 being of an Officer) , along with a declared 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 £0.527m to five Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (3 councillors, £0.298m), Upper Witham IDB (1 councillor, £0.072m), Scunthorpe and Gainsborough (2 councillors, £0.071m), Trent Valley (1 councillor, £0.063m) and Ancholme (1 councillor, £0.023m). In addition, the Council paid no grants to voluntary organisations in which current 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, £nil 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. An employee of The Council is the Secretary of WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Limited. The Director of Planning, Regeneration & Communities is a Director to Market Street Renewal Ltd (100% 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 or Town Councillors - Parish Precepts are disclosed in Note 12 (81 Parish and Town Council Precepts were made during 2024/25 totalling £2,700,678).

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 2024/25 the Council contributed £98,900 (£98,900 2023/24).

Elected Members also had an interest and represented the organisations below which the Council made the following payments to in 2024/25:-

- Lindsey Citizens Advice Bureau £60,200
- Environmental Agency (RTCC) £14,609
- The Conservation Volunteers (West Lindsey British Trust for Conservation Volunteers (BTCV) £45,000
- Scunthorpe and Gainsborough Water £70,638
- Association For Public Service Excellence (APSE) £10,603

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 Sally Grindrod-Smith, who is also the Director of Planning, Regeneration & Communities for the Council. The Company secretary is Peter Davy who is also the Director of Finance and Assets (S151 Officer) for the Council.

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

2023/24: £	Surestaff Lincs Ltd	2024/25: £
14,588	Council Received	3,156
0	Council Paid Out	0
30,000	Loans Balance Brought Forward	10,000
0	Loans Issued in the financial year	0
(20,000)	Less Loans Repaid in the financial year	(5,000)
10,000	Loans Outstanding 31 March	5,000
	WLDC Staffing Services Ltd	
17,980	Council Received	0
818,835	Council Paid Out	813,653
7,000	Loans Balance Brought Forward	0
0	Loans Issued in the financial year	0
(7,000)	Less Loans Repaid in the financial year	0
0	Loans Outstanding 31 March	0

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 2024/25 incorporating the financial position of Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd.

In 2024/25, West Lindsey District Council became a 100% 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.

2023/24: £	Market Street Renewal Limited (MSRL)	2024/25: £
0	Council Received	0
0	Council Paid Out	0
400	MSRL Share Capital	20,000
335,000	Loans Balance Brought Forward	670,500
335,500	Loans Issued in the financial year	0
0	Less Loans Repaid in the financial year	0
670.500	Loans Outstanding 31 March	670,500
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.

2023/24: £'000		2024/25: £'000
39,436	**Opening Capital Financing Requirement Capital Investment**	**37,023**
538	Property, Plant and Equipment	2,180
236	Assets Under Construction	1,077
69	Intangible Assets	31
0	Investment Properties	0
0	Long Term Shares Investment	0
346	Long Term Loan	0
0	Adjustment for non-capital loans	0
4,114	Revenue Expenditure Funded from Capital Under Statute	14,126
	Sources of Finance	
(324)	Capital Receipts	(119)
(4,938)	Government Grants and Contributions	(15,274)
0	Reversal of previous year grant applied capital financing	0
	Sums set aside from revenue	
(776)	Direct revenue contributions	(2,005)
(1,678)	Minimum Revenue Provision	(954)
0	Voluntary Revenue Provision	0
37,023	**Closing Capital Financing Requirements**	36,085
	Explanation of Movements in Year	
(2,413)	Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(954)
0	Assets Acquired under Finance Leases	16
(2,413)	**Increase/(Decrease) in Capital Financing Requirement**	**(938)**

West Lindsey District Council as Lessee:

The authority's lease contracts comprise of operational land and buildings and equipment. Most are indivdually immaterial: however, material leases include:

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 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 (10.3 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 (13.7 years remaining).

The Council entered into a finance lease agreement for printers commencing in 2024 for 5 years.

