Hinckley & Bosworth
Borough Council

Draft Statement of Accounts & Annual Governance Statement

2025/2026

Table of Contents

Chief Executive's Message

A Message from the Chief Executive as Head of Paid Services

Overall, the council achieves much for its communities. There is extensive evidence of positive service delivery and partnership working aimed at improving the wellbeing of our communities and of economic growth locally. Global challenges around the wars in Ukraine and Middle East continue to have impacts on local communities and businesses and add to the fiscal pressures felt by national and local government. There continues to be further uncertainty and challenges linked to the government's plans for local government re- organisation (LGR) and the local government financial settlement.

Despite these challenges the Council continues to deliver in a way that was evidenced by a LGA Peer Review whose report was published in 2025, which concluded that the Council is *"an ambitious and forward-looking council focussed on economic growth. It is dedicated to serving its communities and actively leads on, promotes and supports major development projects to achieve this goal…. financial management and budget setting is clear and effective*".

The Council also continues to adapt to customer demands and the changing national context. Our priorities that form the basis for our continued delivery and improvement of services are embedded in our refreshed Corporate Plan under three clear themes:

People	Helping people to stay healthy, active and in employment
Places	Creating clean, sustainable and attractive places to live, visit and work in
Prosperity	Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills and supporting regeneration

Across 2025/26, the Council has operated within a well-established governance and delivery framework that supports effective decision-making, financial stewardship, risk management and performance oversight across all areas of activity. This framework ensures that corporate priorities are translated into delivery in a controlled and accountable way, with clear officer responsibilities, appropriate member oversight and regular monitoring of progress and risk. As a result, the Council has been able to maintain focus on improving outcomes for residents and communities while responding to changing demands, new legislative requirements and external funding conditions.

Priority workstreams have included improving the quality of existing homes, preventing homelessness, progressing work towards the adoption of a new Local Plan which provides the framework for future housing and commercial growth across the borough until 2045; improving planning performance; increasing recycling (including the introduction of weekly food waste collections); and delivering campaigns and enforcement activity across environmental and planning functions. Governance, risk management and performance monitoring arrangements remained embedded and effective, providing assurance that the Council's strategic objectives were being delivered in a controlled and accountable manner.

The Council continued to use customer insight to drive service improvement, within the Housing Revenue Account and its services Tenant Satisfaction Measures reported 80.1% overall satisfaction, 84.6% satisfaction with repairs and 89.4% satisfaction that homes are safe. The Council continues to embed compliance with the Consumer Standards across its housing services.

Delivery against the Council's Homelessness and Rough Sleeper Strategy 2022–2025 continued throughout the year, with sustained focus on homelessness prevention, preventing and ending rough sleeping, increasing the supply and suitability of accommodation, reducing reliance on temporary accommodation, and strengthening partnership working. The Council also continued to support the Homes for Ukraine scheme, including accommodation provision, safeguarding and wider integration support. To support these objectives, the Council progressed a investment programme of property acquisitions during the year, aiming to secure 20 additional homes to provide higher-quality, self-contained accommodation and reduce reliance on unsuitable nightly-paid provision, improving outcomes for households experiencing homelessness.

The Council also advanced work on its Local Plan during the year, completing a further Regulation 18 consultation on the emerging Local Plan (2024–2045), supported by an expanded evidence base, and advancing work towards a Regulation 19 pre-submission plan. Alongside this plan-making activity, the Council continued to maintain effective Development Management performance, determining 1,136 planning applications during 2025/26, demonstrating continued operational delivery alongside strategic policy development.

Our Streetscene and Environmental services continued to perform well within the context of national and local policy, and against the Leicestershire Resources and Waste Strategy 2022–2025. This included reducing waste to landfill, promoting waste reduction, reuse and recycling, and the successful introduction of a new weekly food waste collection service, funded by Government. Statutory Environmental Health functions were delivered using a proportionate, risk-based approach, while emergency preparedness and organisational resilience continued to be embedded through effective partnership working.

Our environmental and climate responsibilities were strengthened through delivery of the Biodiversity Duty under the Environment Act 2021, including publication of our Biodiversity Duty Report, integration of biodiversity net gain into emerging planning policy, and the ongoing management and enhancement of countryside assets such as Burbage Common and Woods.
To support our local economy and rural communities we have invested £0.971m UK Shared Prosperity Funds and Rural England Prosperity Funds in 2025/26. Despite reduced allocations and this being the final year of the programme, the Council successfully delivered in 20 UKSPF projects and 10 REPF capital schemes.

Chief Executive's Message

The £1.5m 1485 Bosworth Sculpture Trail was formally opened in summer 2025 and work has advanced on the £25m Global Conservation Centre at Twycross Zoo, following a successful funding bid by the Council.

We have continued to support rural and community-led programmes through the Parish and Hinckley Community Initiative Fund and the Community Equipment Grant. During 2025/26, 14 community initiative schemes were supported with £82,990, alongside the allocation of £24,934 from the Community Equipment Grant to parish councils and voluntary organisations. Funded projects delivered tangible improvements to local facilities and infrastructure, including play areas, footpaths, village halls, sports and recreation facilities, safety equipment and environmental enhancements. Robust assessment and decision-making processes ensured transparency, value for money and alignment with Council priorities.

The Council also delivered and supported a comprehensive programme of free public cultural events throughout 2025/26, including established borough-wide events such as Proms in the Park, Feast Hinckley, Snap Dragon, Armed Forces Day, Remembrance events, contributing to footfall and vitality and worked effectively with the Hinckley Bid.

Key evidence led health and well-being prevention programmes for our residents were delivered in association with local health partners. Activities included support for mental health, cost of living, housing, carers and enhancing services for people with learning difficulties and SEND. A new £24.5m Diagnostic Centre was secured in Hinckley for the benefit of the borough's residents.

Community safety activity continued through delivery of the Community Safety Strategy 2023–2026, working collaboratively with partners to protect and support people, reduce offending and re-offending, and prevent serious violence. The work is monitored on a quarterly basis by the statutory Community Safety Partnership and its Executive Board. An annual report was considered by the joint Community Safety Partnership Overview and Scrutiny Committee.

The Council continued its strong partnership working and support for the voluntary community sector (VCS). Our established VCS continued to yield positive results with increases in the number of VCS organisations within the network growing to 245+ organisations. The Borough Council allocated £70K funding in 2025/26 which directly supported the work of the borough's VCS organisations. The funding is distributed via the VCS Commissioning Board for transparency and to ensure that funded projects meet the priorities set by the council. Annual reports on outcomes show tangible results and are reported to the councils Scrutiny Commission on an annual basis.

We continued to see significant inward investment with multi-million-pound schemes delivered at Mira Technology Park including a new manufacturing facility for Warwickshire Acoustics and the American company 3M.

As we look forward into 2026/27, the economic outlook continues to remain very uncertain, as the economy emerges from the global shocks of the Pandemic, Russian invasion of Ukraine, the Israeli and Iran wars and global tariff wars. This combined with the current national political landscape is creating uncertainty in financial markets with the potential of a period of recession. However, there are still plans locally for significant inward business investment to take place. This is illustrated by the continuing growth, the success of MIRA Tech Park and Hinckley Business Park including the development of a new Tesco Distribution Centre in a massive 491,926 sq. ft facility at the site. The Council has also adopted an Investment Strategy and Economic Strategy to support local economic growth.

We continue to adapt and transform by becoming more pro-active in prevention linked to reducing demand on ours and other agencies' services: such as the police, the NHS and social care.

This Council will continue to develop its innovative approaches to dealing with demand, guided by its Prevention Strategy and complementary strategies such as its Digital Strategy, Economic Strategy, Health and Wellbeing Strategy and Climate Change and Biodiversity Strategy. The continued development and delivery of integrated approaches to addressing increasingly complex customer and community demands via ground-breaking initiatives, such as the Endeavour (Community Safety Partnership programme), the Lightbulb project (housing contribution to health offer) and VCS programme (Volunteer and Community Services infrastructure), will also play their part.

The Council will continue to play a proactive part in developing the implementation plans for new unitary council proposals for Leicestershire, following the government's decision on its preferred unitary model expected in July. It will in the meantime continue to explore effective ways of generating income and using money where it is needed to invest in all our communities; by generating new ways of self-financing; seeking commercial investment opportunities locally; and by having a greater say in government and sub-regional partnerships, and all this whilst improving the efficiency of our services so valued by our local communities. Our updated Corporate Plan and leadership role in LGR will be central to how Hinckley and Bosworth Borough Council move forward in all these areas and help shape the council's integration into a new unitary council.

Bill Cullen
Chief Executive

Narrative report

Welcome to Hinckley & Bosworth Borough Council's Statement of Accounts for the year ended 31 March 2026. These accounts set out the Council's financial position for 2025/26. This Narrative Report explains the main issues that affected the Council during the year and provides context for the Financial Statements that follow.

The Narrative Report also helps readers understand the Council's financial and non-financial performance. It is structured around the following sections:

- An Introduction to Hinckley & Bosworth Borough Council
- The 2025/26 Revenue Budget Process
- Financial Performance of the Council 2025/26
- Capital Strategy and Capital Programme
- Non-Financial Performance of the Council
- Corporate Risks

This is followed by an explanation of the Financial Statements, including significant transactions during 2025/26.

An Introduction to Hinckley & Bosworth Borough Council

The Borough of Hinckley and Bosworth has a population of approximately 117,000 and covers around 297 square kilometres in south-west Leicestershire. It stretches from the edge of Leicester in the east to the Warwickshire border in the west. The main urban area includes Hinckley, Barwell, Earl Shilton and Burbage, where around 60% of residents live. The borough is largely rural outside these settlements. Health outcomes are generally better than the England average, although there remain differences between the most and least deprived areas of the borough.

Hinckley & Bosworth (population in thousands)	Male	Female	Persons
Population - 2024	58	59	117
Projected Population - 2025	58	59	117

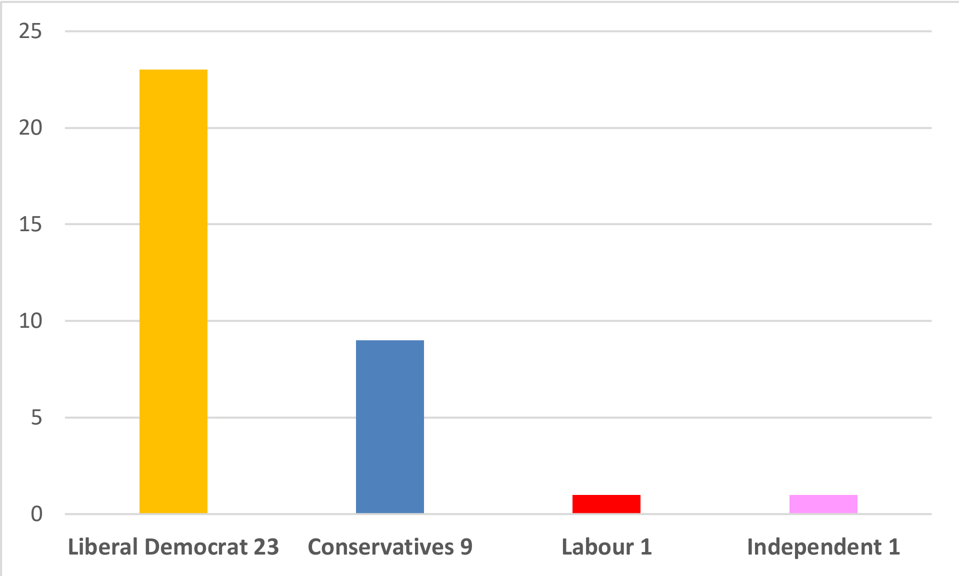
England (population in thousands)	Male	Female	Persons
Population - 2024	28,724	29,896	58,620
Projected Population - 2025	28,724	29,896	58,620

The borough has a strong manufacturing heritage, including hosiery, textiles, boot and shoe production. Today, its economy includes automotive engineering and advanced manufacturing, with key employers such as HORIBA MIRA, Triumph Motorcycles and Caterpillar. Cadent also has a base in Hinckley, and the borough continues to support a growing logistics and distribution sector, including major companies such as Neovia, Syncreon and DPD.

The Council is composed of 34 Councillors elected every four years. Councillors are democratically accountable to residents of their ward.

All Councillors meet together as Council. Council sets the overall policy framework and budget each year. Decisions that fall outside the approved budget or policy framework must be referred to Council. Other matters reserved to Council include adopting and amending the Constitution, approving the policy framework, appointing the Leader of Council, electing the Mayor and Deputy Mayor, and retaining overall responsibility for regulatory functions.

At the election in May 2019 the Liberal Democrats gained political control in this borough. Councillor Stuart Bray is Leader of the council. The composition of this council as at the 31st March 2026 is:



The Executive carries out all of the local authority's functions which are not the responsibility of any other part of the local authority, whether by law or under the constitution, acting as the council's Executive. The Executive consists of the Leader of Council together with six other councillors appointed by the Leader.

Many of the functions which are the direct responsibility of Council rather than the Executive are administered by committees or panels made up from a subset of members. The committees and panels are:

- Audit Committee
- Ethical Governance and Personnel Committee
- Hinckley Area Committee
- Licensing (Regulatory) Committee
- Licensing Committee
- Planning Committee
- Statutory Officer Employment Panel

The Council also appoints the Scrutiny Commission and the Finance & Performance Committee to discharge functions conferred by the Local Government Act 2000. Committees of the overview & scrutiny function have the aim of improving services to the public and on their behalf by looking at internal and external issues and organisations and providing a ‘critical friend’ role to the Executive.

Hinckley & Bosworth Borough Council’s vision is to be a place of opportunity. The Corporate Plan 2024 to 2028 sets out how the Council will help create great places to live, work and relax; support places to shop, visit and enjoy; help communities stay safe, healthy and active; and encourage investment that improves local job opportunities.

The plan explains how the Council intends to provide the right opportunities and services in the best way for everyone who lives and works in the borough. It does not cover everything the Council does, but it sets out the priorities, goals and ambitions for the four-year period. These priorities are informed by what residents have told us matters most to them. Service Improvement Plans are used to turn these priorities into action.

We have brought those priorities together under three clear headings:

- People: Helping people to stay healthy, active, in work and protected from harm
- Places: Creating clean, sustainable and attractive places to live and work
- Prosperity: Encouraging sustainable economic and housing growth, attracting businesses, improving skills and supporting regeneration

Further details of a corporate plan can be found on our website.

Corporate Operations

The Council's senior management structure is shown below. It is organised by directorate.

Chief Executive
(Head of Paid Services)
Bill Cullen

Deputy Chief Executive (Transformation and People Services)
Sharon Stacey

Assistant Director Planning and Regeneration
Maddy Shellard

Director (Resources, Audit and Monitoring Officer)
Julie Kenny

The Strategic Leadership Team is responsible for delivering the Council's strategic goals, as agreed by members.

The number of Council employees and elected members for 2025/26 and prior year are as follows:

	31 March 2026	31 March 2025
Council Employees	488	468
Elected Members	34	34
Total Staff	**522**	**502**

The Council's democratic governance arrangements are set out in the Constitution and summarised in the Annual Governance Statement. The Constitution explains the role of Council, Executive and scrutiny, as well as the functions and membership of committees and panels. The full Constitution is available on the Council's website.

The Council sets a target for sickness absence on an annual basis for all staff. Outturn against this target for 2025/26 and the previous year was as follows:

Target	Target Days	Outturn 2025/26 Days	Outturn 2024/25 Days
Working Days Lost due to Sickness Absence	10	10.8	10.45

High sickness absence can affect service delivery and increase costs. Effective attendance management helps keep these costs under control, supports service improvement and protects workforce capacity. Sickness absence in 2025/26 was above the target of 10 days, with a final outturn of 10.8 days. This was slightly higher than the previous year's outturn of 10.45 days. The Chief Executive holds regular attendance management meetings with Chief Officers to understand the reasons for higher levels of sickness and to agree appropriate action.

The 2025/26 Revenue Budget Process

Each year the Council reviews its spending to identify efficiencies and make sure it can continue to provide services to residents. The 2025/26 revenue budget was prepared against a challenging financial backdrop, while continuing to support the Council's priorities. The General Fund revenue budget was linked to the Council's strategic and service objectives. Alongside the revenue budget, the Council also reviewed capital priorities through the Capital Programme.

As part of the Council's ongoing focus on efficiency, a 0% inflation increase was applied to non-contract supplies and services budgets. This means services were expected to manage cost increases within existing budgets wherever possible.

Staffing is the largest part of the revenue budget. The Council continues to challenge recruitment and the filling of vacant posts. A salary saving target of 5% was applied to both the General Fund and the Housing Revenue Account to reflect the savings expected from this approach.

In 2025/26 service expenditure has increased to £17m from £15.8m. This is an increase of £1.2m. The large movements are summarised below. Other movements are summarised in table 2 below.

- Reduction in LLEP pooled Distribution income £600,000
- Budgeted reduction in Enterprise Zone Agreement Income £376,000
- Reduction in ICT Partnership costs due to changes (£460,000)
- Reduction in ICT Partnership income £460,000
- Net Income from Extended Producer Responsibility £1,083m

After allowing for net contributions from reserves of £0.483m there will be transfer of £0.315m will be transferred to balances. This results in an overall transfer from reserves and balances of £0.168m.

Major variations are detailed below.

Table 2: Major variations over £40,000	Expenditure /Pressures £000s	Income/ Savings £000s	Total
Homelessness Additional Funding	0	(175)	(175)
Additional Trade Waste income	0	(70)	(70)
Reprofile of Local Plan	86	0	86
Building Control Partnership - Additional contribution	74	0	74
Waste Management Additional agency costs arising from minimum wage increases	57	0	57
Additional income from statutory changes in minor applications	0	(80)	(80)
Additional Microsoft License costs	47	0	47
Inflation on costs and fee income	143	(88)	55
Estimated Impact of National Insurance Funding	0	(127)	(127)
Garden Waste income	0	(127)	(127)
Building Safety funding and costs	130	(130)	0
Local Government Review	50	0	50
Other Movement less than £40k	194	(152)	42
Total	**781**	**(949)**	**(168)**

Service and Contractual changes 2025/26	£000s
Additional Pay pressures	535
Additional Cost of fleet (already approved)	175
Part Year impact of Food Waste Service	124
New Operation Site Unit E	237
Part year impact of Extra Waste Round	139
Additional one off Enforcement Costs	90
Leisure Centre Management Fee and Utility clause	(26)
Delay in NHS Hub move	87
Total	**1,361**

Reserves

The Council has the following policies relating to levels of balances and reserves:

- Maintain general balances (non earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement over the life of the Medium Term Financial Strategy (MTFS).
- Any notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs Client account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account

Financial Performance of the Council 2025/26

This section summarises the Council's financial performance for 2025/26.

The 2025/26 outturn compares actual spending and income with the budget approved and updated during the year. The Council monitored financial performance throughout the year and reported the position to senior officers and members. A revised budget position prepared in February 2026 showing total service expenditure of £18.206m. The main variations from budget are summarised below.

For the 2025/26 estimated outturn, the estimated net service expenditure is higher at £1.2m compared to the original budget.

The major variations are summarised below

- £1.180m Carry forward of expenditure from prior year agreed at Council in September 2025
- £0.700m Net additional Temporary Accommodation Costs additional in year budget approvals
- (£0.250m) Net additional planning income
- (£0.250m) Additional Trade Waste income and Fuel Savings
- (£0.337m) Additional Extended Producer Responsibility packing income set aside to fund recycling costs
- £0.211m Net salary pressure from pay awards
- £0.265m Additional agency costs (Primarily Legal)
- (£0.129m) Tara House and appeals cost savings

The draft out turn shows a net position of £16.99m

	(Under)/ Overspend
	£m
Service underspends to carried forward	(1,138)
Net additional Benefits Subsidy	(360)
Element of LLEP funding reflected in the Balance Sheet	499
Recycling savings	(207)
Waste management savings	(265)
Additional Audit costs	220
NI grant support allowed for in settlement	127
Total Major Service Variations	**(1,124)**

A summary position to 31st March 2026 is set out below:

	Original Estimate 2025/26	Revised Estimate 2025/26	Draft Outturn 2025/26
	£	£	£
Corporate, Support & Street Scenes Services	8,940,179	8,907,942	8,453,128
Community Services & Development Services	8,072,614	9,366,807	8,375,000
TOTAL SERVICE EXPENDITURE	**17,012,793**	**18,274,749**	**16,828,128**
Less Special Expenses - Hinckley			
Urban Parks	619,661	627,661	606,403
Cemeteries	202,259	202,259	209,568
Contribution towards Car parking	33,100	33,100	33,100
Proms in the Park	11,220	11,220	12,755
Hinckley Town Centre Christmas Lights	2,000	2,000	2,000
Hinckley West Neighbourhood Watch	6,000	6,000	6,000
	874,240	**882,240**	**869,826**
Special Expenses brought down	(874,240)	(882,240)	(869,826)
Capital Accounting Adjustment	(823,853)	(823,853)	(1,114,332)
External Interest Paid /(Received)	633,104	383,104	419,464
flexi pay	0	0	(2,667)
IAS 19 Adjustment	(1,610,720)	(1,540,720)	(1,620,715)
Transfer (from) Unapplied grants	(27,840)	(1,065,904)	(774,692)
Transfer to Unapplied grants	0	0	0
Carry forwards from prior year	0	(141,998)	(141,998)
Carry forward to 2026/27	0	0	698,400
Transfer to Reserves	260,000	260,000	1,215,355
Use of Reserves	(743,292)	(743,292)	(655,857)
Transfer (from) / to General Balances	314,921	421,027	426,893
HBBC Budget Requirement	**14,140,873**	**14,140,873**	**14,408,153**

Capital Strategy and Capital Programme 2025/26 to 2027/28

The Capital Programme is prepared each year and covers the current year and future years. It supports the Corporate Plan and MediumTerm Financial Strategy by making sure capital resources are directed towards agreed priorities and used effectively.

The General Fund programme focuses on priority projects that support economic regeneration and improve facilities for residents and council taxpayers. These include:

- Rural Community assistance through the Developing Community Funds and the Parish and Communities Fund
- The Green spaces delivery plan
- UK Shared Prosperity Schemes
- Upgrade of Councils Operational Depots

The overall Capital Programme approved by Council in February 2026 for 2025/26 – 2027/28 is given below.

	2025/26 £000's	2026/27 £000's	2027/28 £000's	Total
Expenditure	**26,025**	**27,984**	**14,355**	**68,364**
Financed from:				
Reserve	6,554	7,160	5,839	19,553
Capital Receipts	4,320	1,007	1,057	6,384
Borrowing	11,733	16,846	5,965	34,544
Grant income	3,418	2,971	1,494	7,883
Total financing	**26,025**	**27,984**	**14,355**	**68,364**

Proposed Capital Programme - Housing Revenue Account

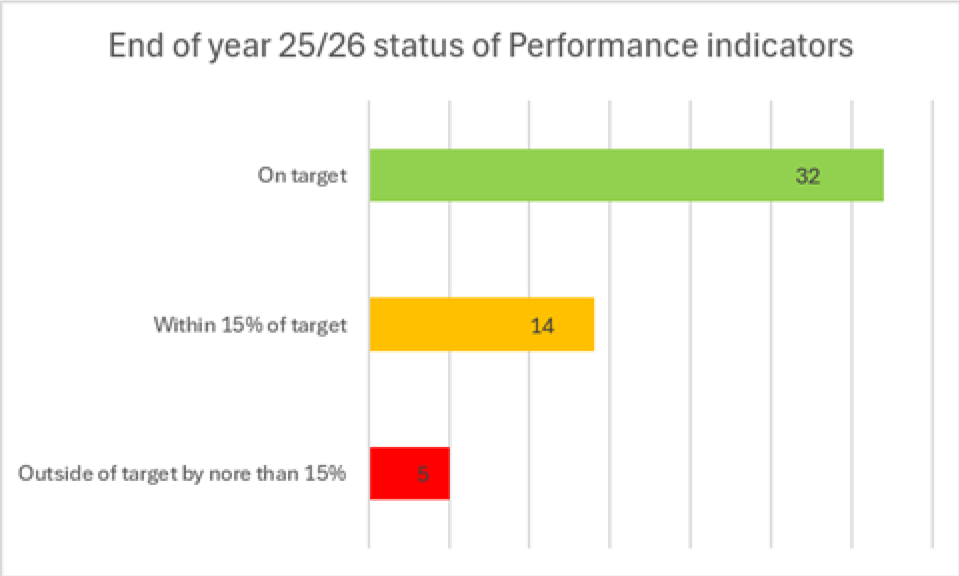
The HRA Programme reflects the main investment priorities included in the Housing Revenue Account Investment Plan.

These were:

- Ongoing investment to existing stock
- Service improvements
- Affordable Housing Delivery

Non-Financial Performance of the Council 2025/26

The Council uses plans and strategies to plan, manage and monitor delivery. At corporate level, this is supported by the Corporate Planning Framework. Service Improvement Plans show how each service contributes to the Council's priorities over a three-year period. These plans are refreshed each year and progress is monitored through the performance management system. Performance reports are prepared for service managers, team briefings and boards, and are reported quarterly to the Finance and Performance Committee. Staff performance is monitored through annual performance development assessments and mid-year reviews. Action plans are put in place where performance indicators have not been met.



There have been no changes in the statutory functions of the Council in year.

Future Challenges and Opportunities

The narrative below sets out some of the more significant recent developments and changes to local government finance that have or may have an impact on the financial position of the Council:

Local Government Reorganisation: The English Devolution White Paper, published on 16 December 2024, set out the Government's approach to devolution and local government reorganisation. It made clear that councils in two-tier areas, together with neighbouring small unitary authorities, would be expected to bring forward proposals for new unitary structures as part of a wider programme of reform.

On 5 February 2025, the Ministry of Housing, Communities and Local Government issued a statutory invitation to councils in Leicester, Leicestershire, and Rutland to develop proposals for unitary local government. Councils were invited to submit interim plans by 21 March 2025 and final proposals by 28 November 2025, in accordance with the criteria and guidance issued by Government.

In March 2025, three interim proposals for local government reorganisation in Leicester, Leicestershire and Rutland were submitted to Government. These comprised:

- a proposal submitted by Leicestershire County Council;
- the North, City and South proposal developed by Rutland County Council and the seven Leicestershire district and borough councils; and
- a proposal submitted by Leicester City Council.

Final proposals were submitted to Government on 28 November 2025. The Government then commenced consultation on 5 February 2026 on the future structure of local government in Leicester, Leicestershire, and Rutland. The consultation closed on 26 March 2026 and sought views on the three proposals submitted.

The current published timetable is set out below

Interim plans submitted to Government	March 2025
Government feedback on interim plans	June 2025
LGR full plan submission deadline	November 2025
Government consultation on proposed change	February to 26 March 2026
Government decision	Summer 2026
Elections to shadow authorities	April/May 2027
Development of new councils	2027 to 2028
Vesting day for new authorities	April 2028

Should local government reorganisation proceed in accordance with the published timetable, the latest published timetable, new councils would be expected to commence from 1 April 2028, referred to as the vesting day. Hinckley and Bosworth Borough Council would cease to operate as a separate authority from April 2028, with its functions transferring to a new unitary council. Pending the implementation of any such changes, the Borough Council will continue to delivery services as normal.

Business rates: Under the current Business Rates Retention system, local authorities retain a share of business rates growth above a centrally set baseline, after tariffs and levies. The Government's planned review and reset of the system remains a significant financial risk. The MTFS agreed in February 2026 included a potential need for new income or savings of £0.2m in 2027/28, but even without these savings the council would still be able to fully cover its costs. The position may change as national consultation and settlement announcements progress.

Once more details are known following a consultation period with central government our outlook and forecasting basis will be updated as required.

Council tax: The Council can vary council tax each year but increases above the Government's referendum threshold would require local approval. For 2025/26, the Council set a £5 increase for a Band D property. For 2026/27, it set an increase of £4.15.

New Homes Bonus: New Homes Bonus is a grant paid to councils that increase housing supply. The Council received £526,141 in 2025/26. The local government finance settlement removed this funding for 2026/27, and the MTFS assumes that no further New Homes Bonus will be received.

Other government funding: The local government finance settlement for 2025/26 confirmed government support to the Council of Funding Floor Grant of £240,434 and a Revenue Support Grant (RSG) of £241,604.

In 2026/27 there have been some fundamental changes to Government funding. As part of the changes RSG was increased from £241,604 to £6,063,977, but business rates growth of approximately £4.7m was removed, and food waste costs of about £1.4m were introduced. Other grants such as the funding floor were removed as well as the support for increased employer national insurance of £127,201.

Inflation pressures: Higher inflation has continued to put pressure on the Council and its partners. Global uncertainty, including conflicts in Ukraine and Gaza, and wider supply chain pressures have affected costs across a number of service areas. Costs have shown signs of stabilising, but at higher levels than in previous years.

Levelling Up: The Council was successful in round one of the Levelling Up Fund and was awarded £17.9m to support investment with Twycross Zoo. The funding supports the development of a Natural Science and Conservation Centre, which is expected to contribute to the local and regional economy and support tourism. Preparatory work took place during 2024/25, with completion expected in 2026/27.

UK Shared Prosperity Fund: The UK Shared Prosperity Fund supports local priorities across the country. The Council received £2,600,011 for the period 2022/23 to 2024/25. For 2025/26, HBBC's allocation is £850,584, made up of £157,045 capital funding and £693,539 revenue funding. The funding will continue to support projects linked to Council priorities.

Funding (£)	2022-23	2023-24	2024-25	2025-26	Total
UKSPF Allocation	315,535	631,071	1,653,405	850,584	3,450,595

Biodiversity and Climate change action: The Council has undertaken various works in the last few years contributing to its ambition of becoming carbon neutral in its internal operations and within the services it delivers by 2030. These include moving to electric vehicles for some of our light fleet, and investments in our housing stock to reduce CO2 emissions. The Council has done well in attracting funding to address specific climate change issues, which has been included in the MTFS where HBBC is the sole beneficiary.

Corporate plan and Council Priorities

The Financial Statements show that the Council spent just over £62m delivering services in 2025/26. These services cover a wide range of activities, from tackling anti-social behaviour to planning and housing. The main areas of spending were staff costs of £20.3m and other service costs of £29.3m. This was mainly funded by fees, charges and other service income of £26.7m, government grants of £25.5m, and council tax and business rates of £12.2m.

This funding supports the wide range of services expected from the Council and helps deliver the Corporate Plan priorities of People, Places and Prosperity.

People:

CORPORATE PLAN AIMS:
- Enable and inspire older people to make the most of later life
- Maximise people's potential through employment and skills support
- Help people to stay healthy, be active and feel well
- Recognise diversity and celebrate what unites us
- Ensure that vulnerable residents are supported and the capacity of the local voluntary sector is sustained and developed
- Take measures to reduce crime and antisocial behaviour and protect people from harm
- Give children and young people the best start in life and offer them the opportunity to thrive in their communities

Places

CORPORATE PLAN AIMS:
- Keep our borough clean, green and safe
- Keep our town centres vibrant and viable
- Protect and improve our parks and open spaces for everyone across the borough
- Improve the quality of existing homes and enable the delivery of affordable housing
- Inspire standards of urban design that create attractive places to live
- Support and celebrate our cultural, tourism and heritage facilities and events for the benefit of residents and businesses alike
- Reduce our impact on the environment by working with partners towards delivering our Climate Change Strategy

Prosperity

CORPORATE PLAN AIMS:
- Boost economic growth and regeneration by encouraging investment that will provide new jobs and places to live and work all over the borough
- Support the regeneration of our town centres and villages
- Support our rural communities
- Work with partners to raise aspirations and boost opportunities for training, employment and housing
- Support tourism partners in promoting local attractions and growing local visitor economy
- Ensure businesses are supported to safeguard and maintain local employment opportunities
- Provide direct investment in economic opportunities where opportunities arise and subject to the business case

Further details of the Council's achievements are available on the Council's website. Examples of achievements, amongst many other, include:

People achievements

- Improved council homes by completing decarbonisation work at Armada Court and Centurion Court. All council homes now meet the Decent Homes Standard, 71% have reached EPC Band C, and 31 homes have been bought for council housing.
- Helped people at risk of homelessness by supporting 1,381 cases and successfully closing 280 of them. The council also bought 20 new temporary accommodation properties and introduced new homelessness prevention and domestic abuse policies.

- Provided important cost-of-living support. Benefits were processed faster than the national average, over £11m of Housing Benefit subsidy was claimed on time, 1,506 residents were supported by the Welfare Support Service, and 67 Warm Welcome venues were promoted.
- Expanded health, wellbeing and physical activity programmes. This included 830 Active HB referrals, more than 895,000 visits to Hinckley Leisure Centre, falls prevention work, ESCAPE Pain programmes, and inclusive sports sessions.
- Improved community safety and support for voluntary groups. This included a new Community Safety Strategy, work with 5,999 young people, action on 533 safeguarding reports, and growth of the VCS Partnership network to 267 organisations.

Places achievements

- Made progress on the new Local Plan. The second Regulation 18 consultation received over 800 responses, and the plan is now moving towards Regulation 19 consultation in summer 2026.
- Improved parks, green spaces and biodiversity. This included adopting a new open space strategy, investing in parks and play areas, carrying out biodiversity net gain work at Burbage Common, and giving out over 110,000 free trees.
- Helped stop unsuitable development. This included the rejection of the Hinckley National Rail Freight Interchange proposal and the dismissal of key planning appeals.
- Made neighbourhoods cleaner and greener through litter and fly-tipping campaigns. The council took 301 fly-tipping enforcement actions, issued 23 fixed penalties, and delivered the new food waste service on time and within budget.
- Reduced carbon emissions and supported climate action. Over 90% of the vehicle fleet now runs on HVO, carbon emissions fell by 858 tonnes in 2025, and support was provided for EV charging, carbon reduction and biodiversity projects.

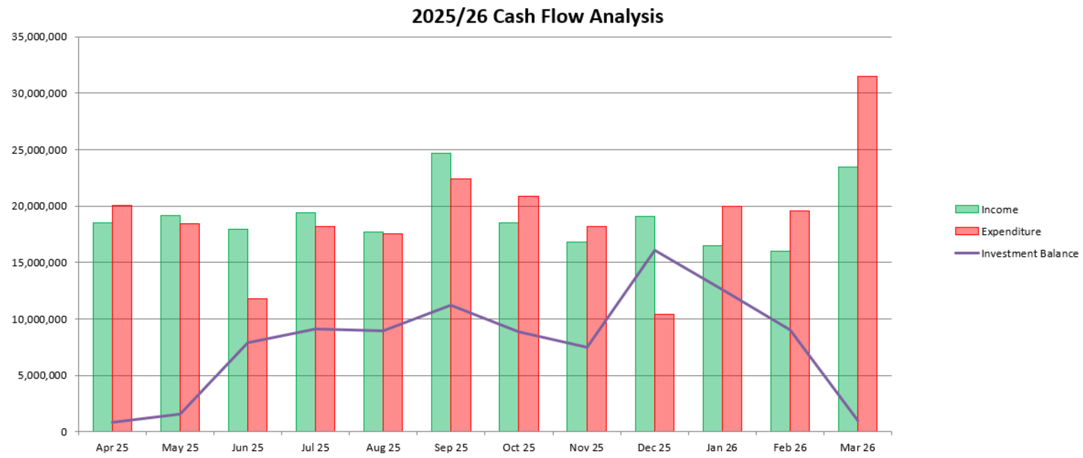
Prosperity achievements

- Delivered major external funding programmes. This included £850,584 of UKSPF funding for 20 projects and £120,261 of REPF capital funding for 10 projects, with both programmes fully spent by 31 March 2026.
- Supported town centres and the visitor economy. More than 24 key events were delivered, bringing in over 50,000 extra visitors. The council also promoted the 1485 Bosworth Sculpture Trail and continued work on the tourism strategy.
- Supported local businesses through networking events, monthly economic regeneration updates, employer engagement, and advice on business support, reliefs and funding opportunities.
- Made progress on major regeneration and investment projects. This included continued support for the MIRA Enterprise Zone expansion, progress on the Twycross National Science and Conservation Centre, and completion of the Bosworth 1485 Sculpture Trail on time and within budget.
- Improved town centre and public spaces. This included replacing 22 benches, removing over 100 bollards, providing shop front improvement grants to 15 businesses, and delivering the Market Bosworth public realm and transport improvement scheme.

Basis of Preparation and Presentation of the Accounts (Going Concern)

The Statement of Accounts 2025/26 has been prepared on a going concern basis. This means the Council considers that it has enough resources to continue operating for the foreseeable future. The Council has an established financial planning process, including the Medium Term Financial Strategy, and the Chief Finance Officer reviews the adequacy of reserves and balances. Known risks to the Council's ability to continue as a going concern are managed through financial monitoring, reserve planning and savings or income plans where needed.

The Council ended the year with a positive cash position and had no significant cash flow issues during 2025/26. Cash flow is forecast to remain positive during 2026/27.



Corporate Risks (Covering future opportunities along with key risks)

The Council has an established process for managing risk and supporting delivery of its objectives. Risk management is built into business planning, and risks are reviewed during the year by the Strategic Leadership Team and members through the Finance and Performance Scrutiny Panel.
The Corporate Risk Register is reviewed each year and updated during the year where needed. It supports delivery of the Corporate Plan. Key corporate risks include:

- Changes to the Council's financial resilience due to uncertainty and matters outside of the Council's control such as the future level of Government support mean that the Council cannot set a legal budget
- Devolution and Local Government Reorganisation and its impact on the Council and its services
- Business Continuity Management arrangements
- Workforce capacity
- Climate Emergency and delivery of key targets
- Increased homelessness presentations and temporary accommodation requirements
- Delivery of the Local Plan

Annual Governance Statement

The Annual Governance Statement explains how the Council manages governance and risk. It identifies future risks and challenges, and the actions needed to manage them to a reasonable level. No significant governance issues were identified for inclusion in 2025/26.

Material Changes

Any material items impacting on the Comprehensive Income and Expenditure Statement or Balance Sheet are separately disclosed to ensure transparency.

Accounting Policies

The Council's Accounting Policies are included in the Statement of Accounts.

Accounting policies explain the principles, rules and methods the Council uses when preparing the financial statements. They help readers understand how the figures in the accounts have been prepared.

The Council reviews its accounting policies each year and updates them for any changes in the Code. There have been no significant changes to the accounting policies for 2025/26.

Revenue Reserves

Revenue reserves and revenue balances as at 31st March were as follows:

	2026 £000's	**2025 £000's**
Earmarked Balances Reserves	6,985	5,082
Unapplied Grant and Contributions	1,720	2,300
General Fund Balances	2,269	1,914
Housing Repairs Account	25	14
Housing Revenue Account	1,368	1,232
Total	**12,367**	**10,542**

The Council holds the following policies in respect of fund balances:

- General Fund balances should be held at a minimum of 15% of the General Fund net budget requirement to meet the costs of any unforeseen events.
- Housing Revenue Account balances should be held at a minimum of £250 per property to ensure sufficient balances are maintained for central repairs.

Pension Costs

The accounting policy in respect of pension costs is in accordance with International Accounting Standard 19 (IAS 19) and reflects the Council's commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

IAS 19 requires Council's to see beyond their commitment to pay contributions to the pension fund and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Council's financial position. A net pension asset indicates that a Council has effectively overpaid contributions relative to the future benefits earned to date by its employees. A net liability shows an effective underpayment.

The assets held by the pension scheme are valued on a regular basis by independent actuaries at fair value and in accordance with the requirements of IAS 19.

Hymans Robertson has undertaken pension expense calculations in accordance with IAS 19 in respect of the Local Government Pension Scheme (the LGPS) administered by Leicestershire County Council. A full triennial valuation of the scheme was conducted as at 31st March 2025.

Note 36 discloses a net pension liability of £14.800 million for the Council as at 31st March 2026 compared to £8.327 million at the March 2025. Under legislation the Council is required to charge to revenue each year the value of contributions payable to the LGPS administrator rather than the cost of service calculated by IAS 19. This is done by creating a Pensions Reserve that offsets the liability but is not usable other than to balance out the liability.

The significance of the movement during the year is the difference between the expected and actual return on pension scheme assets. The difference arises because events have not coincided with actuarial assumptions or that the actuarial assumptions have changed.