Right-of-use assets

This table shows the change in the value of right-to-use assets held under leases by the authority:

	Land and buildings £'000	Other land and buildings £'000	Vehicles, plant and equipment £'000	Total £'000
Balance at 1 April 2024	**2,696**	**444**	**0**	**3,140**
Additions	0	0	15	**15**
Revaluations	198	298	0	**486**
Depreciation and amortisation	0	(10)	(2)	**(2)**
Disposals	0	0	0	**0**
Balance at 31 March 2025	**2,894**	**732**	**13**	**3,639**

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

2023/24 £'000		2024/25 £'000
	Comprehensive income and expenditure statement	
0	Interest expense on lease liabilities	0
10	Expenses relating to short-term leases	1
0	Expenses relating to exempt leases of low-value items	0
0	Variable lease payments not included in the measure of lease liabilities	0

(419)	Income from subletting right-of-use assets	(398)
0	Gains or losses arising from sale and leaseback transactions	0

	Cash flow statement	
10	Minimum lease payments	**1**

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2023/24: £'000		2024/25: £'000
2	Not later than one year	3
0	Later than one year and not later than five years	10
4	Later than five years	4
6	**Total**	**17**

The lease liabilities detailed above are included as part of short term provisions on the Balance Sheet of £568k

West Lindsey District Council as Lessor:

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

* for the provision of community services, such as sports facilities, tourism services and community centres

* for economic development purposes to provide suitable affordable accommodation for local businesses.

The 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 2025 was £0m (£0m as at 31 March 2024). 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.

Transactions under leases

The authority incurred the following gains and losses as a lesser during the year:

2023/24 £'000		2024/25 £'000
0	Selling (gain) or loss	0
(9)	Finance income on the net investment in the lease	**(7)**
0	Income relating to variable lease payments not included in the measurement of the net investment in the lease	**0**

Operating leases

2023/24 £'000		2024/25 £'000
(2,146)	Total lease income	(2,183)
0	Share of lease income relating to variable lease payments that do not depend of an index or a rate	0

Net investment in finance leases

The authority experienced the following changs in the carrying amount of its net investment in finance leases during the year:

2023/24 £'000		2024/25 £'000
263	Net investment at 1 April	210
0	New leases entered into	0
(53)	Payments by lessees	(55)
0	Lease modifications	0
0	Impact of changes in unguaranteed residual values	0
0	Movements in impairments loss allowances	0
210	**Net Investment at 31 March**	**154**

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	Finance leases		Operating leases	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Less than one year	63	63	1,852	1,895
One to two years	63	63	1,765	1,801
Two to three years	63	20	1,667	1,555
Three to four years	20	20	1,439	1,360

Four to five years	20	0	1,279	1,324
More than five years	0	0	5,697	5,404
Total undiscounted receivables	**229**	**166**	**13,699**	**13,339**

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

2023/24 £'000		2024/25 £'000
229	Total undiscounted lease receivables	166
(19)	Unearned finance income	(12)
0	Discounted amount of unguaranteed residual values	0
210	**Net Investment in Leases**	**154**

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 2024. 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:

2023/24: £'000	Local Government Pension Scheme	2024/25: £'000
	Comprehensive Income/Expenditure Statement - Cost of Services	
1,625	Current Service Cost	1,612
51	Administration Expenses	64
355	Net Interest Expense	355
2,031	**Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services**	**2,031**
Other Post-employment Benefits charged to the Comprehensive Income/Expenditure Statement - Remeasurement of the net defined benefit liability comprising		
3,269	Return on plan assets (excluding the amount included in the net interest expense)	(848)
1,058	Actuarial Gains/(Losses) arising on changes in demographic assumptions	193
1,728	Actuarial Gains/(Losses) arising on changes in financial assumptions	9,691
(521)	Experience Gains/(Losses) on defined benefit obligation	164
(7,929)	Changes in effect of Asset Ceiling	(9,680)
(2,395)	**Total Charged to Other Comprehensive Income and Expenditure**	**(480)**
(364)	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**1,551**
	Movement in Reserves Statement	
(2,031)	Reversal of net charges made to the (Surplus) or Deficit for Provision of Services for post-employment benefits in accordance with the Code.	(2,031)
2,732	Employers' contributions payable to the scheme	2,984
91	Retirement benefits payable to pensioners	91
792	**Net Movement in Reserves Statement (Note 10)**	**1,044**

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:

2023/24: £'000	Balance Sheet	2024/25 £'000
(71,401)	Present value of the defined benefit obligation - Funded	(63,578)
69,790	Fair value of plan assets (bid value)	72,509
(1,611)	Deficit / (Surplus)	8,931
(855)	**Present value of the defined benefit obligation - Unfunded**	**(749)**
(7,929)	Impact of asset ceiling	(18,013)
(10,395)	**Net liability arising from the defined benefit obligation**	**(9,831)**