The accounting entries for IAS 19 have no impact on the General Fund and therefore Council Tax.

Capital Expenditure and Disposals

Capital expenditure on Property, Plant and Equipment in 2025/26 was £25.747 million. Additional expenditure of £1.440 million was incurred on Revenue Expenditure Funded from Capital Under Statute (REFCUS).

The Council disposed of assets dwellings worth £3.526 million in the year.

External Borrowing

As at 31st March 2026 the Council had total long term borrowing of £77.508 million which consisted of borrowing from the Public Works Loan Board (PWLB). The Council is currently able to raise finance using the following approved borrowing instruments and funding is acquired after comparing the various rates available to ascertain the cheapest source and the most appropriate period:

- PWLB Loans;
- Market Long-Term Loans;
- Market Temporary Loans;
- Bank Overdraft;
- Internal Funding; and
- Operational Leasing.

The Council manages its treasury management activities through the adoption of a Treasury Management Strategy and Prudential Indicators, both of which are monitored on a quarterly basis by the Finance and Performance Committee. The main elements of these documents are reflected in Note 37.

In 2025/26 the Council complied with all the relevant statutory and regulatory requirements which require the identification and, where possible, quantification of the levels of risk associated with treasury management activities. In particular the Council’s adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that capital expenditure is prudent, affordable and sustainable, and treasury practices demonstrate a low risk approach.

Provisions, Contingencies and Write Offs

The Balance Sheet contains provisions of £0.801 million as at 31st March 2026. Provisions have been disclosed in 2025/26 to provide for costs of planning appeal cases that are likely to require settlement in 2026/27.

Under Business Rates Retention guidelines, the Council is required to make provisions for refunding ratepayers, who have appealed against the rateable value of their property on the rating list and may be successful. A provision of £0.701 million has been estimated for this Council for 2025/26.

Where a liability is possible (but not likely) or the cost cannot be reliably estimated, a contingent liability is disclosed. Note 38 contains details of one contingent liability to acknowledge that further business rates appeals may be lodged in 2025/26 relating to rateable values previously decided. In order to ensure completeness of these disclosures, a formal review of provisions and contingencies is conducted annually by both the Strategic Leadership Team.

Write offs are processed by the Council on key income streams in line with the Debt Recovery Policy and also the Financial Procedure Rules. Total write offs for the 2025/26 year are summarised below. There were no single material write offs processed in year and all arose in the course of standard Council operations.

	2025/26 £000's	**2024/25 £000's**
General Fund Write Offs	46	16
Housing Revenue Account Write Offs (including rents)	16	172
Collection Fund Write Offs	81	321
Total Write Offs	**143**	**509**

Resources Available to Support Future Capital Expenditure

As at 31st March the Borough Council had the following reserves available to meet future capital expenditure:

	2026 £000's	**2025 £000's**
Unapplied Grants and Contributions	508	816
Usable Capital Receipts Reserve	8,351	8,998
Earmarked Revenue Reserve for Future Capital Projects	3,761	4,833
Total available resources	**12,620**	**14,647**

The Council's Capital Programme is reviewed annually, and new estimates are approved at the same time as the revenue budget. The current General Fund Capital Programme and funding implications are detailed below. The programme is financed using a mix of funding streams.

	2025/26 £000's	2026/27 £000's	2027/28 £000's
Corporate Support & Street Scene	8,686	7,854	723
Community & Development Services	1,628	2,115	1,225
Expenditure Total	**10,314**	**9,969**	**1,948**
General Financing			
Capital Receipts	70	107	157
Borrowing	7,168	7,205	600
Contribution from reserves	100	100	100
Grants	2,976	2,557	1,091
Financing Total	**10,314**	**9,969**	**1,948**

Housing Revenue Account

The financial statements of the Housing Revenue Account appear as an additional financial statement. The Housing Revenue Account shows the economic costs in the year of providing landlords, housing services. In 2025/26, the Housing Revenue Account had a surplus of £0.138 million compared with a surplus of £0.367 million in 2024/25. This position reflects the transfer of significant balances to the HRA Regeneration Reserve for future capital expenditure.

The Housing Repairs Account shows a surplus of £0.011 million in 2025/26 compared with a deficit of £0.059 million in 2024/25.

The total of both the Housing Revenue Account and Housing Repairs account balances at 31st March 2026 was £1.355 million compared with £1.230 million at 31st March 2025. The Housing Revenue Regeneration Reserve held a balance of £3.030 million.

Collection Fund

From 1st April 1990 the Council has been required by the Local Government Finance Act 1988 to maintain a Collection Fund for transactions relating to the collection of Council Tax and Non-Domestic Rates. The Collection Fund shows the amounts collected for Council Tax and national Non-Domestic Rates and how this income has been distributed, and these details are set out in the Collection Fund Statement. In 2025/26, the Collection Fund collected £141.794 million from Council Tax and National Non-Domestic Rates compared to £133.776 million in 2024/25.

The Current Economic Climate and Medium Term Financial Strategy

The current economic climate indirectly impact on the Council's financial standing as follows:

- Potential reduction of income streams and likely increases in bad debt and write offs as a result.
- Increase in the call on demand led services such as benefits payments and homelessness.
- Reduction in the level of income from Council investments.
- A fall in the economic value of assets and potential capital receipts for disposals.

The Council's Medium Term Financial Strategy sets out the financial planning framework for the Council and shows how national, regional, sub-regional and local issues such as those detailed above, are taken into account in planning the resources available for service delivery. Financial planning is essential and enables the Council to set objectives and priorities, turn policy decisions into programmes of action, decide how to best allocate the resources available and review results so that learning feeds back into the decision-making process.

The impact of measures enacted by Government, means that local government budgets have been and will continue to be radically reduced due to cuts in central government funding and local reductions in traditional income streams. Changes in local government financing mean that significant risks of funding of local services have been passed over by central government to local government through the changes to Business Rates Retention (BRR), Localisation of Council Tax support (LCTS) and removal of New Homes Bonus (NHB). These changes are going to increase in size and scope due to Local Government reorganisation and the changes in business rates from a reset in 2026/27 and the basis in which funds are distributed by Government.

To address the pressures the council have invested in general fund properties to reduce the cost from temporary accommodation which will reduce the pressure on costs and need for any savings. That said, guidance in these areas is ever changing, making it difficult for authorities to reliably forecast or pre-empt financing arrangements going forward.

These changes and the general move to local self-reliance has meant the Council has to look for income from other sources and has had make difficult decisions in relation to the level of Council Tax it will charge. Key decisions in this area have been to accept the government's offer to increase the Council Tax in each year for the period of the MTFS, as the Council is in the bottom quartile of charge levied in England and Wales. The MTFS approved in February 2026 indicates savings of £0.2m will be required but not until 2027/28. There will hopefully be greater clarity in December 2026 as part of the finical settlement announcement by Government.

The council continues to minimise increases to fees and charges (e.g. car parking charges) to assist local residents and businesses which means that the Council's budgets continue to be under pressure. The financial modelling and forecast contained in the MTFS have included these factors. In Leicestershire, the County Council's notes it is facing significant financial, demographic and service demand challenges. It is looking at how it can make savings from interactions with partners or increase income. The Medium Term Financial Strategy contains ten strategic financial objectives which seek to mitigate the impact of financial pressures on the Council. Details of these objectives are provided below:

Table 1: Ten strategic financial objectives

1. The Council should allocate resources to services in line with the Corporate Aims and Ambitions.	**6.** Capital expenditure is properly appraised.
2. Ensure regular monitoring of actual spend against budget to assess outcomes and inform the Performance Management Framework.	**7.** When funding the Capital Programme, all funding options are considered.
3. The Council must search for new sources of funding to support its activities and maximise opportunities from emerging economic initiatives such as City Deals and Local Growth Funds.	**8.** To review levels and purpose of Reserves and Balances.
4. To review the scale of fees and charges at least annually.	**9.** To maintain sustainable Council Tax increases.
5. To optimise the financial return on assets and ensure capital receipts are obtained where appropriate opportunities arise.	**10.** To increase efficiency savings and generate funding through shared services and collaborative working.

Publication of Accounts

The Statements have been prepared in accordance with the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom and International Financial Reporting Standards. They present the Council's financial affairs in accordance with the Service Reporting Code of Practice.

As well as this Narrative Report, the financial statements include the core statements, supplementary statements and the Annual Governance Statement. These are summarised below:

Table 2: Information included within the financial statement

Comprehensive Income and Expenditure Statement (CIES)	This covers the sources of all income received and the cost of providing services in the year based on International Financial Reporting Standards and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from the information in CIES by a series of amendments made in accordance with regulations, these amendments are reflected through the Movement in Reserves Statement.
Movement in Reserves Statement (MIRS)	The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required. They include the general fund, earmarked reserves and the capital receipts reserve. Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.

Expenditure & Funding Analysis	This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.
Balance Sheet	The Balance sheet gives the value of the Council's assets and liabilities at the financial year end, referred to as the Balance Sheet date. The net position of the total assets less total liabilities are matched by the overall level of reserves held.
Cash Flow Statement	The cash flow statement discloses movements in cash flows of the authority during the financial year. The cash flow statement shows movements in the authority's cash and cash equivalents. Cash equivalents include short term investments that are easily changeable into cash and only have an insignificant risk of changes in value.
Notes to the financial statements	These include a summary of significant accounting policies that guide our basis for the way items are accounted for, notes that give further information on items included in the main financial statements and other explanatory information.
Supplementary Statements: Housing Revenue Accounts, and Collection Fund	These are the Housing Revenue Account (HRA) and Collection Fund. The HRA covers the income from housing activities and Council's expenditure on Council housing; this has to be shown separately and has its own set of notes giving more detailed information. The Collection Fund gives level of business rates and council tax that the Council has to collect, not only for itself, but also for Central Government, Leicestershire County Council, Leicestershire Police & Crime Commissioner, Leicester, Leicestershire and Rutland Combined Fire Authority and on behalf of Town & Parish Councils.
Annual Governance Statement	The Council has approved and adopted a code of corporate governance, which is consistent with the national requirements on good governance in local government. The Annual Governance Statement provide a summary of how the Council has reviewed compliance with this code, the role of the governance structures involved, such as the Audit Committee and other Committees as relevant to governance, and any issues, if any are identified and proposed action needed.

These Statements are supported by accompanying notes.

These unaudited accounts were approved for publication on 30th June 2026 by A Wilson, Assistant Director Finance & Audit (s151 Officer). Events after the Balance Sheet Date have been considered up to this date and disclosed in Note 5.

A Wilson FCCA, BCom (Acc) (Hons) Date:- 30th June 2026
Assistant Director Finance & Audit (s151 Officer)

Statement of Responsibilities

The Council's Responsibilities

The Council is required to:

a) 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 Assistant Director Finance & Audit (s151 Officer).
b) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
c) Approve the Statement of Accounts.

The Assistant Director Finance & Audit (s151 Officer) Responsibilities

The Assistant Director Finance & Audit (s151 Officer) is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code).

In preparing this Statement of Accounts, the Assistant Director Finance & Audit (s151 Officer) has:

a) selected suitable accounting policies and then applied them consistently;
b) made judgements and estimates that were reasonable and prudent;
c) complied with the Local Authority Code;

The Assistant Director Finance & Audit (s151 Officer) has also:

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

I certify that The Statement of Accounts present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31st March 2026.

A.Wilson, FCCA, BCom(Acc) (Hons)

Assistant Director Finance & Audit (s151 Officer)

Date:- 30th June 2026

Core financial statements

The Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the provision of services line shows the true economic cost of providing the Council’s services and more details are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax and dwellings rent setting purposes respectively. The “Net increase/decrease before transfers to earmarked reserves” line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

The Comprehensive Income and Expenditure Statement

This statement is fundamental to the understanding of the Council’s activities, in that it reports the cost of services of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the Council’s functions, in three distinct sections, each divided by a sub-total.

The *first* section provides accounting information on the costs of the local Council’s different services, net of specific grants and income from fees and charges, to give the cost of services. It also includes the cost of any acquired and discontinued operations.

The *second* section comprises items of income and expenditure relating to the Council as a whole. When added to the cost of services these give the Council’s Surplus or Deficit on provision of services and it also include the cost of any acquired or discontinued operations.

The *third* section shows the total comprehensive income and expenditure. Not all gains and losses are reflected in the Surplus or Deficit on provision of services for example, gains on revaluations of Non-Current Assets are excluded, because they arise out of asset changes rather than from the entity’s operating performance that complete position and performance of the Council. Therefore it is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period in this section. This is the total gains and losses of the Council to give a complete performance of the Council.

The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first is usable reserves and these are reserves which the Council can use to provide services. The second is unusable reserves the Council cannot use to provide services.

The Cash Flow Statement

The Cash Flow statement shows how the Council generates and uses cash and cash equivalents and is produced using CIPFA’s indirect method.

Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Unusable Reserve	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 carried forward	**8,975**	**3,861**	**11,457**	**43**	**3,058**	**27,396**	**197,208**	**224,604**
Total Comprehensive Income and Expenditure	**6,614**	**3,727**	**0**	**0**	**0**	**10,341**	**7,677**	**18,018**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(7,232)	(2,927)	(2,459)	0	70	(12,548)	12,548	0
Increase/(Decrease) in Year	**(618)**	**800**	**(2,459)**	**0**	**70**	**(2,207)**	**20,225**	**18,018**
Restated Balance at 31 March 2025 carried forward	**8,357**	**4,661**	**8,998**	**43**	**3,128**	**25,189**	**217,433**	**242,622**
Total Comprehensive Income and Expenditure	**3,038**	**3,300**	**0**	**0**	**0**	**6,338**	**(13,263)**	**(6,925)**
Adjustments between accounting basis & funding basis under regulations (Note 6)	(1,686)	(3,306)	(647)	0	(901)	(6,540)	6,540	0
Increase/(Decrease) in Year	**1,352**	**(6)**	**(647)**	**0**	**(901)**	**(202)**	**(6,723)**	**(6,925)**
Balance at 31 March 2026 carried forward	**9,709**	**4,655**	**8,351**	**43**	**2,227**	**24,987**	**210,710**	**235,697**

Fund Balances		
Earmarked Reserve	7,440	3,287
Fund Balance	2,269	1,368
Balance at 31 March 2026 carried forward	**9,709**	**4,655**

Comprehensive Income and Expenditure Statement

2024/25 Restated					2025/26		
Gross Expenditure	**Gross Income**	**Expenditure/ (Income)**		**Note**	**Gross Expenditure**	**Gross Income**	**Expenditure/ (Income)**
£'000	**£'000**	**£'000**			**£'000**	**£'000**	**£'000**
12,726	(5,597)	7,129	Community Development Services		5,469	(6,503)	(1,034)
23,151	(23,604)	(453)	Corporate & Street Scene Services		36,091	(24,741)	11,350
12,497	(17,584)	(5,087)	HRA - Housing Revenue Account		12,650	(17,399)	(4,749)
48,374	**(46,785)**	**1,589**	**Cost Of Services**		**54,210**	**(48,643)**	**5,567**
2,744	0	2,744	Other Operating Expenditure	8	2,795	0	2,795
3,489	(462)	3,027	Financing and Investment Income and Expenditure	9	3,978	(446)	3,532
0	(17,701)	(17,701)	Taxation and Non-Specific Grant Income	10	0	(18,232)	(18,232)
54,607	**(64,948)**	**(10,341)**	(Surplus) or Deficit on Provision of Services		**60,983**	**(67,321)**	**(6,338)**
		(7,128)	Surplus or deficit on revaluation of fixed assets				5,249
		(549)	Remeasurements on pension assets / liabilities	36			8,014
		(7,677)	Other Comprehensive Income and Expenditure				**13,263**
		(18,018)	Total Comprehensive Income and Expenditure				**6,925**

Balance Sheet

As at 31 March 2025 Restated £'000		Note	As at 31 March 2026 £'000
332,572	Property, Plant & Equipment	11	341,218
278	Heritage Assets	12	278
56	Intangible Assets	13	27
7,164	Long Term Receivables	17	6,727
340,070	**Long Term Assets**		348,250
150	Short Term Investments	16	0
0	Assets Held for Sale	14	1,880
25	Inventories		39
8,919	Short Term Receivables	18	14,134
2,269	Cash and Cash Equivalents	15	747
11,363	**Current Assets**		16,800
(631)	Cash and Cash Equivalents	15	(159)
(10,356)	Short Term Borrowing	37	(3,447)
(16,018)	Short Term Payables	19	(17,197)
(378)	Short Term Lease Liability	34	(897)
(625)	Provisions	20	(801)
(28,008)	**Current Liabilities**		(22,501)
(2,110)	Long Term Payables	19	(2,972)
(60,955)	Long Term Borrowing	37	(77,508)
(15,978)	Other Long Term Liabilities	21	(25,787)
(1,760)	Capital Grants Receipts in Advance		(585)
(80,803)	**Long Term Liabilities**		(106,852)
242,622	**Net Assets**		**235,697**
25,189	Usable Reserves	22	24,987
217,433	Unusable Reserves	23	210,710
242,622	**Total Reserves**		**235,697**

Cash Flow Statement

2024/25 £'000 Restated		Note	2025/26 £'000
10,341	Net surplus or (deficit) on the provision of services		6,338
3,001	Adjustment to surplus or deficit on the provision of services for noncash movements		1,185
(367)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		218
12,975	Net Cash flows from Operating Activities	24	7,741
(7,966)	Net Cash flows from Investing Activities	25	(21,901)
(3,029)	Net Cash flows from Financing Activities	26	13,110
1,980	Net increase or decrease in cash and cash equivalents		(1,050)
(342)	Cash and cash equivalents at the beginning of the reporting period		1,638
1,638	Cash and cash equivalents at the end of the reporting period	15	**588**

Expenditure and Funding Analysis

2025/26

	As reported for resource management £'000	Adjustment to arrive at the net amount chargeable to General Fund and HRA Balances £'000	Net Expenditure chargeable to the General Fund and HRA £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Community Development Services	5,612	(8,376)	(2,764)	1,730	(1,034)
Corporate & Street Scene Services	11,214	(1,661)	9,553	1,797	11,350
Housing (HRA)	(7,229)	5,373	(1,856)	(2,893)	(4,749)
Net cost of Services	9,597	(4,664)	4,933	634	5,567
Other Income and Expenditure	(6,676)	397	(6,279)	(5,626)	(11,905)
Surplus or Deficit	2,921	(4,267)	(1,346)	(4,992)	(6,338)

Opening General Fund and HRA Balance	13,018
Less Deficit on General Fund and HRA Balances	1,346
Closing General Fund and HRA Balance at 31 March	14,364

Expenditure and Funding Analysis

2024/25 Restated

	As reported for resource management £'000	Adjustment to arrive at the net amount chargeable to General Fund and HRA Balances £'000	Net Expenditure chargeable to the General Fund and HRA £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Community Development Services	5,441	(225)	5,216	1,913	7,129
Corporate & Street Scene Services	12,118	(7,251)	4,867	(5,320)	(453)
Housing (HRA)	(7,148)	3,913	(3,235)	(1,852)	(5,087)
Net cost of Services	10,411	(3,563)	6,848	(5,259)	1,589
Other Income and Expenditure	(7,246)	216	(7,030)	(4,900)	(11,930)
Surplus or Deficit	3,165	(3,347)	(182)	(10,159)	(10,341)

Opening General Fund and HRA Balance	12,836
Less Deficit on General Fund and HRA Balances	182
Closing General Fund and HRA Balance at 31 March	13,018

Note to the Expenditure and Funding Analysis

2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Community Development Services	1,730	0	0	1,730
Corporate & Street Scene Services	1,804	0	(7)	1,797
HRA - Housing Revenue Account	(2,612)	(281)	0	(2,893)
Net Cost of Services	**922**	**(281)**	**(7)**	**634**
Other income and expenditure	(4,367)	(1,259)	0	(5,626)
Total	**(3,445)**	**(1,540)**	**(7)**	**(4,992)**

2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Community Development Services	1,912	0	1	1,913
Corporate & Street Scene Services	2,090	0	345	2,435
HRA - Housing Revenue Account	(1,715)	(137)	0	(1,852)
Net Cost of Services	**2,287**	**(137)**	**346**	**2,496**
Other income and expenditure	(4,980)	(572)	0	(5,552)
Total	**(2,693)**	**(709)**	**346**	**(3,056)**

Supplementary Analysis for the CIES Expenditure and Income Analysed by Nature

Expenditure/Income	2025/26 £'000	2024/25 Restated £'000
Expenditure		
Employee benefits expenses	20,857	20,257
Other services expenses	27,331	21,534
Depreciation, amortisation and impairment	6,354	6,733
Interest Payments - Note 9	3,221	2,901
Precepts and Levies - Note 8	3,046	2,776
Pension Interest costs - Note 9	425	438
Payments to Housing Capital Receipts Pool - Note 8	0	0
Gain on the disposal of assets - Note 8	(251)	(32)
Total Expenditure	**60,983**	**54,607**
Income		
Fees, charges and other service income	(27,868)	(26,706)
Interest and investment income - Note 9	(446)	(462)
Income from council tax, non-domestic rates, district rate income	(13,026)	(12,233)
Government grants and contributions - Note 30	(25,981)	(25,547)
Total Income	**(67,321)**	**(64,948)**
Surplus or Deficit on the Provision of Services	**(6,338)**	**(10,341)**

Supplementary Analysis for the CIES Segment Reporting

	Community Development Services £'000	Corporate & Street Scene Services £'000	HRA £'000	Total £'000
2025/26				
Revenues from External Customers	(3,797)	(7,124)	(16,947)	(27,868)
2024/25				
Revenues from External Customers	(3,164)	(7,088)	(16,454)	(26,706)

Notes to the Core Financial Statements

1. Accounting Standards that Have Been Issued but Have Not Yet Been Adopted

The following Standards have also been issued / amended but are not yet adopted – these are not considered to have a material impact on the Council's accounts.

The following Standards have also been issued / amended but are not yet adopted – these are not considered to have a material impact on the Council's accounts.

- IFRS 18 Presentation and Disclosure in Statement of Accounts. When adopted this will change presentation of the CIES and increase discloser requirements. This should not impact on fund balances.
- IFRS 19 Subsidiaries without Public Accountability (Discloser). The Council is not a qualifying subsidiary, so impact is expected.

2. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies, 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:

- In preparing the 2025/26 financial statements the Council have completed a review of property plant and equipment held to review the basis of the valuation. This has been completed with the involvement of our external value's.
- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainly is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities or reduce levels of service provision.
- The Council has reviewed the arrangements in place for operation of the Leicestershire Partnership – Revenues and Benefits. The Joint Committee has been classified as a 'Jointly Controlled Operation' on the basis that it is not a separate legal entity and has been accounted for in line with the Council's Accounting Policies for these arrangements.

3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Accounting Policies describe the significant areas in which estimates and assumptions have been made relating to the reporting of results of operations and the financial position of the Council.

The items in the Council's Balance Sheet at 31st March 2026 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Table 3: Uncertainties

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Property Plant and Equipment are reviewed for both economic and price impairment on an annual basis. Any movement in market value of property will have any impact on the Council's valuation.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. If an asset is impaired the carrying amount of the asset is reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. These judgements are made by actuaries appointed by Leicestershire County Council who administer the pension fund.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance: • A decrease in the discount rate assumption would result in an increase in pension liability. • A one year increase in member life expectancy would result in an increase in pension liability. • An increase in the pension rate would result in an increase in pension liability. • A 1% increase in the pension liability would decrease the Council's net assets by £0.014800 million.
Provisions	The council has made provision in relation to National Non-Domestic Rate Appeals. This provision is based on an estimation of any future liability and the likelihood that these costs will be incurred.	If the estimates used in the calculation of the provision prove to be inaccurate then there will be further income or expenditure incurred by the General Fund via the Collection Fund.

4. Material Items of Income and Expenditure

There are no other material items, not otherwise disclosed in the Comprehensive Income and Expenditure Statement and other schedules that require disclosure here.

5. Events After the Balance Sheet Date

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

Adjusting Events

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

Non-adjusting Events

Those events 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 either their estimated financial effect or a statement that such an estimate cannot be made reliably. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Statement of Accounts were authorised for issue on 30th June 2026 by A. Wilson, Assistant Director Finance & Audit (s151 Officer)

Events taking place after this date are not reflected in the financial statements or notes.

6. Adjustments between Accounting Basis and Funding Basis under Regulation

2025/26	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute						
Charges for depreciation and amortisation of non-current assets	(2,094)	(3,959)	0	0	0	6,053
Revaluation losses/gains on Property Plant and Equipment	(348)	47	0	0	0	301
Revenue expenditure funded from capital under statute	(1,440)	0	0	0	0	1,440
Capital expenditure financed from Unapplied Grants and Contributions	2,693	446	0	0	0	(3,139)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(3,329)	0	0	0	3,329
Capital expenditure charged to fund balances	94	0	0	0	0	(94)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute						
Statutory Provision for the financing of capital investment	2,056	0	0	0	0	(2,056)
	961	(6,795)	0	0	0	5,834
Adjustments primarily involving the Capital Grants Unapplied Reserve						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(671)	(33)	0	0	704	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	131	2,347	0	0	0	(2,478)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	197	(197)
	(540)	2,314	0	0	901	(2,675)
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	3,580	(3,580)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
Use of the Capital Receipts reserve to finance new expenditure	0	0	4,227	0	0	(4,227)
	0	3,580	647	0	0	(4,227)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Adjustments involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,424)	(523)	0	0	0	2,947
Employers pension contribution payable in the year	3,683	804	0	0	0	(4,487)
	1,259	281	0	0	0	(1,540)
Adjustments involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	0	3,927	0	(3,927)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	3,927	0	(3,927)
	0	3,927	0	0	0	(3,927)
Adjustments involving the Collection Fund Adjustment Reserve						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(1)	0	0	0	0	1
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	10	0	0	0	0	(10)
	9	0	0	0	0	(9)
Adjustment involving the Accumulated Absences Adjustment Account						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(3)	(1)	0	0	0	4
Adjustment involving the Financial Instrument Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0
	1,686	**3,306**	**647**	**0**	**901**	**(6,540)**

2024/25	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute						
Charges for depreciation and amortisation of non-current assets	(1,929)	(3,795)	0	0	0	5,724
Revaluation losses/gains on Property Plant and Equipment	(1,065)	55	0	0	0	1,010
Revenue expenditure funded from capital under statute	5,683	0	0	0	0	(5,683)
Capital expenditure financed from Unapplied Grants and Contributions	2,071	1,076	0	0	0	(3,147)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(601)	0	0	0	601
Capital expenditure charged to fund balances	0	0	0	0	0	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement to comply with Accounting Practice but not chargeable under statute						
Statutory Provision for the financing of capital investment	1,478	0	0	0	0	(1,478)
	6,238	(3,265)	0	0	0	(2,973)
Adjustments primarily involving the Capital Grants Unapplied Reserve						
Capital Grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	304	0	0	0	(304)	0
Application of earmarked reserves to capital financing transferred to the Capital Adjustment Account	465	2,414	0	0	0	(2,879)
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	0	234	(234)
	769	2,414	0	0	(70)	(3,113)
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	633	(633)	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0	0
Use of the Capital Receipts reserve to finance new expenditure	0	0	3,092	0	0	(3,092)
	0	633	2,459	0	0	(3,092)

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repair Reserves £'000	Capital Grants Reserve £'000	Movement in Unusable Reserves £'000
Adjustments involving the Pension Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,674)	(601)	0	0	0	3,275
Employers pension contribution payable in the year	3,246	738	0	0	0	(3,984)
	572	137	0	0	0	(709)
Adjustments involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	0	3,009	0	(3,009)	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	3,009	0	(3,009)
	0	3,009	0	0	0	(3,009)
Adjustments involving the Collection Fund Adjustment Reserve						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(7)	0	0	0	0	7
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(335)	0	0	0	0	335
	(342)	0	0	0	0	342
Adjustment involving the Accumulated Absences Adjustment Account						
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(5)	(1)	0	0	0	6
Adjustment involving the Financial Instrument Adjustment Account						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0	0	0
	7,232	**2,927**	**2,459**	**0**	**(70)**	**(12,548)**

7. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2025/26. In addition, the note outlines balances of unapplied grants and contributions.

	Balance at 31 March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund							
Local Plan Procedure	513	(309)	0	204	(202)	0	2
Waste Management	237	(267)	30	0	0	0	0
ICT	15	(15)	162	162	0	0	162
Asset Management	400	(126)	0	274	0	0	274
Economic Priorities Reserve	2,753	(724)	800	2,829	(391)	905	3,343
Elections	25	0	25	50	0	25	75
Grounds Maintenance	30	0	0	30	0	0	30
Special Expenses	295	(46)	45	294	(64)	45	275
Carry Forwards	219	(204)	142	157	(142)	698	713
Business Rates Equalisation	1,903	(653)	0	1,250	0	0	1,250
Enforcement & Planning Appeals	60	(50)	90	100	0	135	235
Building Maintenance Costs	588	(96)	0	492	(100)	0	392
Developing Communities Fund	235	0	1	236	0	0	236
Environmental Improvement Reserve	200	(50)	0	150	0	0	150
LGR	0	0	0	0	(12)	100	88
Enterprise Zone - Covid	215	0	0	215	0	0	215
Total Earmarked Reserves	**7,688**	**(2,540)**	**1,295**	**6,443**	**(911)**	**1,908**	**7,440**
Unapplied Grants and Contributions	2,961	(810)	881	3,032	0	0	3,032
Total General Fund	**10,649**	**(3,350)**	**2,176**	**9,475**	**(911)**	**1,908**	**10,472**

7. Transfers To/From Earmarked Reserves (continued)

	Balance at 31 March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Revenue Account							
HRA Piper Balance	26	(43)	30	13	(48)	50	15
HRA Communal Furniture	5	0	0	5	0	0	5
HRA Housing Repairs Account	73	(59)	0	14	0	11	25
Major Repairs Reserve	43	(3,009)	3,009	43	(3,927)	3,927	43
Regeneration	2,726	(2,370)	2,875	3,231	(2,300)	2,099	3,030
Pension Contributions	56	0	0	56	0	0	56
Service Improvement	50	0	0	50	0	0	50
Rent Equalisation	60	0	0	60	0	0	60
HRA Carry Forwards	0	0	0	0	0	46	46
Total HRA Earmarked Reserves	**3,039**	**(5,481)**	**5,914**	**3,472**	**(6,275)**	**6,133**	**3,330**
HRA Unapplied Grants and Contributions	97	0	0	97	0	0	97
Total Housing Revenue Account	**3,136**	**(5,481)**	**5,914**	**3,569**	**(6,275)**	**6,133**	**3,427**

Earmarked Reserves General Fund

Local Plan Procedure Reserve

This reserve is to fund the costs of the Local Development Framework. The reserve will be used as elements of the framework are required.

Waste Management Reserve

The Waste Management service is currently experiencing a number of pressures on its resources particularly in respect of the need to recycle more and conduct additional rounds. This reserve has been set up using under spends to provide resources to address the pressures ahead for this high priority service area.

ICT Reserve

This reserve was set up to be used to further improve the ICT support service, in particular by upgrading the aging infrastructure and ICT.

Asset Management Reserve

At the present time the Council has an ambitious Capital Programme and is looking to facilitate the regeneration of Hinckley Town Centre & the Council's property portfolio.

Economic Priority Reserve

Pooled Business Rates income set aside for Economic Regeneration

Elections Reserve

Elections to the Borough Council are held every four years. It is considered to be inequitable to charge the full cost in the year of the election. An earmarked reserve has therefore been created to allow the cost of the election to be provided for each year.

Grounds Maintenance Machinery Reserve

This reserve has been established from the savings in rental charges following the initial purchase of new machinery to allow for its replacement at the end of its useful life.

Special Expenses Reserve

This reserve has been established to fund additional parks and open spaces expenditure within the Hinckley area.

Carry Forwards Reserve

Relates to those budget carry forwards authorised from the previous financial year.

Business Rates Equalisation Reserve

Under Business Rates Retention, certain losses in rates will need to be funded by the Council. This reserve has been created to reflect the total amount of Business Rates this Council is required to “lose” before receipt of a safety net payment.

Enforcement & Planning Appeals Reserve

A number of individual enforcement budgets have been consolidated in year and transferred to a reserve to act as a contingency for large cases that may arise.

Building Maintenance Costs

This reserve has been set to fund future one off maintenance pressures to non HRA properties.

Developing Communities Fund

This reserve has been set up to support efficiency and invest to save projects across parishes.

Environmental Improvement Reserve

Set aside to fund employee and other costs to manage additional climate change work.

Enterprise Zone - Covid

Reserve set aside to smooth future Enterprise Zone Payments

Local Government Reform

Reserve set aside to fund transitional costs pre unitary authority commencement.

Earmarked Reserves Housing Revenue Account

Piper Balance Reserve

This reserve will provide funding for the replacement of the Piper alarm system at the control centres when the current system becomes unviable.

Communal Furniture Reserve

This reserve has been created to provide for the replacement of furniture in communal areas of sheltered housing schemes which currently do not meet safety standards.

Housing Repairs Account Reserve

The Housing Repairs Reserve represents the cost of providing the housing repairs service to the Borough. This is detailed further in the notes to the Housing Revenue Account.

Major Repairs Reserve

Reserve set aside to fund HRA Capital Repairs

Regeneration Reserve

This reserve has been created from the available funds within the Housing Revenue Account following the introduction of self-financing. The reserve will be used to fund projects outlined in the HRA Business and Investment Plans.

Pension Contribution Reserve

Reserve set aside to cover any future pension strain.

Service Improvement Reserve

Funds put aside from salary savings to fund costs associated with initiatives to improve the housing service.

Rent Equalisation Reserve

Funds set aside to reduce the potential impact from rent losses.

HRA Carry Forwards

Relates to those budget carry forwards authorised from the previous financial year.

8. Other Operating Expenditure

	2025/26 £'000	2024/25 £'000
(Gain)/ Losses on disposal of Non Current Assets	(251)	(32)
Amounts due to Precepting Authorities	3,046	2,776
Contribution to Housing Pooled Capital Receipts	0	0
Total Operating Expenditure	**2,795**	**2,744**

9. Financing and Investment Income and Expenditure

	2025/26 £'000	2024/25 £'000
Interest Payable and Similar Charges (see note 37)*	3,221	2,901
Net Pension Interest Costs (see note 36)	425	438
Net Surplus of Undertakings (see note 27)	332	150
Interest and Investment Income (see note 37)	(446)	(1,113)
Total Financing and Investment Income & Expenditure	**3,532**	**2,376**

10. Taxation and Non Specific Grant Income

	2025/26 £'000	2024/25 £'000
Council Tax	(9,427)	(8,895)
Revenue Support Grant (see note 30)	(242)	(205)
National Non Domestic Rates	(3,599)	(3,338)
New Homes Bonus (see note 30)	(526)	(493)
Lower Tier Support Grant	0	(546)
Service Grant	0	(18)
Funding Floor	(241)	0
NI Contribution	(127)	0
S31 Grant Income (see note 30)	(4,070)	(4,192)
New Burdens Grant	0	(14)
Total Taxation and Non Specific Grant Income	**(18,232)**	**(17,701)**

11. Property, Plant and Equipment

2025/26

Cost or Valuation	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Community Assets £'000	Infrastructure Assets £'000	Assets under Construction * £'000	Surplus Assets £'000	Total £'000
As at 1 April 2025	259,576	58,727	16,592	5,818	832	0	1,880	343,425
Asset Transfers/Reclassifications	(1,499)	(20)	0	0	0	1,499	20	0
Transfer to Asset held for Sale	0	0	0	0	0	0	(1,880)	(1,880)
Additions	17,197	195	6,837	257	0	945	316	25,747
Revaluation Increases/(Decreases)								
- Recognised in the Revaluation Reserve	(10,542)	621	0	0	0	0	36	(9,886)
- Recognised in Provision of Services	(137)	(332)	0	0	0	0		(469)
Derecognition / Disposals	(3,329)	(197)	0	0	0	0	0	(3,526)
As at 31 March 2026	**261,265**	**58,993**	**23,429**	**6,075**	**832**	**2,444**	**372**	**353,410**
Depreciation and Impairments								
As at 1 April 2025	0	0	(10,389)	0	(464)	0	0	(10,853)
Transfer of Depreciation								0
Depreciation charge	(3,894)	(791)	(1,308)	0	(31)	0	0	(6,024)
Depreciation written out to								
- The Revaluation Reserve	3,854	662	0	0	0	0	0	4,516
- The Provision of Services	40	129	0	0	0	0	0	169
As at 31 March 2026	**0**	**0**	**(11,697)**	**0**	**(495)**	**0**	**0**	**(12,192)**
Net Book Value at 31 March 2026	**261,265**	**58,993**	**11,731**	**6,075**	**337**	**2,444**	**372**	**341,218**

11. Property, Plant and Equipment (continued)

2024/25	**Council Dwellings**	**Other Land and Buildings**	**Vehicles, Plant and Equipment**	**Community Assets**	**Infrastructure Assets**	**Assets under Construction**	**Surplus Assets**	**Total**
Cost or Valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
As at 1 April 2024	247,152	58,503	14,629	5,668	832	0	0	326,784
Asset Transfers/Reclassifications	0	(94)	0	0	0	0	94	0
Transfer to Asset held for Sale	0	0	0	0	0	0	0	0
Additions	12,797	891	1,963	150	0	0	0	15,801
Revaluation Increases/(Decreases)								
- Recognised in the Revaluation Reserve	209	631	0	0	0	0	1,786	2,626
- Recognised in Provision of Services	19	(1,204)	0	0	0	0		(1,185)
Derecognition - Disposals	(601)	0	0	0	0	0	0	(601)
As at 31 March 2024	**259,576**	**58,727**	**16,592**	**5,818**	**832**	**0**	**1,880**	**343,425**
Depreciation and Impairments								
As at 1 April 2024	0	0	(9,292)	0	(433)	0	0	(9,725)
Depreciation charge	(3,725)	(796)	(1,097)	0	(31)	0	0	(5,649)
Depreciation written out to								0
- The Revaluation Reserve	3,689	656	0	0	0	0	0	4,345
- The Provision of Services	36	140	0	0	0	0	0	176
As at 31 March 2025	**0**	**0**	**(10,389)**	**0**	**(464)**	**0**	**0**	**(10,853)**
Net Book Value at 31 March 2025	**259,576**	**58,727**	**6,203**	**5,818**	**368**	**0**	**1,880**	**332,572**

11. Property, Plant and Equipment (continued)

Depreciation

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

Asset Classification	Basis of Depreciation
Council Dwellings	Residual lives based on total life of between 40-60 years but with a minimum residual life of 20 years to reflect enhancements.
Land	Not depreciated.
Operational Buildings	Residual lives provided by the valuer in report of 31st March 2025. Depreciation is based upon the updated residual lives of revalued properties.
Vehicles, Plant and Equipment	Based on expected lives of the asset.
Infrastructure Assets	Depreciated over a 40 year life.
Community Assets	Not depreciated as these are land assets.
Intangible Assets	Amortised over useful life (e.g. software over 5 years).
Heritage Assets	Not depreciated as have indefinite life.
Surplus Assets	Not depreciated.

Capital Commitments

At 31st March 2026, the Council had capital commitments of £0.800 million.

	£'000
Laptop replacement	446
IT migration consultancy	130
Electrical Upgrades	62
Fire Risk Assessments	105
Bathroom Upgrades	30
Machine Procurement	27
	800

Revaluations

The freehold and leasehold properties, which comprise the Council's property portfolio, are revalued by Wilks Head and Eve LLP of 6th Floor, Fairgate House, 78 New Oxford Street, London, WC1A 1HB. The valuations are carried out in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors and the government specifications relating to the Housing Revenue Account.

Implementation of three year revaluation processes for property, plant, and equipment.
Introduction of indexation requirements for non-investment assets and a requirement to value intangible assets using the historical cost approach. This an amendment to Accounting Practice per the CIPFA code rather than accounting practice. Therefore between five year valuations (20 per cent per year) indexation will be used to value the remainder of assets.

12. Heritage Assets

Heritage assets are those that are held and maintained principally for their contribution to knowledge and culture. They have historical, artistic, technological, geophysical or environmental qualities. All assets are deemed to have indefinite useful economic lives.