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

2023/24: £'000	Reconciliation of Fair Value of Scheme (Plan) Assets	2024/25: £'000
62,208	**Opening fair value of scheme assets at 1 April**	**69,790**
3,018	Interest Income	3,557
	Remeasurement (Gains)/Losses	
3,269	The return on plan assets, excluding the amount included in the net interest expense	(848)
2,732	Employer Contributions	2,984
597	Contributions paid by scheme participants	636
(1,983)	Benefits paid	(3,546)
(51)	Administration Expenses	(64)
69,790	**Closing fair value of scheme assets at 31 March**	**72,509**

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

Funded Liabilities 2023/24 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2024/25 £'000
71,001	**Opening present value of scheme liabilities at 1 April**	**72,256**
1,625	Current service cost	1,534
3,373	Interest cost	3,508
597	Contributions from scheme participants	636
	Remeasurement (Gains)/Losses	
(1,058)	Actuarial (Gains)/Losses arising on changes in demographic assumptions	(193)
(1,728)	Actuarial (Gains)/Losses arising on changes in financial assumptions	(9,691)
518	Experience (Gains)/Losses on defined benefit obligation	(164)
0	Past service costs	78
(2,072)	Benefits paid	(3,637)
72,256	**Closing present value of scheme liabilities at 31 March**	**64,327**

Year to 31 March 2024 £'000	Reconciliation of asset ceiling	Year to 31 March 2025 £'000
0	**Opening impact of asset ceiling**	**7,929**
0	Interest on impact of asset ceiling	404
7,929	Actuarial losses/(gains)	9,680
7,929	**Closing impact of asset ceiling**	**18,013**

The asset ceiling is the present value of any economic benefit available to the council in the form of refunds or reduced future employer contributions. Actuary has calculated the asset ceiling using interpretation of IFRIC14. The potential economic benefit from the reduction in future contributions has been calculated as nil. Since this is less than the unadjusted net asset of £8,931k, the initial impact of the asset ceiling is £8,931k. The council is currently paying deficit contributions towards a funding deficit which constitutes an onerous funding commitment. Hence, there is an additional liability of £9,082k to be recognised.

Local Government Pension Scheme Asset Categories:

Fair Value of Scheme Assets 2023/24: £'000	Percentage of Total Assets 2023/24: £'000	Local Government Pension Scheme Asset Categories	Fair Value of Scheme Assets 2024/25: £'000	Percentage of Total Assets 2024/25: £'000
		Real Estate		
4,747	7	UK Property	5,132	7
		Investment Funds & Unit Trusts		
34,897	49	Equities	34,310	47
9,569	14	Bonds	10,514	15
2,802	4	Infrastructure	3,353	5
16,003	23	Other	16,701	23
		Cash & Cash Equivalents		
1,772	3	All	2,499	3
69,790	**100**	**Total Assets**	**72,509**	**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:

2023/24:	Local Government Pension Scheme	2024/25:
	Mortality Assumptions (years)	
19.5	Longevity at 65 for current pensioners - Men	19.5
22.7	Longevity at 65 for current pensioners - Women	22.7
20.8	Longevity at 65 for future pensioners - Men	20.8
24.1	Longevity at 65 for future pensioners - Women	24.1
	Financial Assumptions (%)	
2.9	Rate of Inflation	3.2
3.9	Rate of increase in salaries	3.9
2.9	Rate of increase in pensions	2.9
4.9	Rate for discounting scheme liabilities	5.8
	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
50	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 analyses below have 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.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. Lincolnshire County Council are monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Lincolnshire Pension Fund. As a result, West LIndsey District Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Sensitivity Analysis - Change in Assumptions at 31 March 2025	Approx. Increase to Employer Liability (%)	Approx. Monetary Amount - £'000
0.1% decrease in Real Discount Rate	1.40	900
1 Year increase in Member Life Expectancy	4.01	2,577
0.1% increase in Salary Increase Rate	0.13	83
0.1% in the Pension Increase Rate (CPI)	1.31	841

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 15 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 notional 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 £3.100m in contributions in 2025/26.