	2025/26 £'000	**2024/25 £'000**
Opening Balance	121	121
Additions - Mayor's Chains	157	157
Closing Balance	**278**	**278**

13. Intangible Assets

The Council accounts for software as Intangible Assets, to the extent that the software is not integral part of a particular IT system and accounted for as part of a hardware item.

The Intangible Assets included on the Balance Sheet relate to both purchased licences and internally generated software. All Intangible Assets are 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 5 years.

The carrying amount of Intangible Assets is amortised on a straight-line basis. The amortisation of £0.029 million charged to revenue in 2025/26 was charged to IT Administration cost centres and then absorbed as an overhead across all the service headings in the net expenditure of respective services.

The movement in Intangible Asset balances during the year is as follows:

	2025/26 £'000	**2024/25 £'000**
Opening Balance		
Gross carrying amounts	2,327	2,327
Accumulated amortisation	(2,271)	(2,197)
Net carrying amount – Opening Balance	**56**	**130**
Additions	0	0
Amortisation for the period	(29)	(74)
Net carrying amount – Movements in Year	**(29)**	**(74)**
Closing Balance		
Gross Carrying amounts	2,327	2,327
Accumulated amortisation	(2,300)	(2,271)
Net carrying amount - Closing Balance	**27**	**56**

14. Assets Held for Sale

International Reporting Standard 5 requires Non-Current Assets Held for Sale and Discontinued Operations to be reported separately in the balance sheet. This is land on the A47 the former crematorium site.

	2025/26 £000's	2024/25 £000's
Opening Balance	0	0
Assets Newly Classified	1,880	0
Revaluations / (Impairments)	0	0
- Recognised in the Revaluation Reserve	0	0
- Recognised in Provision of Services	0	0
Sale of assets	0	0
Closing Balance	**1,880**	**0**

15. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents (split across current assets and current liabilities) is made up as follows:

	2025/26 £'000	2024/25 £'000
Cash held by the Council	1	1
Bank Current Accounts	(159)	(631)
Short-term deposits with Building Society/Banks	746	2,268
	588	**1,638**

16. Investments

The Council's investments are detailed below:

	2025/26 £'000	2024/25 £'000
Other Short Term Investments (< 1 Year)	0	150
Total Investments	**0**	**150**

17. Long Term Receivables

	2025/26 £'000	2024/25 £'000
North West Leicestershire District Council	46	53
LLEP Mira loan	6,653	7,225
Hinckley Museum	4	4
Other	3	0
Salary Sacrifice	21	5
Total Long Term Receivables	**6,727**	**7,287**

18. Short Term Receivables

	2025/26 £'000	2024/25 £'000
Car Loans to Employees	3	(6)
Salary Sacrifice	15	14
Central Government Bodies	3,324	1,980
Other Local Authorities	1,572	995
Housing Rent	1,080	1,068
Sundry Debtors	2,548	2,101
Council Tax, Community Charge and NNDR *	6,321	3,829
Prepayments	1,501	1,113
Provision for Doubtful Debts	(2,230)	(2,175)
Total Short Term Receivables	**14,134**	**8,919**

Details on amortised cost and fair value can be found in Financial Instruments (Note 37)

19. Short Term Payables

	2025/26 £'000	2024/25 £'000
Section 106 & Play and Open Spaces	786	902
Inland Revenue	455	354
Other Local Authorities	2,155	2,107
Deferred Income – Green Bins	220	447
Housing Rents	297	248
Sundry Creditors	12,832	11,358
Bus Station – Compulsory Purchase Order	0	99
Central Government Bodies	135	97
Council Tax and National Non Domestic Rates *	317	406
Total Short Term Payables	**17,197**	**16,018**

	2025/26 £'000	2024/25 £'000
Section 106	2,972	2,110
LLEP Mira Loan (deferred income)	0	7,226
Total Long Term Payables	**2,972**	**9,336**
Total Payables	**20,169**	**25,354**

20. Short Term Provisions

2025/26

	Capital Cost of Early Retirement Provision	Planning Appeal Provision	Business Rate Appeals Provision	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2025	0	150	475	**625**
Additional/ (Reduced) provisions arising in the year	0	(50)	455	**405**
Amounts used during the year	0	0	(229)	**(229)**
At 31 March 2026	**0**	**100**	**701**	**801**

2024/25

	Capital Cost of Early Retirement Provision	Planning Appeal Provision	Business Rate Appeals Provision	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	0	115	514	**629**
Additional/ (Reduced) provisions arising in the year	0	55	705	**760**
Amounts used during the year	0	(20)	(744)	**(764)**
At 31 March 2025	**0**	**150**	**475**	**625**

The Council creates provisions in order to recognise liabilities of uncertain timing or amount. They are recognised when the Council has a present legal or constructive obligation as a result of past events, where it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The Council currently operates three provisions, details of which are set out below:

- Capital Cost of Early Retirement –Where there is a retirement due to reasons other than ill health retirement the Council is required to make a payment to the Pension Fund to cover the value of the strain. Whilst the liability needs to be recognised immediately. This provision represents the unexpended amount of the liability.
- Planning Appeals – Where planning appeal hearings or judicial review dates are known as at the year end and legal advisors deem that costs are likely to be awarded as a result of this process; a provision is made for an estimate of these costs.
- Business Rate Appeals – Under Business Rates Retention, the Council is required to make provisions for refunding ratepayers who have appealed against the rateable value of their property on the rating list and may be successful. This estimate is based on an analysis of the Valuation Office Agency (VOA) listings and is provided by an external advisor. The timing of these appeals is dependent on the VOA. In accordance with Business Rates Retention guidance, 40% of the total provision is attributable to the billing authority with the remainder being allocated to major preceptors and central Government.

21. Other Long term Liabilities

The amount of other long term liabilities shown in the Balance Sheet are made up as follows:

	31 March 2026 £'000	31 March 2025 £'000
Pensions Liability (see note 36)	14,800	8,327
Right of Use Asset - Liabilities (see note 34)	10,987	7,651
Total Long Term Liabilities	**25,787**	**15,978**

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement. A further analysis of earmarked reserves is contained within note 7.

23. Unusable Reserves

The Council has a number of reserves which are used for accounting purposes and cannot be used for the provision of services. The balances of these reserves are:

	Balance at 31 March 2026 £'000	Movements in Year £'000	Balance at 31 March 2025 £'000	Movements in Year £'000	Balance at 31 March 2024 £'000
Revaluation Reserve	(74,464)	7,064	(81,530)	(5,409)	(76,121)
Capital Adjustment Account	(151,412)	(6,811)	(144,601)	(13,907)	(130,694)
Pensions Reserve	14,799	6,473	8,326	(1,257)	9,583
Accumulated Absences Reserve	136	4	132	6	126
Collection Fund Adjustment Account - Council Tax	0	1	(1)	7	(8)
Collection Fund Adjustment Account - NNDR	228	(10)	238	335	(97)
Financial Instruments Adjustment Account	3	0	3	0	3
Total Unusable Reserves	**(210,710)**	**6,721**	**(217,433)**	**(20,225)**	**(197,208)**

NB – figures in brackets represent credit balances.

Revaluation Reserve

The Revaluation Reserve contains the gains arising from increase in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when asset with accumulated gains are:

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

The reserve contains only revaluation gains accumulated since 1st April 2007, the date the reserve was created.

23. Unusable Reserves (continued)

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**(81,529)**	**(76,121)**
Upward Revaluation of Assets	(1,876)	(7,089)
Downward Revaluation of Assets	7,245	118
Accumulated gains on assets sold or scrapped / written off to the Capital Adjustment Account	64	0
Difference between fair value and historic cost depreciation	1,632	1,563
Balance at 31 March	**(74,464)**	**(81,529)**

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. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**(144,601)**	**(130,694)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	6,053	5,723
Revaluation losses / (gains) on Property Plant and Equipment	118	853
Revenue Expenditure Funded from Capital under Statute	1,440	(5,683)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,329	601
	10,940	1,494
Write out of revaluation on disposal; property, plant and equipment	(1,632)	(1,563)
	9,308	(69)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,227)	(3,092)
Use of the Major Repair Reserve to finance new capital expenditure	(3,927)	(3,009)
Capital grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	(3,139)	(3,147)
Application of grants to capital financing from the Capital Grants Unapplied Account	(197)	(234)
Statutory provisions for financing of capital investment charged against the General Fund and HRA balances	(2,056)	(1,478)
Capital expenditure charged against the General Fund and HRA balances	(2,573)	(2,878)
	(6,811)	(13,907)
Balance at 31 March	**(151,412)**	**(144,601)**

23. Unusable Reserves (continued)

Pension Fund Reserve

This reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits 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. The arrangements ensure that funding will have been set aside by the time the benefits come to be paid.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**8,326**	**9,583**
Actuarial (gains) or losses on pension assets and liabilities	8,014	(549)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,947	3,275
Employers pension contribution payable in the year	(4,488)	(3,983)
Balance at 31 March	**14,799**	**8,326**

Accumulated Absences Adjustment Account

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**132**	**126**
Settlement or cancellation of accrual made at the end of the preceding year	(132)	**(126)**
Amounts accrued at the end of the current year	136	**132**
Balance at 31 March	**136**	**132**

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

Collection Fund Adjustment Account

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

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**237**	**(105)**
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1	**7**
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	(10)	335
Balance at 31 March	**228**	**237**

23. Unusable Reserves (continued)

Financial Instrument Adjustment Account

This account absorbs timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and bearing losses or benefiting from gains per statutory provisions.

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**2**	**2**
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
Balance at 31 March	**2**	**2**

24. Cash Flow Statement – Operating Activities

2024/25 £'000		2025/26 £'000
10,341	**Net Surplus or (Deficit) on the Provision of Services**	**6,338**
	Adjustments for non cash movements:	
5,723	Depreciation & Amortisation	6,053
1,166	(Revaluation) / Impairment	422
(708)	Change in Pension Liability	(1,541)
4,639	Increase / (Decrease) in Payables	865
(702)	(Increase) / Decrease in Receivables	(4,776)
(10)	(Increase) / Decrease in Inventories	(14)
(4)	Increase / (Decrease) in Provisions	176
10,104	**Sub-Total Adjustments for Non-cash Movements**	**1,185**
	Adjustment for items included in the net (deficit) / surplus on the provision of services that are investing and finance activities:	
(32)	Profit upon sale of assets	(251)
74	Movement in Collection Fund Payables & Receivables	388
(409)	Movement in Capital Payables	81
20,078	**Total Cash (inflow)/outflow from operating activities**	**7,741**

The cash flow for operating activities includes the following items:

	2025/26 £'000	2024/25 £'000
Interest Received (See note 9)	(446)	(1,113)
Interest Paid (See note 9)	3,221	2,901

25. Cash Flow Statement – Investing Activities

The cash flow for investing activities includes the following items:

	2025/26 £'000	2024/25 £'000
Purchase of short-term and long-term investments	(151,050)	(123,336)
Purchase of property, plant and equipment, investment property and intangible assets	(25,828)	(15,549)
Proceeds from sale of property, plant and equipment, investment property and intangible assets	3,777	633
Proceeds from short-term and long-term investments	151,200	130,286
Net cash flows from investing activities	**(21,901)**	**(7,966)**

26. Cash Flow Statement – Financing Activities

	2025/26 £'000	2024/25 £'000
Cash receipts from short and long term borrowing	£'000	10
Cash payments for the reduction of outstanding liabilities relating to Finance Leases	(6,909)	391
Repayment of short and long term borrowing	3,854	(3,356)
Other receipts/(payments) not in above	16,165	(74)
Net cash flows from financing activities	**13,110**	**(3,029)**

27. Trading Operations

The Council operated the following trading services in 2025/26 for which outturn income and expenditure was as shown in the table below:

- Markets – the operation of a market in Hinckley Town Centre.
- Industrial Estates – the provision of factory units for rental principally aimed at small businesses.
- Grounds Maintenance – an internal business unit that provides grounds maintenance services to all parts of the Council.

Housing Repairs – an internal business unit that provides housing repair services to the Borough Council.

	2025/26 Income £'000	2025/26 Expenditure £'000	2025/26 (Surplus)/ Deficit £'000	2024/25 (Surplus)/ Deficit £'000
Markets	(56)	193	137	133
Industrial Estates	(910)	608	(302)	(395)
Grounds Maintenance	(1,284)	1,557	273	289
Housing Repairs	(2,006)	2,169	163	50
External Painting	(41)	102	61	73
Net Surplus on ordinary activities	**(4,297)**	**4,629**	**332**	**150**
Property Revaluation	0	0	0	0
Net (surplus)/deficit reported in Financing and Investment Income and Expenditure (Note 9)	**(4,297)**	**4,629**	**332**	**150**

28. Members' Allowances

Total members' allowances paid in 2025/26 were £324,423 (2024/25 - £315,211) and £1,883 were paid for members' expenses (2024/25 – £1,573).

29. External Audit Costs

	2025/26 £'000	2024/25 £'000
External Audit Services	163	159
External Audit Services - Back Build	80	0
External Audit Services - Back Build Prior Years	86	0
Certification of Grant Claims and Returns	38	38
Certification of Grant Claims & Returns - Prior Years	44	18
Prior Years Fees to Previous Auditors	58	0
Non Audit Works	0	4
Audit Refund	(85)	(20)
Total Fees Payable	**384**	**199**

* - Income received from MHCLG relating to the 'Redmond Review'

30. Grant Income

	2025/26 £'000	2024/25 £'000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	242	205
Section 31 Grant	4,070	4,192
New Homes Bonus	526	493
New Burdens Grant	0	14
Lower Tier Support Grant	0	546
Service Grant	0	18
Funding Floor	240	0
NI Contribution	127	0
Total	**5,205**	**5,468**
Credited to Services:		
Disabled Facilities	890	899
Domestic Abuse	36	35
IT capital contributions	233	66
IT Partner contributions	846	687
LLEP pooled income	1,102	1,048
Green Homes HRA capital funding	446	1,076
Warm Front contributions	94	114
Planning Skill contributions	64	228
Biodiversity Net Gain	0	27
Pathways to Planning	0	5
Waste and Recycling	1,203	440
Extended Producer Responsibility	1,400	0
Homelessness	665	456
Housing Benefit Administration	173	183
Benefit Reimbursements	10,934	11,671
Developer Contributions	153	1
Community Safety	63	60
Mental Health	49	52
Sports Grants	100	115
Play and Open Space	111	27
NNDR Cost of Collection	133	130
Other Government Grant	89	515
Cyber Security	0	15
Heritage Action Zone	0	45
Twycross Zoo	48	136
Leisure Promotion	154	120
Hinckley National Rail Freight Interchange	0	9
UK SPF	738	1,519
Homes for Ukraine	18	87
Renewable Energy NNDR	494	154
Other New Burdens Grants	117	39
Other General	423	120
Total	**20,776**	**20,079**
Total Grant Income	**25,981**	**25,547**

31. Related Party Transactions

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

Central Government has effective control over the general operations of the Council. It is responsible for providing a statutory framework within which the Council operates and provides the majority of its funding via grants and prescribes the terms of many of the transactions the Council has with other parties (e.g. Housing Benefits).

Leicestershire County Council, the Combined Fire Authority, the Police & Crime for Leicestershire and Parish Councils all issue precepts on the Council which are included in the Collection Fund.

The details of Government Grants received are detailed in note 30. Employer's contributions paid to the Pension Fund are shown in note 36. Receivables and payables to other Local Authorities are detailed in notes 17, 18 and 19.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' Allowances paid in 2025/26 is shown in note 28.

Hinckley and Bosworth Borough Council collect contributions from business ratepayers for Hinckley Town Centre Partnership Board (Hinckley Bid). The Hinckley Bid is an arrangement where local businesses fund a programme of actions to improve the trading area. The Chief Executive represents the Council on the Board of the Hinckley Bid free of charge. Net contributions collected by the Council for the Hinckley Bid was £157,560.

32. Capital Expenditure and Capital Financing

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

32. Capital Expenditure and Capital Financing (continued)

	2025/26 £'000	2024/25 £'000
Opening Capital Financing Requirement	**113,943**	**110,560**
Capital Investment		
Property Plant and Equipment	25,747	15,801
REFCUS	1,440	2,071
Restatement REFCUS expenditure	0	(7,754)
Long Term Debtor	(448)	7,103
Total Expenditure in Year	**26,739**	**17,221**
Sources of Finance		
Application of Usable Capital Receipts	(4,227)	(3,092)
Application of Capital Grants Contributions/Reserves	(6,697)	(6,121)
Capital Financed from Revenue	(5,511)	(4,625)
	(16,435)	**(13,838)**
Closing Capital Financing Requirement	**124,247**	**113,943**
Movement in the Year	**(10,304)**	**(3,383)**
Explanation of Movement in the Year		
Deferred Capital Receipts Written Off		
Unsupported Financial Assistance	(12,360)	(4,861)
Minimum Revenue Provision	2,056	1,478
	(10,304)	**(3,383)**

33. Officers' Remuneration

The number of employees, not including senior staff disclosed separately below, whose remuneration, in the year, including employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Band	2025/26 Number of employees	2024/25 Number of employees
£50,000 - £54,999	32	27
£55,000 - £59,999	17	15
£60,000 - £64,999	16	18
£65,000 - £69,999	9	5
£70,000 - £74,999	4	3
£75000 - £79,999	2	7
£80,000 - £84,999	8	2
£85,000 - £89,999	2	3
£90,000 - £94,499	3	0
£95,000 - £99,499	1	1

33. Officers' Remuneration (continued)

The following table sets out in detail the remuneration for Senior Officers whose salary is £50,000 or more per year:

Post holder information (Post title)	Year	Salary (Including fees and allowances)	Expense Allowances	Compensation for loss of Office	Benefits in Kind (e.g. Car Allowance)	Total Remuneration Excluding pension contributions	Pension Contribution	Total Remuneration Including pension contributions
		£	£	£	£	£	£	£
Chief Executive	2025/26	142,987	0	0	0	142,987	31,314	174,301
	2024/25	129,929	0	0	0	129,929	28,454	158,383
Deputy Chief Executive *	2025/26	115,520	0	0	0	115,520	23,049	138,569
	2024/25	102,825	0	0	0	102,825	20,264	123,089
Director (Places Services) **	2025/26	67,922		0	923	68,845	14,906	83,751
	2024/25	0	0	0	0	0	0	0
Director (Corporate Services)	2025/26	108,853	0	0	0	108,853	21,299	130,152
	2024/25	102,825	0	0	0	102,825	20,449	123,274
Assistant Director Finance & Audit (s151 Officer)	2025/26	82,684	0	0	0	82,684	18,198	100,882
	2024/25	77,499	0	0	0	77,499	16,972	94,471

* Deputy Chief Executive from 1st August 2025 (previously Director (Community Services)
** Director (Places Services) from 1st August 2025 (previously Head of Housing)

	2025/26	2024/25
Chief Executive	1	1
Deputy Chief Executive	1	0
Directors	2	2
Assistant Director Finance & Audit (s151 Officer)	1	1

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

33. Officers' Remuneration (continued)

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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
							£	£
£0 - £20,000	0	0	5	7	13	7	43,423	8,977
£20,001 - £40,000	2	0	0	1	2	1	61,196	25,490
£40,001 - £60,000	1	0	0	0	2	0	89,736	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	1	0	0	0	1	0	101,129	0
TOTAL	**4**	**0**	**5**	**8**	**18**	**8**	**295,484**	**34,467**

34. Leases

Council as Lessee

Right of Use Assets

The Council has acquired vehicles and office premises under right of use assets.

The assets acquired are carried in the Balance Sheet at the following net amounts:

	2025/26		2024/25	
	Other Land & Buildings £'000	Vehicle Plant & Equipment £'000	Other Land & Buildings £'000	Vehicle Plant & Equipment £'000
Balance as at 1 April	5,044	1,458	5,044	763
Additions	23	4,823	153	1,191
Depreciation	(65)	(642)	(65)	(496)
Revaluations	16	0	(88)	0
Balance as at 31 March	**5,018**	**5,639**	**5,044**	**1,458**

Future Lease Payments

	Minimum Payments	
	31 March 26 £'000	31 March 25 £'000
Within one year	1,697	912
Between one and five years	6,067	3,210
After five years	12,378	11,548
Total	**20,142**	**15,670**

34. Leases (continued)

Cashflow in relation to leases

	2025/26 £'000	2024/25 £'000
Interest expense on lease liabilities (CIES)	719	561
Total cashflow for leases	1,682	2,060
Cash payments for interest portion of lease liabilities	719	561

Maturity of leases (Lease Liabilities)

	31 March 26 £'000	31 March 25 £'000
Within one year	897	378
Between one and five years	3,399	1,303
After five years	7,588	6,348
Total	**11,884**	**8,029**

Adoption of IFRS 16 resulted in the assets being classed as Right of Use assets

	2025/26 £'000	2024/25 £'000
PPE (Vehicles)		
Balance as at 1 April	0	456
Additions	0	0
Depreciation	0	(114)
Disposals	0	0
Balance as at 31 March	**0**	**342**

Operating Leases (As Lessor)

The Council acts as a lessor for industrial and commercial units, rented under operating leases. In addition to this the Council commenced a number of license type leases in 2014/15 for rental of space in the Hinckley Hub. The total rental income from the operating leases in 2025/26 was £1,640,982. (£1,680,785 in 2024/25).

Lease payments due

	2025/26 £'000	2024/25 £'000
Within 1 Year	1,761	1,710
Between 2 and 5 Years	7,623	7,064
	9,384	**8,774**

34. Leases (continued)

Operating Leases (As Lessee)

The Council is in the process of updating its light commercial fleet. The annual charges are set out below.

	2025/26 £'000	2024/25 £'000
Within 1 Year	0	40
Between 2 and 5 Years	0	0
Later than 5 Years	0	0
	0	**40**

35. Impairment Review

During 2025/26, the Council underwent an impairment review through the following means:

- An external review of the market value of assets by the Council's external valuer; and
- Review of assets for obsolescence by the Council's Estates and Asset Manager

As a result of the above, the Council has recognised a net impairment loss of £0.366 million in the Comprehensive Income and Expenditure Statement split as follows:

	2025/26 £'000	2024/25 £'000
Property Plant and Equipment	(366)	(1,239)
	(366)	**(1,239)**

36. Pensions and Retirement Benefits

Local Authorities are required to recognise the full requirements of International Accounting Standard 19 (IAS 19).

The objectives of IAS 19 are to ensure that:-

a) Financial statements reflect at fair value assets and liabilities arising from an employer's retirement benefit obligations and any related funding;
b) The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other changes in value of the assets and liabilities are recognised in the accounting periods in which they arise; and
c) The financial statements contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses, assets and liabilities.

The accounting entries required under IAS 19 have no impact on the Council Tax liability.

36. Pensions and Retirement Benefits (continued)

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority 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 the Local Government Pension Scheme, administered locally by Leicestershire County Council. This is a funded, final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The Council pays contributions to the Leicestershire County Council Pension Fund, which provides its members with defined benefits related to pay and service.

The pension scheme 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 Leicestershire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

Payments to the Pension Fund

It is budgeted that the Council will pay Leicestershire County Council £3.544 million in employer's pension contributions in the year 2026/27.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and Statement of Movement in Reserves during the year:

Income and Expenditure Account	2025/26 £'000	2024/25 £'000
Net Cost of Service		
Current Service Cost	2,139	2,779
Past Service Cost	322	0
Administration Expenses	61	58
	2,522	2,837
Net Operating Expenditure		
Pension Interest Costs	6,705	5,329
Expected return on Assets	(6,280)	(4,891)
Net Interest Cost	425	438
Total charged to Comprehensive Income and Expenditure Statement	**2,947**	**3,275**
Statement of Movement on the General Fund Balance		
(Reversal of) Net Charges Made for Retirement Benefits in Accordance with IAS19	(2,947)	(3,275)
Actual Amount Charged Against General Fund Balance for Pensions in Year	**4,488**	**3,983**

36. Pensions and Retirement Benefits (continued)

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gain of £8.014 million (2024/25 loss of £0.549 million) were included in the Comprehensive Income and Expenditure Statement. The cumulative amount of actuarial gains recognised in the Comprehensive Income and Expenditure Statement to 31st March 2026 is £17.253 million (£9.239 million gain to 31st March 2025).

Balance Sheet Recognition	31 March 2026 £'000	31 March 2025 £'000
Present value of the defined benefit obligation	87,275	81,185
Fair value of plan assets	(115,138)	(107,166)
Asset Ceiling Actuarial Adjustment	42,663	34,308
Net liability arising from defined benefit obligation	**14,800**	**8,327**

Assets and Liabilities in Relation to Retirement Benefits

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

	2025/26 Unfunded £'000	2025/26 Funded £'000	2024/25 Unfunded £'000	2024/25 Funded £'000
Fair value of plan assets at 1 April	0	107,166	0	100,124
Interest on plan assets	0	6,280	0	4,891
Remeasurements (assets)	0	(562)	0	535
Employer contributions	69	4,419	70	3,913
Member contributions	0	1,004	0	945
Benefits/transfers paid	(69)	(3,169)	(70)	(3,242)
Fair Value of plan assets as at 31 March	**0**	**115,138**	**0**	**107,166**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2025/26 Unfunded £'000	2025/26 Funded £'000	2024/25 Unfunded £'000	2024/25 Funded £'000
Benefit obligation at 1 April	715	80,470	859	91,302
Current service cost	0	2,139	0	2,779
Past Service Cost	0	322	0	0
Interest on pension liabilities	0	4,717	0	4,478
Member contributions	0	1,004	0	945
Remeasurements (liabilities)	31	1,054	(74)	(15,850)
Benefits/transfers paid	(69)	(3,169)	(70)	(3,242)
Administration expenses	0	61	0	58
Benefit obligation as at 31 March	**677**	**86,598**	**715**	**80,470**

36. Pensions and Retirement Benefits (continued)

Local Government Pension Scheme Assets comprised:

Asset Category	31 March 2026 £'000	31 March 2025 £'000
Cash & Cash Equivalents	9,345	10,512
Equity Instruments		
Other	856	698
Bonds		
Government	4,194	3,932
Other	1,191	551
Property		
UK Property	6,853	7,335
Private Equity		
All	6,066	6,217
Other Investment Funds		
Equities	50,624	45,591
Bonds	0	0
Hedge Funds	0	0
Commodities	2,406	2,156
Infrastructure	10,464	9,887
Other	23,080	20,822
Derivatives	59	(535)
Total	**115,138**	**107,166**

Scheme History	31 March 2026 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Present Value of Scheme Liabilities	(87,275)	(81,185)	(92,161)	(91,013)	(125,938)
Fair Value of Scheme Assets	115,138	107,166	100,124	90,536	89,757
Asset Ceiling Actuarial Adjustment	(42,663)	(34,308)	(17,547)	0	0
Net (Liability)/ Asset	**(14,800)**	**(8,327)**	**7,963**	**(477)**	**(36,181)**

36. Pensions and Retirement Benefits (continued)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The County Council's fund liabilities have been assessed by the actuaries Hymans Robertson. The principal assumptions used by the actuary have been:

Basis for Estimating Assets & Liabilities

Assumptions as at :	31 March 2026 Per Annum	31 March 2025 Per Annum
Pension Increase Rate	3.00%	2.75%
Rate of Increase in Salaries	3.50%	3.25%
Rate for Discounting Scheme Liabilities	6.20%	5.80%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year. It assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous year.

Changes in assumptions at 31 March 2026	Approximate % increase to Employer Liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	2%	1,391
1 year increase in member life expectancy	4%	3,491
0.1% increase in the Salary Increase Rate	0%	75
0.1% increase in the Pension Increase Rate	2%	1,314

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next few years. The contribution rate is determined by the County Fund's Actuary based on a triennial actuarial valuation. A full valuation was carried out as at 31st March 2025. A roll forward valuation is performed by the actuary in the years between full valuations.

The scheme takes into account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2015 (or service after 31 March 2016 for other main existing public service pension schemes in England & 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.

37. Financial Instruments

Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Non-Current		Current	
	31 March 2026	**31 March 2025**	**31 March 2026**	**31 March 2025**
	£'000	**£'000**	**£'000**	**£'000**
Borrowings				
Financial liabilities	77,508	60,955	3,447	10,356
Accrued Interest	0	0	62	21
Financial liabilities at amortised cost (1)	**77,508**	**60,955**	**3,509**	**10,377**
Total included in borrowings	**77,508**	**60,955**	**3,509**	**10,377**
Other Liabilities				
Finance lease liabilities	10,987	7,651	897	378
Total other liabilities	**10,987**	**7,651**	**897**	**378**
Payables				
Financial liabilities at amortised cost (1)	2,972	9,336	16,880	15,612
Total payables	**2,972**	**9,336**	**16,880**	**15,612**
Investments				
Loans and receivables (principal amount)	0	0	0	150
+ Accrued interest	0	0	18	29
Loans and receivables at amortised cost (1)	0	0	18	179
Total investments	**0**	**0**	**18**	**179**
Receivables				
Loans and receivables	6,727	7,287	6,312	3,977
Total receivables	**6,727**	**7,287**	**6,312**	**3,977**

37. Financial Instruments (continued)

Financial Assets

	Non-Current				Current				
	Investments		Debtors		Investments		Debtors		Total
	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through Profit and Loss	0	0	0	0	0	0	0	0	0
Amortised Cost	0	0	7,287	6,727	179	18	3,977	6,307	13,052
Total Financial Assets	**0**	**0**	**7,287**	**6,727**	**179**	**18**	**3,977**	**6,307**	**13,052**
Non-Financial Assets	0	0	0	0	0	0	4,942	7,822	7,822
Total	**0**	**0**	**7,287**	**6,727**	**179**	**18**	**8,919**	**14,129**	**20,874**

Financial Liabilities

	Non-Current				Current				
	Borrowings		Creditors		Finance Lease		Creditors		Total
	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2025	31st March 2026	31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair value through Profit and Loss	0	0	0	0	0	0	0	0	0
Amortised Cost	(68,606)	(77,508)	7,226	0	(378)	0	(15,612)	(16,884)	(94,392)
Total Financial Liabilities	**(68,606)**	**(77,508)**	**7,226**	**0**	**(378)**	**0**	**(15,612)**	**(16,884)**	**(94,392)**
Non-Financial Liabilities	0	0	0	0	0	0	(2,175)	(2,230)	(2,230)
Total	**(68,606)**	**(77,508)**	**7,226**	**0**	**(378)**	**0**	**(17,787)**	**(19,114)**	**(96,622)**

Note 1 – Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

All financial assets held as loans and receivables in 2025/26 have been classified to amortised cost.

37. Financial Instruments (continued)

Financial instruments Gains/Losses

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

2025/26	**Liabilities measured at amortised cost**	**Loans and Receivables**	**Total**
	£'000	**£'000**	**£'000**
Interest Expense	3,221	0	3,221
Interest Income	0	(446)	(446)
Net (gain)/loss for the year	**3,221**	**(446)**	**2,775**

2024/25	**Liabilities measured at amortised cost**	**Loans and Receivables**	**Total**
	£'000	**£'000**	**£'000**
Interest Expense	2,901	0	2,901
Interest Income	0	(1,113)	(1,113)
Net loss/(gain) for the year	**2,901**	**(1,113)**	**1,788**

Fair value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

37. Financial Instruments (continued)

The fair values calculated are as follows:

Financial Liabilities

	31 March 2026		31 March 2025	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	£'000	**£'000**	**£'000**	**£'000**
PWLB debt	77,508	71,325	71,311	60,885
Short term Borrowing	3,447	2,911	0	0
Short term creditors	16,880	16,880	15,612	15,612
Short term finance lease liability	897	897	378	378
Long term creditors	2,972	2,972	9,336	9,336
Long term finance lease liability	10,987	10,987	7,651	7,651
Total Liabilities	**112,691**	**105,972**	**104,288**	**93,862**

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

The fair values for loans and receivables have been determined by reference to similar practices, as above, which provide a reasonable approximation for the fair value of a financial instrument and includes accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each Balance Sheet date. In practice, rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the [additional/reduced] 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.

Financial Assets

	31 March 2026		31 March 2025	
	Carrying amount £'000	**Fair value £'000**	**Carrying amount £'000**	**Fair value £'000**
Short term investments	0	18	150	179
Short term debtors	6,312	6,312	3,977	3,977
Long term debtors	6,727	6,727	7,287	7,287
Total Assets	**13,039**	**13,057**	**11,414**	**11,443**

37. Financial Instruments (continued)

Disclosure of nature and extent of risk arising from Financial Instruments

Key risks

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

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

Overall procedures for managing risk

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

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Strategy and treasury management clauses within its financial regulations/standing orders/constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
    - the Council's overall borrowing;
    - its maximum and minimum exposures to fixed and variable rates;
    - its maximum and minimum exposures to the maturity structure of its debt; and
    - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting Budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

37. Financial Instruments (continued)

The annual Treasury Management Strategy for 2025/26 to 2027/28 which incorporates the Prudential Indicators was approved by Council in February 2025 and is available on the Council website. The key points within the Strategy were:

- The Authorised Limit for 2025/26 was set at £139.916 million. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £136.916 million. This is the expected level of debt and other long term liabilities during the year.
  The maximum amounts of fixed and variable interest rate exposure were set at £136.916 million.

These policies are implemented by the Section 151 Officer and the Finance Section. The Council maintains 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. These TMPs are a requirement of the Code of Practice and are reviewed annually and approved by Council as part of the budget process.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy element of the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Details of the Investment Strategy can be found on the Council's website. The key areas of the Investment Strategy are that the minimum criteria for investment counterparties include:

- Credit ratings of Short Term of F1, Long Term A, (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- Guaranteed Banks with suitable sovereign support;
- Building societies which meet the required credit ratings and/or hold assets in excess of £500m.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies 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 inability to recover applies to all of the Council's deposits, but there was no evidence at the 31st March 2025 that this was likely to crystallise.

37. Financial Instruments (continued)

The Council does not generally allow credit for its customers, such that the majority of the general debtor balance is within its due date for payment. The past due amount can be analysed by age as follows:

	General Receivables 31 March 2026 £000's	General Receivables 31 March 2025 £000's
<3 months	1,292	246
3 to 6 months	779	61
6 months to 1 year	467	114
>1year	714	868
	3,252	**1,289**

Collateral – During the reporting year the Council held no collateral as security.

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. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Council deposits of £0.746 million in money market accounts at 31st March 2026 were being held for a period of 3 months or less and therefore have been classified as cash and cash equivalents in line with the Code.

Refinancing and Maturity risk

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

There are no expected credit losses (ECL) apart from on sundry debtors and rents. These ECL are non-material.

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.

37. Financial Instruments (continued)

This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- 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 financial liabilities is as follows, with the maximum and minimum limits for fixed interest rate borrowings maturing in each year:

Maturity Analysis	**Approved minimum limits**	**Approved maximum limits**	**Actual 31 March 2026 £'000**	**Actual 31 March 2025 £'000**
Less than 1 year	0%	100%	2,941	9,941
Between 1 and 2 years	0%	100%	2,941	2,941
Between 2 and 5 years	0%	100%	26,824	8,824
Between 5 and 10 years	0%	100%	14,707	14,707
More than 10 years	0%	100%	33,541	34,897
Total	**0%**	**100%**	**80,954**	**71,310**

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or 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 balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

37. Financial Instruments (continued)

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's Prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs. If all interest rates had been 1% higher or lower (with all other variables held constant) the financial effect would be nil as all the Council's borrowing and investments are fixed rate.

38. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has not identified any contingent liabilities as at 31 March 2026.

39. Contingent Asset

There were no contingent assets as at 31st March 2026.

40. Revenues and Benefits Partnership

The Council has entered into a partnership with North West Leicestershire and Harborough District Councils to provide shared administration of revenues and benefits. The partners have an agreement in place for funding these services which has been running since 6 April 2011**.** The Partnership is currently hosted by Hinckley and Bosworth Borough Council on behalf of the other partners.

All partners contribute towards the operation of the partnership which is classified as a Jointly Controlled Operation. On this basis, each partner accounts for their share of contributions within their Statement of Accounts. The funding provided by Hinckley and Bosworth Borough Council in 2025/26 was £1.681 million (2024/25 - £1.593 million).

Each partner provides equipment and software for the operation of the Partnership. These remain the property of the partners. Those assets used by the Council for the Partnership are included in the Balance Sheet and treated in line with the relevant accounting policies.

Additional Financial Statements

The Housing Revenue Account
The Collection Fund

Housing Revenue Account 2025/26

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing the landlord's housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The difference between the accounting cost and the funding cost is adjusted in the Movement on the Housing Revenue Account Statement.

2024/25 £'000	**Income and Expenditure Statement**	**2025/26 £'000**
	Income	
(15,381)	Dwelling Rents (gross)	(15,880)
(71)	Non-dwelling Rents (gross)	(65)
(911)	Charges for Services and Facilities	(896)
(1,221)	Contribution Towards Expenditure	(558)
(17,584)	**Total Income**	**(17,399)**
	Expenditure	
3,649	Repairs and Maintenance	3,634
4,535	Supervision and Management	4,688
496	Rents, Rates, Taxes and other charges	410
3,740	Depreciation impairments and revaluation losses of non current assets	3,912
1	Debt Management Costs	1
25	Movement in the allowances for bad debts	(53)
12,446	**Total Expenditure**	**12,592**
(5,138)	**Net Cost of Services**	**(4,807)**
51	Housing Share of Corporate and Democratic Core	58
1,846	Interest payable and similar charges	1,838
(520)	Interest and investment income	(202)
(32)	(Gain)/ Loss on sale of HRA non-current assets	(251)
66	Pension Interest Costs	64
(3,727)	**(Surplus) or deficit for the year on HRA services**	**(3,300)**

Housing Revenue Account 2025/26

2024/25 £'000		2025/26 £'000
	Statement of Movement on HRA Balances	
(850)	**Balance on HRA at end of Previous Year**	**(1,217)**
(3,727)	Deficit or Surplus on HRA I&E	(3,300)
223	Adjustments between accounting basis and funding basis under statute	578
(3,504)	**Net decrease(increase) before Transfer to Reserves**	**(2,722)**
3,137	Transfers to and (from) earmarked reserves	2,584
(367)	(Increase)/ decrease in HRA	(138)
(1,217)	**Balance on HRA end of YEAR**	**(1,355)**
	Notes to the Movement on HRA Statement	
	Adjustments between Accounting and funding basis	
(1)	Accumulated Absences	(1)
87	Gain and losses on non-current assets	298
137	HR Share of contribution to and from Pension Reserve	281
223		**578**
	Transfer to (from) reserves	
(786)	Transfer to/ from MRR	(32)
1076	Transfer to Capital Adjustment Account	446
2847	Transfer to other Reserves	2170
3,137		**2,584**

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the billing Authority. The accounts of the fund have been prepared on an accruals basis.