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 2024/25 the Council received £0.055m 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 counter parties 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 counter parties 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 counter party 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 2024/25 was approved by Full Council on 4 March 2024 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 (£7.5m 2023/24) 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 2024	**0**	**(15)**	**(283)**	**(684)**	**(982)**
Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	**0**
Amounts Written off	0	0	277	0	**277**
Changes in models/risk parameters	0	15	(56)	112	**71**
Other Changes	0	0	0	0	**0**
At 31 March 2025	**0**	**0**	**(62)**	**(572)**	**(634)**

Credit risk exposure:

The Council has the following exposure to credit risk at 31 March 2025:

	Credit Risk Rating	Gross Carrying amount (£'000)	
		31 March 2024	31 March 2025
12-Month expected credit losses	AAA - Very Low AA - Very Low Very Low	16,710 1,000 500	19,280 0 500
Significant increase in credit risk since initial recognition	Very High High Medium Low Very Low	10 0 13 671 0	5 0 0 698 0
Credit-impaired at 31 March	Standards Debtors - High Risk	283	62
Simplified Approach	Standard Debtors - Medium Risk Benefit Debtors - Medium Risk	1,027 952	181 837
At 31 March		**21,166**	**21,563**

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 2025 was £0.119m (£0.120m 31 March 2024).

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 2024 £'000	Maturity Analysis of Financial Assets	31 March 2025 £'000
24,075	Less than 1 year	24,745
0	Between 1 and 2 years	0
0	Between 2 and 3 years	0
2,885	More than 3 years	2,823
26,960	**Total**	**27,568**

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.

The maturity analysis of the council's financial liabilities is as follows:

31 March 2024 £'000	Maturity Analysis of Financial Liabilities	31 March 2025 £'000
17,606	Less than 1 year	19,312
1,392	Between 1 and 2 years	1,198
3,000	Between 2 and 5 years	3,000
2,500	Between 5 and 25 years	2,500
8,500	Between 25 and 50 years	8,500
32,998	**Total**	**34,510**

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 2025, 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	4
Increase in interest receivable on variable rate investments	(16)
Impact on Surplus or Deficit on the Provision of Service	**(12)**
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)	1,045

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 £2m in the CCLA property fund that has a carrying value as at 31 March 2025 of £1.998m. 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:

2023/24: £'000		2024/25: £'000
1,261	Interest received	1,266
(450)	Interest paid	(606)
811	**Total**	**660**

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

					Non-cash changes					
Reconciliation	**As at 1 April £'000**		**Financing Cash Flows £'000**		**Acquisition £'000**		**Other £'000**		**As at 31 March £'000**	
	23/24	**24/25**	**23/24**	**24/25**	**23/24**	**24/25**	**23/24**	**24/25**	**23/24**	**24/25**
Long-term borrowings	16,500	14,000	(2,500)	0	0	0	0	0	**14,000**	**14,000**
Short-term borrowings: Lease Liabilities	0	0	0	0	0	0	0	0	**0**	**0**
Other Short Term borrowing	5,000	10,000	5,000	0	0	0	0	0	**10,000**	**10,000**
Total liabilities from financing activities	**21,500**	**24,000**	**2,500**	**0**	**0**	**0**	**0**	**0**	**24,000**	**24,000**

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 have been received or issued to Businesses.Which means there is a nil balance remaining as at 31 March 2025.

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 £0.033m 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 2024/25 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.

Details of Related Parties can be found at Note 29

2023/24				2024/25		
Council Tax £'000	**Business Rates £'000**	**Total £'000**		**Council Tax £'000**	**Business Rates £'000**	**Total £'000**
68,266	0	**68,266**	Net Council Tax Receivable (Note 1)	72,783	0	**72,783**
207	0	**207**	Section 13A 1C Transfer from General Fund	33	0	**33**
0	17,255	**17,255**	Net Business Rates Receivable (Note 2)	0	19,544	**19,544**
0	1,266	**1,266**	Transitional Protection Payments receivable	0	620	**620**
68,473	**18,521**	**86,994**	**Total Income**	**72,816**	**20,164**	**92,980**
			Expenditure - WLDC			
10,011	7,125	**17,136**	Precepts, Demands & Shares	10,453	7,369	**17,822**
290	(669)	**(379)**	Distributed Surplus/(Deficit)	290	116	**406**
			Expenditure - LCC			