Collection Fund

2024/25 Council Tax £'000	2024/25 Business Rates £'000	2024/25 Total £'000		2025/26 Council Tax £'000	2025/26 Business Rates £'000	2025/26 Total £'000
			Income			
(88,326)		(88,326)	Council Tax Income	(93,456)		(93,456)
0		0	Transfer from / (to) General Fund - Council Tax Benefit	0		0
(95)		(95)	Transfer from / (to) General Fund - Hardship Payments	(85)		(85)
	(44,194)	(44,194)	Income from Business Rates		(47,939)	(47,939)
	(1,161)	(1,161)	Transitional Protection Payments		(314)	(314)
0	0	0	Contributions towards Previous years Collection Fund Deficit	0	0	0
(88,421)	**(45,355)**	**(133,776)**	**Total Income**	**(93,541)**	**(48,253)**	**(141,794)**
			Expenditure			
87,298		87,298	Precepts and demands from major preceptors and the authority	92,471		92,471
	23,351	23,351	Share of non-domestic rating income to major preceptors and the authority		24,125	24,125
	22,124	22,124	Payment with respect to central share (including allowable deductions) to central government		22,970	22,970
			Impairment of Debts / Appeals			
269	52	321	· Write offs on uncollectable amounts	4	77	81
409	340	749	· Allowance for impairment	591	231	822
	(98)	(98)	· Allowance for appeals		566	566
	92	92	· Interest		46	46
	130	130	Allowance for collection costs		133	133
	0	0	Transitional protection payments		0	0
517	200	717	Contributions towards Previous years Collection Fund Surplus	488	81	569
88,493	**46,191**	**134,684**	**Total Expenditure**	**93,554**	**48,229**	**141,783**
72	836	908	Movement on Fund Balance	13	(24)	(11)
(91)	(244)	(335)	Opening Fund Balance 1 April	(19)	592	573
(19)	**592**	**573**	**Closing Fund Balance 31 March**	**(6)**	**568**	**562**

Notes to the additional financial Statements

1. Housing Repairs Account

2024/25 £000's		2025/26 £000's
	Income	
(3,646)	Contribution from HRA	(3,732)
0	Miscellaneous Income	0
(3,646)	**Total Income**	**(3,732)**
	Expenditure	
676	Employee costs	656
0	Premises related costs	0
12	Transport related costs	7
148	Supplies and services costs	183
309	Central support costs	327
1,145		1,173
794	Programmed repairs	713
1,709	Responsive repairs	1,746
3,648	**Total Expenditure**	**3,632**
2	**Net Cost of Service**	**(100)**
56	IAS 19 Pension Adjustment	89
1	Accumulated Absence Adjustment	0
0	Contribution to reserves	0
59	**Deficit/(Surplus) for the year**	**(11)**
(72)	**Balance brought forward 1 April**	**(13)**
(13)	**Balance carried forward 31 March**	**(24)**

2. Movement in Dwelling Stock

The Council was responsible for managing a housing stock of 3,191 dwellings at 31st March 2026. During the year the following movement took place:

	2025/26 Number	2024/25 Number
Sales (Right to Buy)	(37)	(7)
Additions	31	21
Decommissioned Properties	(33)	0
Total Movement	**(39)**	**14**

3. Property Types in Dwelling Stock

The types of properties owned by the Council at 31st March comprise the following:-

	2026 Number	2025 Number
1 bedroom bungalows	285	285
1 bedroom houses	2	3
1 bedroom flats	617	627
2 bedroom bungalows	421	421
2 bedroom houses	310	305
2 bedroom flats	380	404
3 bedroom bungalows	7	7
3 bedroom houses	1,146	1,155
3 bedroom flats	0	0
4 bedroom bungalows	1	1
4 bedroom houses	21	20
5 bedroom houses	1	2
Total Dwellings	**3,191**	**3,230**

4. Balance Sheet Value of Council's HRA Assets

	2025/26 £'000	2024/25 £'000
Operational Assets		
- Council Dwellings	258,344	259,574
- Other land and buildings	549	932
Total Assets	**258,893**	**260,506**

The vacant possession value of dwellings within the Council's HRA was £587.487 million. The vacant possession value and Balance Sheet value of dwellings within the HRA, show the economic cost to Government of providing Council housing at less than open market rents.

5. Rent Income

Rent Income can be analysed as follows: -

	2025/26 £'000	2024/25 £'000
Collectable from Tenants	(12,252)	(10,992)
Rent Rebates	(3,629)	(4,389)
Dwelling Rents	(15,881)	(15,381)
Non-dwelling Rents (Shops etc.)	(65)	(71)
Total Rent	**(15,946)**	**(15,452)**

6. Rent Arrears

	2025/26 £'000	2024/25 £'000
Rent Arrears	1,080	1,068
Bad Debt Provision	908	953
Bad Debts Written Off	16	172

7. Major Repairs Reserve

	2025/26 £'000	2024/25 £'000
Balance at 1 April	**(43)**	**(43)**
Amounts transferred to Reserve during the year	(3,927)	(3,009)
Capital Expenditure	3,927	3,009
Balance at 31 March	**(43)**	**(43)**

The use of the Major Repairs Reserve to finance HRA capital expenditure relates entirely to enhancement of dwellings.

8. Capital Expenditure and Receipts

Total HRA capital expenditure of £14,671 million (£12,823,million 2024/25) was incurred. Expenditure on Dwellings was £14.181million (£12.780 million in 2024/25), expenditure on assets under construction £0.442 million and expenditure on Vehicles Plant and Equipment was £0.048 million. (£0.043 million in 2024/25). The sources of funding are shown below:

	2025/26 £'000	2024/25 £'000
Capital receipts	4,159	2,868
Other Contributions from Reserves	2,347	2,414
Major Repairs Reserve	3,927	3,009
In Year Grants	446	1,076
Unapplied Grants	0	0
Borrowing	3,792	3,456
Total Financing	**14,671**	**12,823**

Total capital receipts from HRA disposals during the financial year are shown below:

	2025/26 £'000	2024/25 £'000
Right to Buy Dwellings	3,569	633
Council House Mortgage Repayments	0	0
Total from Disposals	**3,569**	**633**

9. Depreciation/ Impairment

The total charge for depreciation and impairment for the land, houses and other property within the Council's HRA during the financial year is as follows:-

	2025/26 £'000	2024/25 £'000
Operational assets		
- Dwellings and garages	3,907	3,739
- Other land and buildings	0	0
- Vehicles, Plant and Equipment	52	56
Total Depreciation	**3,959**	**3,795**

10. HRA Share of Contribution to or From the Pension Reserve

To comply with IAS 19, the current service costs for the HRA are calculated separately and incorporated into Supervision and Management and Repairs and Maintenance costs shown. In order that there is no net cost to the HRA, these entries are reversed by the net effect of the following items:

- Net charges made for retirement benefits in accordance with IAS 19 amounted to £523,000 in 2025/26 (£601,000 in 2024/25).
- Employer's contributions to the Leicestershire County Council pension fund and retirement benefits payable direct to pensioners. This amounted to £804,000 in 2025/26 (£738,000 in 2024/25).

11. Non-Domestic Rateable Value

	2026 £'000	2025 £'000
Value at 31 March	111,345	110,692

12. National Non-Domestic Rates Multiplier

	2025/26	2024/25
National Non-Domestic Rates multiplier	55.5p	54.6p
Small Business Multiplier	49.9p	49.9p

13. Council Tax Base

Number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings.

Band	**2025/26**	**2024/25**
A	4,078	4,058
B	10,168	10,152
C	8,872	8,759
D	6,787	6,725
E	5,189	5,149
F	3,148	3,091
G	1,773	1,738
H	117	116
Council Tax Base*	40,132	39,788

* In accordance with relevant regulations, the Council Tax base for the council is rounded to one decimal point. The total taxbase for 2025/26 was approved on 12th December 2024.

14. Significant Precepting Authorities

	2025/26 £'000	2024/25 £'000
Leicestershire County Council	67,483	63,724
Leicestershire Police & Crime Commissioner	12,049	11,388
Leicester, Leicestershire and Rutland Combined Fire Authority	3,477	3,249
Hinckley and Bosworth Borough Council Inc Special Expenses	6,416	6,162
Parishes	3,046	2,775
Total	**92,471**	**87,298**

15. Fund Balances

The balance on the Fund is comprised as follows:

2024/25				2025/26		
Council Tax £'000	**Business Rates £'000**	**Total £'000**		**Council Tax £'000**	**Business Rates £'000**	**Total £'000**
(1)	238	237	Hinckley & Bosworth Borough Council	(1)	227	226
(14)	52	38	Leicestershire County Council	(5)	51	46
(3)	0	(3)	Leicestershire Police & Crime Commissioner	(1)	0	(1)
(1)	6	5	Leicester, Leicestershire & Rutland Combined Fire Authority	0	6	6
0	296	296	Central Government	0	284	284
(19)	**592**	**573**		**(7)**	**568**	**561**

This will be distributed to the Borough Council, the County Council, the Fire and the Police Authorities in subsequent years in proportion to their demands and precepts on the Fund.

Statement of Accounting Policies

General Principles

The Statement of Accounts (the Statements) summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations (2011) which require the Statements to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom 2025/26 supported by International Financial Reporting Standards (IFRS). It also complies with guidance notes issued by CIPFA on the application of accounting standards to Local Council accounts.

The relevant accounting policies adopted have been reviewed to ensure that the Statement of Accounts can be relied upon to give a true and fair view of the Council's financial performance and position. They also ensure that all legislative requirements have been correctly applied and that finally, the Statements have been prepared on a going concern basis. That is, the Council will continue in operational existence for the foreseeable future.

The principal accounting policies outlined have been applied consistently throughout the 2025/26 financial year.

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

The Statement of Accounts has been prepared with reference to the following qualitative characteristics:

- Understandability
- Relevance
- Materiality
- Reliability
- Comparability

Significant Changes in Accounting Policies

The Council's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the CIPFA Code of Practice on Local Authority Accounting 2025/26. The accounting policies presented in Note 1 are compliant with IFRS and have been applied in preparing the financial statements and the comparative information.

Major changes are detailed below:-

Asset Measurement (IAS 16 & IAS 38 Adaptations): - Implementation of three year revaluation processes for property, plant, and equipment.
Introduction of indexation requirements for non-investment assets and a requirement to value intangible assets using the historical cost approach. This an amendment to Accounting Practice per the CIPFA code rather than accounting practice. Therefore between five year valuations (20 per cent per year) indexation will be used to value the remainder of assets.

Revenue Recognition

Revenue represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided and is only recognised when payment is probable. Revenue excludes value added tax, similar sales taxes and discounts.

Recognition of Revenues-Council Tax and Non-Domestic Rates

Accounting for Council Tax
While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.
The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a receivables or payables balance as appropriate.

Accounting for Non-Domestic Rates (NDR)
The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the National Non Domestic Rates NNDR 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a relievable or payable balance as appropriate.

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 2025/26 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2026. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2026.

Going Concern - Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

Cash position

The Council had a balance of £0.078m at the 31st March 2026, (31 March 2025 year-end figure of £0.097m). The Council also has £0.746 million in money market funds available in two to three days. Whilst there is uncertainty on income, the Council remains confident in its ability to maintain sufficient cash for its services throughout the medium term. The Council is of course also able to borrow short term for revenue purposes if ever needed.

In a ‘stressed’ case scenario whereby income is constrained further in the event of a further lockdown restrictions, and income recovering only very slowly, the Council has sufficient levels of reserves and investments that it would not run out of cash.

The Council’s cash forecasts show that it has adequate cash to cover its liabilities as they fall due beyond the going concern assessment period of December 2027. The forecast cash position as at 28 February 2027 is £1.24m.

Conclusion

The Council believe that, due to the above, the going concern basis of accounting is appropriate for a period of at least 12 months from the date of the approval of the financial statements.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority’s financial performance.

Value Added Tax (VAT)

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

Prior Period Adjustments, Changes in Accounting Policies and Estimates and

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.
Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.
Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.
Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31st March but the invoice relating to the goods and services is paid after 31st March. Income is accrued where income is due but an invoice has not been raised or payment has not been received.
- Provision is made for bad debts by identifying a proportion of the Council's receivables that should have their carrying value adjusted to the probable recoverable amount. Past experience and practice is used within material limits to judge the percentages of each type of debt that will eventually not be recovered.

Exceptions are made in respect of electricity and similar utility quarterly payments, which are charged at the date of the meter reading rather than being apportioned between financial years. In addition, homelessness prevention bonds are treated on a cash basis. These policies are consistently applied each year and, therefore; do not have a material effect on the Statements.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and other contributions and donations are recognised as due when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The funding will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line. General grants are credited to the Comprehensive Income and Expenditure Account and shown after Net Operating Expenditure.

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 Grant Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Revenue Expenditure funded from Capital under Statute

Revenue Expenditure funded from Capital under Statute (REFCUS) results from expenditure of a capital nature where no asset is created for the Council. They include improvement grants or advances to other individuals or organisations for the purpose that would have been capital if incurred by the Council.

REFCUS also includes exceptional revenue expenditure for which a capitalisation direction has been granted to allow this expenditure to be funded from capital.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is taken through the Movement in Reserves Statement so there is no impact on the level of Council Tax.

Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

These charges are reversed from the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement to the Capital Adjustment Account so that they do not create a requirement to raise additional Council Tax. However, the Council is required to make an annual provision from revenue to contribute 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, impairment losses and amortisation are therefore replaced by revenue provision in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

Fair Value Measurement

The Council measures some of its non-financial assets 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:

- in the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the assets in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets 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, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

Property, Plant and Equipment – Recognition and Impairment

Assets that have physical substance, are held for use in the production or supply of goods and 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

All expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure on property, plant and equipment is capitalised, provided that the asset yields benefits to the Council and the services it provides, for a period of more than one year.

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 has a general de-Minimis limit of 10,000 for capital expenditure purposes. One single item which results in the capitalisation of expenditure above that limit is recognised as an asset in the Balance Sheet. Items below this limit are charged to revenue.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where a component is replaced or restored (i.e. enhancements), the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above being met.

Measurement

Assets are valued on the basis recommended by CIPFA and in accordance with the statements of Asset Valuation Principles and Guidance notes issued by the Royal Institution of Chartered Surveyors (RICS). Non current assets are then carried in the Balance Sheet using the following measurement basis:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. For March 2026 valuation was carried out by Wilks Head and Eve LLP.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

Property, Plant and Equipment – Depreciation, Impairment and Disposal

Depreciation

Depreciation is provided for all property, plant and equipment except for freehold land and assets under construction. Depreciation is provided for on other assets with a determinable finite life by allocating the value of asset in the Balance Sheet over the periods expected to benefit from their use. Depreciation is calculated over the expected life of each asset.

Depreciation is provided in accordance with the following policies:

- Operational buildings, vehicles, plant and equipment, and infrastructure assets are depreciated.
- No depreciation provision is made for land or investment properties.
- Newly acquired assets and enhancements are depreciated from the following year, although assets in the course of construction are not depreciated until they are brought into use.
- Depreciation is calculated using the straight line method.

As part of the annual revaluation exercise, the valuer provides estimated residual lives for all dwellings, which is used to calculate the deprecation charge for the financial year. This method reflects the average range of expected life per dwelling of between 40-60 years. For 2025/26 the estimated residual life used was 46 years. Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Impairment

Assets are assessed at each year-end by the Estates and Assets Manager as to whether there is any indication that an asset may be impaired.

Where impairment losses are identified as part of this review or as a result of a valuation exercise, 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 gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. This policy is applied correspondingly when an impairment is required to be reversed.

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

Disposal

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet and the receipt from disposal are written off to the Comprehensive Income and Expenditure Statement as part of the loss or gain on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of Property, Plant and Equipment is accounted for on an accruals basis and the unapplied balance is included in the Balance Sheet as Useable Capital Receipts.

For the purposes of the capital expenditure controls, the Council will set aside capital receipts for future capital spend or set aside to reduce the Council's need to borrow. Almost all capital receipts can therefore be used to finance borrowing, with the following exceptions:

- Receipts in relation to assets purchased using grants from Central Government and its agencies, where the receipt must first be used to repay grant in line with any funding agreement.
- Proportion of housing receipts required for Government pooling.

Assets under Construction

Asset under Construction are recognised only when it is probable that the future economic benefits will flow to the Council and the cost can be measured reliably. Assets under Construction are capitalised at cost which includes labour and overhead costs arising directly from the construction of the asset. Assets under Construction are not depreciated until they are brought into use under the relevant sections of property plant and equipment.

Intangible Assets

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

Intangible assets are measured initially at cost. The depreciable amount of intangible assets are amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any impairment losses and disposal profits or losses are treated in the same way as Property Plant and Equipment.

Heritage Assets

Heritage assets are defined as those tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities and are held for their contribution to knowledge and culture.

Heritage assets are recognised where they meet this criteria and are valued in excess of the de-Minimis threshold of £278k. Heritage assets are measured in the Balance Sheet at valuation which is based on replacement value or insurance value, where the former cannot be established. An impairment review will be carried out each year to assess any physical deterioration of the assets. All heritage assets held by the Council are deemed to have indefinite lives and therefore are not depreciated. Any disposal of assets will be treated in the same manner as other Property, Plant and Equipment.

Assets Held for Sale

When the value of non-current assets is expected to be recovered principally through sale rather than through continuing usage, they are classified as non-current assets held for sale. In these cases, the assets are actively marketed at 31st March and their sale is probable in the following year. With the exception of assets arising from employee benefits and financial instruments, these assets are classified as current and are stated at the lower of their carrying amount and current value less costs to sell.

Measurement differences arising between the carrying amount and current value less cost of disposal are treated as impairment charges and are separately disclosed.

Leases

The Authority as Lessee:

Right of Use Assets

Leases are recognised as a right of use asset where the substance of a contact of services conveys a right to control or use of an identifiable asset Right of use assets are treated in the same way as Long Term Assets

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and a finance charge debited to the Financing, and
- Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (where applicable– may not be a finance charge e.g. leases in regard to land).

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

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

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

The Authority as Lessor:

Leases over one year

Where the Authority grants a 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 (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The written-off value of disposals is not a charge against council tax, as the cost of property, Plant and equipment 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 Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line Basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income. Initial direct costs incurred in negotiating and arranging the lease, along with any incentive payments, are charged as an expense over the lease term on the same basis as rental income.

Provisions

Provisions are made when an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement of the amount of the obligation.

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.

Reserves

The Council may establish reserves to allow specific future objectives to be financed. It also retains general balances to allow for contingencies.

Reserves are created by appropriating amounts in the Comprehensive Income and Expenditure Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year against the Net Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund 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 and employment benefits. These are classified as unusable reserves and are explained in the relevant polices.

Related Party Transactions

The Council discloses 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. These relationships, in year transactions and outstanding balances are disclosed within a narrative note to the Statements.

Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather that the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the asset being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf and the income that it earns from the venture.

Employee Benefits – Benefits Payable During Employment

Short-term employee benefits (those that fall wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits such as car loans for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against the service in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and flexi-time earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Employee Benefits – 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. Amounts are charged on an accruals basis to the relevant service(s) in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructure.

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 Fund Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year end.

Employee Benefits – Post-employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS) administered by Leicestershire County Council. The LGPS provides defined benefits to members (retirement lump sums and pensions) earned as employees when working for the Council.

The liabilities of the LGPS 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The charge in the net pension liability is analysed into service costs comprising of:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

Net interest on the net defined benefit liability (asset), i.e. net interest expense for the 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 payment.

Remeasurements of the scheme are split between:

- Remeasurement return on plan assets – excluding amounts included in the net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Remeasurement actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measure the beneficial impact to the General Fund required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

Employee Benefits – Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. Any liabilities estimate 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 LGPS.

Accounting for Precept and NNDR

The Code requires that precepts and NNDR are accounted for on an agency basis. This means that only the proportion of outstanding or prepaid Council Tax and NNDR relating to this Council is accounted for in the main financial statements. Other amounts outstanding are reported in the financial statements of the “owning” body.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of the instrument. Financial liabilities are initially measured at fair value and are carried at amortised cost Where applicable (i.e. for loans) annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable based on the interest rate of the liability. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Account is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are recognised in the Balance Sheet when the Council becomes a party to the contractual provision of the instrument. Financial assets are initially measured at fair value and then are subsequently measured at their amortised cost. Where applicable (i.e. for investments) annual credits are included in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable based on the interest rate of the investment. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest); and the interest credited to the Comprehensive Income and Expenditure Account is the amount receivable for the year according to the loan agreement.

The Council has made a number of loans to organisations and individuals at less than the market rate (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective interest rate of interest. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, which provide evidence of conditions that existed at the end of the reporting but occur between the end of the reporting period 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 – in these cases the Statements are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – in these cases the Statements are 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.

Glossary of Terms

Term	Definition
Accounting Policies	Principles, bases, rules and practices applied in the preparation of the financial statements.
Accruals	The concept that income and expenditure are recognised as they are earned or incurred not as money is received or paid.
Actuarial Gains and Losses	For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because a) events have not coincided with the actuarial assumptions made at the last valuation (experience gains or losses) or b) the actuarial assumptions have changed.
Capital Charge	A charge to revenue accounts to reflect the cost of Non Current Assets used in the provision of services.
Capital expenditure	Expenditure on the acquisition of Non Current Assets or expenditure which adds to and not merely maintains the value of an existing asset.
Capital Receipt	Money the Council receives from the sales of assets (buildings, land etc).
CCAB	Consultative Committee for Accountancy Bodies.
CIPFA	Chartered Institute of Public Finance and Accountancy, the principal accountancy body dealing with local government finance.
Community Assets	Land held permanently for the benefit of Borough residents.
Consistency	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Corporate and Democratic Core	Activities of the Council due to being an elected, multi-purpose body. The cost of these activities is over and above those that would be incurred by a series of independent, single purpose nominated bodies managing the same activities. There is no logical basis for apportioning these costs to services.
Current Service Cost (Pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Defined Benefits Scheme	A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).
Depreciation	The measure of the wearing out, consumption, or other reduction in the useful life of Property, Plant and Equipment assets whether arising from use, passage of time or obsolescence through technology or other changes.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Authority's discretionary powers such as the Local Government Discretionary Payments Regulations 2000.
Expenditure and Funding Analysis	This is a reconciliation between management reporting segments and the CIES surplus and defect on the provision of services. The statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practises with statutory defined charges to the General fund and HRA.
Expected Rate of Return on Pensions Assets	For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
Current value	The fair value of an asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.
Finance Lease	A lease that substantially transfers all of the risks and rewards of ownership of an asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment amounts to substantially all of the current value of the leased asset.
Non Current Assets	Property, plant and equipment assets that yield benefits to the local Authority and the services it provides for a period of more than one year.
General Fund	The Council's main revenue account covering the net cost of all services other than Council housing.