47,660	1,781	**49,441**	Precepts, Demands & Shares	50,666	1,842	**52,508**
1,370	(167)	**1,203**	Distributed Surplus/(Deficit)	1,381	29	**1,410**
			Expenditure - Lincs PCC			
9,231	0	**9,231**	Precepts, Demands & Shares	9,763	0	**9,763**
264	0	**264**	Distributed Surplus/(Deficit)	268	0	**268**
			Expenditure - Central Gov			
0	8,906	**8,906**	Precepts, Demands & Shares	0	9,211	**9,211**
0	(836)	**(836)**	Distributed Surplus/(Deficit)	0	145	**145**
0	108	**108**	Cost of Collection Allowance	0	108	**108**
0	0	**0**	Write offs of uncollectable amounts	0	0	**0**
298	492	**790**	Increase/(Decrease) in Impairment Allowance	177	239	**416**
0	(708)	**(708)**	Increase/(Decrease) in Provision for Appeals	0	291	**291**
0	0	**0**	Transitional Protection Payments	0	0	**0**
0	264	**264**	Disregarded Amounts	0	330	**330**
0	0	**0**	Prior Year Adjustments	0	0	**0**
69,124	**16,296**	**85,420**	**Total Expenditure**	**72,998**	**19,680**	**92,678**
2,688	(1,424)	**1,264**	Surplus or (Deficit) b/fwd 1 April	2,037	801	**2,838**
(651)	2,225	**1,574**	Surplus or (Deficit) arising during the year (Note 3)	(182)	484	**302**

Notes to the Collection Fund Account (1): Council Tax

‘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 2024/25 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 £2,124.44 (£2,029.41, 2023/24) and is multiplied by the ratio specified for the particular band to give an individual amount due.

‘The Council Tax Base for 2024/25 was 32,093.99 (31,696.76 2023/24). 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 2024/25 was approved by the Council meeting in January 2024 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	
	2023/24	2024/25	2023/24	2024/25		2023/24	2024/25
Disabled	0	0	24	27	5/9	13	15
Band A	16,894	17,082	11,041	11,139	6/9	7,361	7,426
Band B	8,435	8,543	6,992	7,066	7/9	5,438	5,496
Band C	7,973	8,085	6,978	7,066	8/9	6,202	6,281
Band D	6,105	6,203	5,600	5,680	9/9	5,600	5,680
Band E	3,821	3,887	3,566	3,629	11/9	4,358	4,435
Band F	1,619	1,657	1,529	1,564	13/9	2,210	2,259
Band G	536	544	505	509	15/9	842	848
Band H	66	66	55	57	18/9	110	114
Total	**45,449**	**46,067**	**36,290**	**36,737**		**32,134**	**32,554**
Deduction for non-collection, new build, demolition and other adjustments						(546)	(553)
Band D Equivalent for Council Tax Base						**31,588**	**32,001**
Band D Equivalent for Contributions in Lieu						**109**	**93**
Council Tax Base (Band D equivalent)						**31,697**	**32,094**

Business Rates (NNDR) are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 54.6p in 2024/25 (51.2p in 2023/24). The non-domestic rate multiplier for small businesses is 49.9p in 2024/25 (49.9p in 2023/24). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £53.587m at 31 December 2023 and were used to calculate the Business Rates Retention scheme amounts for 2024/25 (£54.050m in 2023/24). The Local rateable values totalled £54.297m at 31 March 2025. (£49.670m at 31 March 2024).

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 2024/25 were estimated before the start of the financial year as £1.842m (£1.781m 2023/24) to Lincolnshire County Council, £9.211m (£8.906m 2023/24) to Central Government with £7.369m (£7.125m 2023/24) retained by West Lindsey District Council. These sums have been paid in 2024/25 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 £3.976m in 2024/25 (£3.873m 2023/24) to the Lincolnshire Business Rates Pool.

The total income from business rate payers collected in 2024/25 was £19.544 m (£17.255m 2023/24).

In addition to the tariff, a ‘safety net’ figure is calculated at 92.5% for 2024/25 (92.5% for 2023/24) of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £3.007m (£2.901m 2023/24). The comparision 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 2024/25. In 2024/25 the Council received £0.290m (£0.289m in 2023/24), its share of the 2023/24 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund surplus of £3.140m at 31 March 2025 (£2.838m surplus 31 March 2024). This is made up of NNDR surplus of £1.285m (£0.801m at 31 March 2024) and Council Tax Surplus of £1.855m (£2.037m 31 March 2024) There has been an increase in the provision for appeals in 2024/25 with the total provision at £0.786m. (£0.494m 2023/24)

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:

2023/24			2024/25		
Council Tax £'000	Business Rates £'000		Council Tax £'000	Business Rates £'000	Total £'000
305	321	West Lindsey District Council	274	128	402
1,451	80	Lincolnshire County Council	1,326	642	1,968
281	0	Lincolnshire Police and Crime Commissioner	255	0	255
0	400	Central Government	0	515	515
2,037	**801**	**Balance at 31 March**	**1,855**	**1,285**	**3,140**

Audit Report 2024/25 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.

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 counterparty 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 for 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, Councils 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 AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. 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 Councils 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 Communities and Local Government (DCLG) 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.

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.

UKSPF

United Kingdom Shared Prosperity Fund.

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 KPMG 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 Auditors Annual Report. The Council received an unqualified audit opinion on its 2024/25 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. A review of compliance against these seven principles is provided at section 5 of this Statement.

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 quarterly.

The governance framework has been in place at the Council for the year ended 31st March 2025, 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

The Council consists of 36 seats and their allocation is broken down below. Currently no single political party holds a majority.

Group	Number of members
Liberal Democrat Administration	18
The Opposition Group	14
Lincolnshire Independents	2
Unaligned Independent	2

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.

The Council is working to its Corporate Plan covering the period 2023-2027. 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) 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.

In June 2023, the Council adopted "Moving Forward Together: "Our Vision for West Lindsey" a new Corporate Plan which sets out priorities for Our People, Our Place and Our Council over the next four years. The Vision is supported by an ambitious Executive Business Plan, which includes delivery of major projects, programmes and initiatives that support delivery of strategic priorities. Over the past year, we have:

Our People:
- Continued to support local communities including almost £100k of funding to improve community facilities at Hemswell Cliff, opening a new cycle park and play area in Keelby, refurbishing the Saxilby footbridge, .
- Appointed a Sports & Physical Activity Development Officer who is leading on the development of a Sports and Physical Activity Strategy which will deliver and promote a sports development programme across the district.
- Hosted sporting events including the inaugural North Lincolnshire Women's Classic Cycle Race, an elite women's race which is the National B season opener for women in the UK.
- Progressed plans to improve access to healthcare across the district, including setting up a working group with the ICB and other health partners to ensure progress continues.
- Continued to deliver our Cultural Strategy for the district, including a highly successful events programme which delivered popular events to local communities such as the Illuminate Festival, the Christmas Lights Festival, GO Festival, WordFest and the Heritage Skills Fair.
- Supported the opening of a new Banking Hub in Market Rasen, bringing much needed banking services back to the town and regenerating a historc building in the process.
- Held a Young Traders Market, supporting young entrepreneurs to showcase their talents at Gainsborough Market.

Our Place:
- Collaborated in an Economic Impact Assessment in relation to the STEP Fusion Programme which highlighted the transformative benefits the Programme will bring to West Lindsey in respect of significant economic growth, jobs and investment over a period of 45 years.
- Moved further towards completion of projects within the Thriving Gainsborough Programme, funded by the Levelling Up Fund, including the flagship cinema site, redevelopment of Baltic Mill and Whittons Gardens, all of which are due to be completed by Summer 2025.
- Restored historic shop fronts in Gainsborough town centre and created high quality residential units above the shops through the Townscape Heritage Initiative.
- Continued to use UK Shared Prosperity Funding to support businesses and local communities across the district.

Our Council:
- Submitted our interim plan to government outlining the Council's initial proposals for Local Government Reorganisation in Lincolnshire.
- Collaborated with Lincolnshire Districts to ensure the creation of the District Joint Committee to enable to District Council's voice to be heard at the Greater Lincolnshire Combined County Mayoral Authority.

- Refreshed the Whistleblowing Policy and provided a training and awareness session to team managers.
- Refreshed the Council's Environment & Sustainability Strategy, alongside an updated action plan and a renewed commitment to becoming carbon net zero by 2050. This includes work to progress the installation of solar panels on Council owned buildings such as Gainsborough Leisure Centre following a successful trial of solar panels at the Caenby Corner Waste Depot.
- Launched a new commercial Food Waste Collection Service for businesses across the District to help local businesses meet new government regulations on recycling of food waste.
- Launched a successful 'Big Bin Hire Service', providing residents with a convenient solution for managing excess waste.
- Council services were finalists in a number of national awards including the Central Lincolnshire Local Plan, which was recognised as one of the best in England; Lea Fields Crematorium, which won a bronze award for outstanding environmental sustainability practices. The Council was also shortlisted for three Destination Lincolnshire Awards, as well as winning national awards for excellence in delivering our Waste Services.
- Continued to transform and modernise our services, including the implementation of a new Planning System to improve the way the Council processes planning applications; and the roll-out of a QR code on Council bins across the district to make it easier for customers to report damaged or overflowing bins to the Council.

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 was subject to an external healthcheck review which found that it is a legally compliant document, and recommended it could benefit from some changes to reflect good practice and legislative updates. Reports have proceeded through Governance and Audit Committee and Full Council which have resulted in changes being made to some Articles and Committees in accordance with the advice received.

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.

Two of the Council's statutory officers, (the Section 151 Officer and the Head of paid Service), resigned from the organisation in 2024/25. The Section 151 Officer post has been appointed to on a permanent basis and that process is now complete. The Chief Executive recruitment process took place in 2024/25 with the new Chief Executive starting with the organisation in October 2025.

A peer challenge was carried out in January 2025 and the report has been published on the Council's website. The key findings were that the Council is constantly learning and improving, has a positive relationship with its partner organisations and committed and enthusiastic staff. The report found the Council supports, works with and celebrates the diversity of its communities and staff in various ways and that the work for and with its communities and partner organisations is driven by the corporate plan. The report noted that council's most immediate, challenging issues are its changing Management Team and the implications of possible local government reorganisation in Lincolnshire. It was noted that the council appears to be managing its finances well through good financial governance and a comprehensive planning and monitoring approach with built in contingencies and reserves but the council has identified budget gaps from 2026/27 which the council needs to address. The report noted that internal and external auditors have not identified any significant weaknesses. There were a number of recommendations made to the Council which were:

1. Review your management structure as a priority
2. Prioritise the filling of your new management structure-especially your Head of Paid Service and Section 151 Officer
3. Continue discussion with the peer team and the LGA on the best way to resolve the identified councillor/officer relationships
4. Refresh your business planning
5. Develop plans to address the gap in your medium-term financial plan
6. Design and implement a new continuous improvement/change programme
7. Review the number and frequency of your meetings
8. Develop internal communications to address issues raised throughout the findings

The Council is developing an action plan to address the recommendations of the peer challenge and will be inviting the LGA peer team to visit the Council again once this plan has been implemented.

The Internal Audit Plan 2024/25 was agreed by the Governance and Audit Committee.

The Annual Internal Report for 2024-25 will be presented to the Governance and Audit Committee in June 2025.The reported stated that for the twelve months ending 31 March 2025 the organisation has an adequate and effective framework for risk management, governance and internal control. The internal Auditors have identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The substantial assurance awards in areas such as purchasing and creditors, project and programme management, and customer experience strategy demonstrate the strength of commitment to deliver strong internal financial controls and excellent customer experience. Following a limited assurance in procurement being received, the Council has taken steps to improve this and these are detailed in Section 6 of this statement.

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 Internal 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. Independent Fraud Risk Assessment.
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. Review of compliance against the principles detailed within the Council's Local Code of Governance

The governance framework is consistent with the principles provided by the CIPFA/SOLACE framework for good governance, and these principles are detailed and considered within the Council's Local Code of Governance. Each principle is considered below and a RAG rating provided:

Principle A: behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Council is compliant with this principle having strong financial regulations in place and making the relevant changes to its Contract procedure rules to comply with new legislation, including providing training to staff regarding procurement requirements.
Legal implications are considered in all reports and clear terms of reference are provided online for Committees. Training has been provided to District and Town and parish Councillors on the application of the Standards regime.

Compliance with this principle is deemed green

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Council complies with this principle by webcasting Council meetings (unless exempt), publishing agendas and minutes, allowing public questions at the full Council meeting and having clear Freedom of Information processes in place. 7 public consultations were carried out in the year 2024/25 and a refreshed Consultation strategy was adopted. The Council has strong relationships with public and private sector, for example the Central Lincolnshire Joint Strategic Partnership.
Compliance with this principle is deemed as green

The Council received one limited assurance internal audit review in 2024-25, the action plan arising from this audit has been included in the areas for improvement in Section 6.

Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefit

The Council is compliant with principle as it has a Corporate Plan and Medium Term Financial Plan. The strategic risk register is considered by the Management Team and also by the Governance and Audit Committee. The operational risk register is regularly reviewed by managers across the organisation.

Compliance with this principle is deemed amber due to the Council intending to take a holistic review of all strategic risks.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council complies with this principle by having a detailed performance management framework which ensure reports are provided to Management Team and Committee to ensure member oversight. Performance improvement plans are put in place if required. The Council has memberships with the LGA, LLG, Solace, and CIPFA to ensure good practice, high standards and up to date information from the local government sector is obtained. The Council operates a Programme Board framework and produces a state of the district report.
The Council is undertaking a review of its internal governance framework with the intention of aligning this with the work being carried out to refresh the Corporate Plan, therefore compliance with this principle is deemed as amber

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

The Council complies with this principle by providing training as required to officers, apprenticeship schemes, corporate inductions and member induction and training. It is recognised following the feedback from the LGA peer review that a refresh of the senior structure is needed to ensure capacity and resilience for the organisation, especially as moves towards local government reorganisation. Officer briefings are provided to elected members on strategic issues such as RAF Scampton and local government reorganisation. Wider management team meetings and staff corporate updates are held regularly to ensure information is distributed to the wider organisation.

The Council is in the process of reviewing its senior officer structure and therefore this principle is deemed as amber

Principle F: Managing risk and performance through robust control and strong financial management.

The Council is well managed financially as outlined within the recent LGA peer review findings and also in the recent external audit of the Council's 2024/25 accounts. The Council has also recently received a positive value for money assessment. There is adherence to the Constitution, which is regularly scrutinised by the Council's governance and audit committee who receive training prior to scrutinising the Council's annual accounts and treasury management strategy. Regular meetings of the statutory officers are held to ensure high standards of governance and financial management are maintained. Budget monitoring is carried out by team managers during the year so the Council is fully aware of its financial position each month. There is also a full programme of internal audits, the results of which are reported to the Council's governance and audit committee and follow up actions implemented. The Council is in a strong financial position with a good level of reserves and is currently looking to balance the medium term financial plan once the government's fair funding review is complete.

Compliance with this principle is deemed as green

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council complies with this principle by ensuring internal and external auditors are appointed, meet with the senior management and report directly to the Governance and Audit Committee. The Council has Information governance and RIPA policies in place, and the progress and delivery framework reports regularly to the Committee. The Council's website provides much information and details all reports, agendas, minutes and forthcoming meetings.

Compliance with this principle is deemed as green

6. Significant Governance Issues

The Council received one limited assurance internal audit review in 2024-25, which related to the Council's procurement provision. The Audit highlighted that the Council's contract and procurement rules needed updating, that the Council needed to ensure adequate resources are in place, and document management needed improving. Following this the Council has updated its rules and policies in accordance with the legislative requirements, updated its constitution, provided training sessions to staff and strengthened the relationship with Procurement Lincolnshire. A further Audit of the Council's procurement processes was carried out in February 2025 resulting in a reasonable audit assurance opinion.

7. Governance Risks - Areas for Improvement during 2025-26 (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 2025-26 Annual Governance Statement process.

An action plan will be implemented to ensure activity takes place to monitor the following risks and monitor improvements required:

- 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.

- Local Government Reorganisation – continue to work with elected members, partner organisations and central government to ensure West Lindsey District Council is well prepared for future reorganisation.
- The Greater Lincolnshire Mayoral County Combined Authority – This organisation is still relatively new, holding its inaugural meeting in March 2025. Whilst the Council has ensured District Representation at this Authority through the District Joint Committee mechanisms, the Council needs to continue to work with members of the Combined Authority and the District Joint Committee to ensure the interests of West Lindey District Council and its residents are represented in these forums.

8. Approval of the Annual Governance Statement 2024-25

The council is satisfied that appropriate and effective governance arrangements have been in place for 2024-25.

Signed by:

Paul Burkinshaw
Chief Executive,
West Lindsey District Council

Date:
25/11/2025

Councillor Jackie Brockway
Leader,
West Lindsey District Council

Date:
25/11/2025

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West Lindsey DISTRICT COUNCIL