Going Concern	The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and the Balance Sheet assume no intention to curtail significantly the scale of operations.
Impairment	The reduction in the valuation of a Property, Plant and Equipment asset or goodwill below its Balance Sheet value and occurs when something adverse has happened to either the asset itself or to the economic environment in which the asset is operated.
Infrastructure Assets	Non Current Assets that are inalienable expenditure on which is recoverable only by continued use of assets created. Examples of infrastructure assets are Highways and Footpaths.
Interest Cost (Pensions)	For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.
Inventories	Comprise the following categories:- i) goods or other assets purchased for resale; ii) consumable stores; iii) raw materials and components purchased for incorporation into products for sale; iv) products and services in intermediate stages of completion; v) contract balances; vi) finished goods.
Investments (Non Pensions Fund)	A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should only be classed as such where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to pension's funds, which do not meet the above criteria, are classified as current assets.
Investments (Pensions Fund)	The investments of the Pensions Fund will be accounted for in the Statements of the administering Authority, which is Leicestershire County Council. District Councils are required to disclose as part of the requirements relating to retirement benefits the attributable share of Pensions Scheme assets associated with their underlying obligations.

Investment Properties	Interest in land and/or buildings:- a) in respect of which construction work and development has been completed; and b) which is held for its investment potential, any rental income being negotiated at arm's length.
Major Repairs Reserve	A reserve created to deal with major capital repairs to HRA properties financed from the Major Repairs Allowance.
Minimum Revenue Provision (MRP)	Minimum Revenue Provision is the minimum amount the Council is required to provide for the repayment of long-term debt used to finance the acquisition of Non Current Assets.
Movement in Reserves Statement (MIRS)	The MIRS shows the movement in the year on the various reserves held by the Council. Reserves are classified into usable and unusable reserves. Usable Reserves are those that can be used to cover expenditure or reduce the level of local taxation required. They include the general fund, earmarked reserves and the capital receipts reserve. Unusable reserves tend to arise due to difference in the legal responsibilities that cover how transactions need to be accounted for and accounting requirements. These reserves cannot be used to cover expenditure, and include the pensions reserve, the revaluation reserve and the capital adjustment account.
National Non-Domestic Rates (NNDR)	National Non-Domestic Rates (Business Rates) represents the rate of taxation on business properties. Central Government has the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax.
Net Book Value	The amount at which Non Current Assets are included in the Balance Sheet i.e. their historic cost or current value less the cumulative amounts provided for depreciation.
Net Current Replacement Cost	The cost of replacing or recreating the particular asset in its existing condition and existing use i.e. the cost of its replacement or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.
Net Realisable value	The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses incurred in realising the asset.
Non-Distributed Costs	These are overheads for which no user benefits and therefore should not be apportioned to services.
Non-Operational Assets	Non Current Assets that are held by a Local Authority but not directly occupied, used or consumed in the delivery of services. Examples would be investment properties and assets surplus to requirements, pending sale or redevelopment.

Operating Leases	A lease other than a finance lease.
Operational Assets	Non Current Assets that are held and occupied used or consumed by the Local Authority in the direct delivery of services for which it has a statutory or discretionary responsibility.
Past Service Cost	For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of or improvement to retirement benefits.
Post Balance Sheet Events	Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.
Precept	A demand by one public body to another public body to collect revenue from a Council Tax payer.
Projected Unit Method	An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:- i) the benefits for pensioners and deferred pensioners (i.e. the individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases; and ii) The accrued benefits for members in service on the valuation date. The accrued benefits are benefits up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note 27 issued by the Faculty and Institute of Actuaries.
Prudence	The concept that revenue is not anticipated but is recognised only when realised in the form of cash or other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.
Reserve	Monies set aside for a scheme or event that may happen.
Retirement Benefits	All forms of consideration given by an employer in exchange for services rendered by an employee that are payable after the completion of employment. Retirement benefits do not include termination payments payable as a result of either; i) An employer's decision to terminate an employee's employment before normal retirement date Or; ii) an employee's decision to accept voluntary redundancy in exchange for those benefits,

	because these are not given in exchange for services rendered by employees.
Revenue expenditure	Any expenditure that is of a recurring nature and does not result in the creation of an asset that is of benefit to the organisation beyond the end of the current accounting period.
Right of Use Asset	An identifiable asset that gives the Council the right to use under a contract for a period of more than one year.
Scheme Liabilities	The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.
Settlement	An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include. i) a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; ii) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; iii) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.
Total Cost	The total cost of a service or activity includes all costs which 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 capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.
Ultra Vires	An action that is outside the powers allowed to the body that wants to execute the action.
Useful Life	The period over which the Local Authority will derive benefits from the use of an asset.
Vested rights	In relation to a defined benefits pension scheme, these are:- i) For active members, benefits to which they would be unconditionally entitled to on leaving the scheme; ii) For deferred pensioners, their preserved benefits; iii) For pensioners, pension to which they are entitled. Vested rights include where appropriate, the related benefits for spouses or other dependants.

Introduction to the Annual Governance Statement

The preparation of the Annual Governance Statement, to support the Annual Statement of Accounts, is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council’s internal controls, performance, and risk management systems. The Council’s risk management framework includes defined escalation thresholds and an agreed approach to risk appetite, which is being embedded consistently across services and projects. This allows an assurance on their effectiveness to be provided so that users of the Accounts can be satisfied that proper arrangements are in place to govern spending and safeguard assets. The process also enables, if required, the production of a corporate action plan to address any identified weaknesses.

This Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016), having due regard to the CIPFA 2025 Addendum. The Addendum clarifies the application of the framework in the context of increased financial pressures, disruption to the local audit system, ethical governance and organisational resilience. In preparing this Statement, the Council has placed particular emphasis on demonstrating the integration of governance, risk management, financial planning and performance management; the effectiveness of ethical governance and Member oversight; transparency in relation to audit backlogs and disclaimed audit opinions; and the operation of alternative assurance arrangements where normal external audit assurance has not been available. The Council is satisfied that its governance framework remains aligned to the principles and expectations of the CIPFA/SOLACE framework as updated.

CIPFA have confirmed that “proper practice” in relation to internal control is as detailed in the Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) and this has statutory backing. This statement has been prepared taking into consideration the requirements detailed in that report.

An overview of the key elements of the Council’s Governance Framework is detailed at Appendix 1.

National Audit Backlog

There has been a national backlog in the delivery and sign off of local government Audited financial statements. This has been caused by many challenges facing the local audit system, which have been highlighted by External Audit firms, the Redmond Review, the NAO, the Local Government Association and in Parliament Committee hearings. The critical factors leading to these delays can be attributed to

- shortages in specialist audit resources and finance teams across local authorities, increasing regulatory requirements,
- specific governance or technical matters at audited bodies,
- emerging national accounting issues for Infrastructure Assets and more recently Pension Liability valuation matters

On 9 September 2024, the Government laid in Parliament a Statutory Instrument, ‘The Accounts and Audit (Amendment) Regulations 2024’, to introduce backstop dates by which point local bodies must publish audited accounts. To achieve this the backlog must be dealt with and processes put in place to avoid it reoccurring.

The Government’s approach to clear the backlog of local audits and embed timely audit consists of two parts:

- Reset measures involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 13 December 2024.
- Recovery period after the Reset Measures that reduces the likelihood of the backlog re-emerging by using backstop dates to allow assurance to be rebuilt over one or more audit cycles.

The Council’s Statement of accounts for 2020/21, 2021/22 and 2022/23 received disclaimed opinions for all these periods by our External Auditors Ernst & Young (EY) for these years. The Government has agreed a recovery plan which will address this national issue. This disclaimer is based on backlog meaning the Auditor is unable to obtain sufficient evidence to conclude an opinion on the financial statements.

Our external auditors for 2020/21, 2021/22 and 2022/23 (EY) have issued their External Audit Report and VFM for 2020/21, 2021/22 and 2022/23 which was reviewed by the members of the Audit Committee when provided. No significant control weaknesses were reported in the VFM processes for these periods.

The external audit for 2023/24 and 2024/25 was completed by Azets and both years were issued with a disclaimed opinion due to the national backlog pressure set out above. Audit Opinions being disclaimed means the normal audit assurance was not available to inform the Annual Governance Statements in relation to the years 2020/21, 2021/22, 2022/23 and 2023/24. A disclaimed opinion is not a “qualified” opinion, it simply means the auditor cannot obtain sufficient, appropriate evidence to form an opinion on the financial statements.

The external audit for 2025/26 is being completed by Azets and is anticipated to be issued again with a disclaimed opinion due to the national backlog pressures set out above, which continue to impact on the financial balances brought forward from prior years. The Council is working with our External Auditors to address this position and return to fully audited financial statements.

All other factors of governance control have operated as normal during these periods.

OVERALL SUMMARY

This is a positive Statement for the financial year 2025/26, with no significant control weaknesses identified or expected for the 2025/26 VFM conclusion report by our external auditors. The Council continues to operate a robust governance framework that is designed in a way to address risk and operates effectively. The governance framework outlined in this Statement has been in place at the Council for the year ended 31 March 2026.

SCOPE OF RESPONSIBILITY

Hinckley and Bosworth Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and 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 in which 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 suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance (The Constitution) which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) /The Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework *Delivering Good Governance in Local Government: Framework.* One of the objectives of the Constitution is to "enable the Council to review its governance arrangements as required".

This Annual Governance Statement (the Statement) explains how the Council has complied with the Constitution and meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015. The Statement details the systems of corporate and operational governance as well as the procedures of internal control that are in place. This document relies on several assurance mechanisms including internal audit, the work of Council committees, risk and performance management processes and External Audit.

This statement has been prepared in accordance with the principles of good governance as set out in the CIPFA guidance noted above. These principles are:

Principle of good governance	Supported by
Principle A **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law** The Council demonstrates a strong commitment to ethical values and compliance with the law through its constitutional arrangements, codes of conduct, and independent assurance over ethical governance. **Owner:** Monitoring Officer / Ethical Governance & Personnel Committee	• Members' Codes of Conduct are embedded in the Constitution, with mandatory training after elections and annual informal review of the Code • Oversight of ethical standards is provided by the Ethical Governance & Personnel Committee, which promotes and monitors high standards of conduct • A Whistleblowing Policy is in place, providing protections and support for whistle blowers • Internal Audit work includes review of ethical governance arrangements in line with PSIAS expectations
Principle B **Ensuring openness and comprehensive stakeholder engagement** Openness is supported through transparent committee structures, published reporting, and clear routes for challenge and scrutiny. **Owner:** Democratic Services / Audit Committee	• Scrutiny bodies operate with published agendas, work programmes and reporting to Council, supporting transparency in decision making • Audit Committee operates under CIPFA aligned Terms of Reference, reports directly to Council, and can access information and officers as required • Council reports, governance statements and accounts are formally approved and published as part of the Statement of Accounts process
Principle C **Defining outcomes in terms of sustainable economic, social and environmental benefits** The Council's governance framework supports the delivery of sustainable outcomes by aligning strategic objectives, financial planning,	• Governance arrangements explicitly link performance, risk and budget management through Scrutiny work programmes and reporting to Members • Risk categories explicitly include strategy, financial sustainability, governance and operations, supporting outcome focused decision making

Principle of good governance	Supported by
performance management and risk management. **Owner:** Chief Executive / Section 151 Officer	• Audit Committee oversight includes value for money and best value considerations as part of its annual work programme
Principle D **Determining the interventions necessary to optimise the achievement of intended outcomes** The Council uses risk based and performance led interventions to ensure that emerging issues are identified early and addressed proportionately **Owner:** SLT / Audit Committee	• A structured risk management framework is in place, with defined escalation routes to SLT, Executive and Audit Committee depending on risk severity • Project and programme risks are required to be reviewed regularly by Project Boards, ensuring proportionate intervention • Scrutiny functions challenge performance, budget pressures and emerging risks to inform corrective action
Principle E **Developing the entity's capacity, including the capability of leadership and individuals** The Council invests in Member and officer capability to ensure that leadership and governance responsibilities are effectively discharged. **Owner:** Head of Paid Service / Section 151 Officer / Monitoring Officer	• Audit Committee training is delivered to ensure Members understand governance, financial reporting, audit and value for money responsibilities • Senior officers (including the Section 151 Officer and Monitoring Officer) have clear statutory roles in governance oversight and assurance • Internal Audit is delivered in accordance with PSIAS, providing independent professional capacity and expertise
Principle F **Managing risks and performance through robust internal control and strong public financial management** The Council maintains sound systems of internal control and financial management, supported by	• The Council operates a corporate risk register with defined ownership, review cycles and reporting arrangements • Internal Audit has provided a positive annual assurance opinion on the adequacy and effectiveness of governance, risk management and internal control

Principle of good governance	Supported by
independent assurance and Member oversight. **Owner:** Section 151 Officer / Head of Internal Audit / Audit Committee	• Audit Committee provides independent oversight of internal control, risk, governance, financial reporting and anti-fraud arrangements
Principle G **Implementing good practices in transparency, reporting and audit to deliver effective accountability** Accountability is supported through transparent reporting, independent audit, and clear Member oversight arrangements. **Owner:** Audit Committee / Section 151 Officer	• Audit Committee produces an Annual Report to Council, summarising governance, audit and risk assurance activity • The Annual Governance Statement forms part of the published Statement of Accounts, approved through formal Member processes • External Audit value for money conclusions and Internal Audit opinions are reported to Members, supporting public accountability

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and 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 to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

Internal control is a process for assuring achievement of an organisation's objectives through identifying and controlling risk. The Committee of Sponsoring Organisations (COSO) defines the framework of internal control as comprising of six components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication

- Monitoring

The governance framework has been in place at Hinckley and Bosworth Borough Council for the year ended 31 March 2026 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

There are several key elements to the systems and processes that support the Council's Governance Framework, which are noted below.

There is a clear vision of the Council's purpose and target outcomes for local residents businesses and service users, which is communicated via the Corporate Plan. The Council agreed the new Corporate Plan (2024-2028) which sets out the long-term aims of the Council and drives the activities of the Council and Medium-Term Financial Strategy.

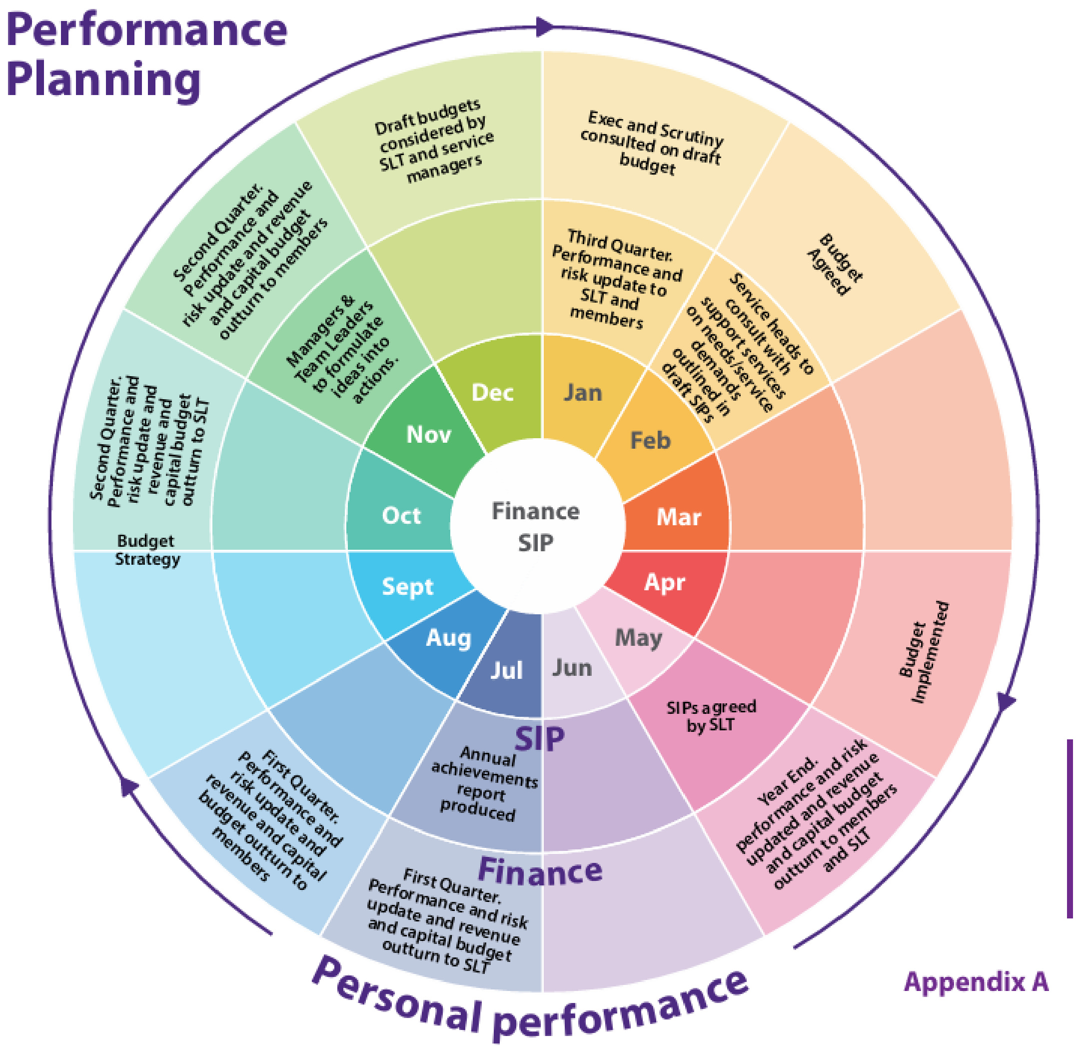
The Corporate Plan for 2024 to 2028 seeks to deliver our vision in creating great places to live, work and enjoy and address other national challenges around the cost of living and energy crises. Our Council services will work closely together as one team, driven by our key values, to deliver our priorities, goals, and ambitions for the next three years.

The plan does not include everything the council does, but it does set out our priorities, goals and ambitions for the next four years based on what our residents tell us are the most important matters to them. The council's Service Improvement Plans will be the mechanism that will deliver these ambitions. We have brought those priorities together under three clear headings:

Priorities	Our aims are to:
People- Helping people to stay safe, healthy, active, and in employment	1. Help people to stay healthy, happy and active and continue to provide initiatives that support children and young people, older people and our vulnerable residents 2. Maximise our residents' potential through employment and skills support 3. Reduce crime and anti-social behaviour
Places - Creating clean sustainable and attractive places to live, visit and work in	1. Adopt a new and ambitious Local Plan 2. Work towards a greener borough 3. Promote sustainable development and initiatives to reduce the carbon footprint of the borough
Prosperity - Encouraging sustainable commercial economic and housing growth, as well as attracting businesses, improving skills, and supporting regeneration	1. Enhance & promote our town centres 2. Adopt new plans for our key towns 3. Deliver our UK Shared Prosperity Fund Programme

The Council uses plans and strategies at various levels to plan and monitor the achievement of its aims and objectives, which together forms the Corporate Planning Framework (See fig 1 below). The objectives set out within the Corporate Plan are used to set targets for each department in their Service Improvement Plans (SIPs). Plans are refreshed annually and is managed through the performance management system on a regular basis. The Strategic Leadership Team and the Finance and Performance Committee review performance reports in year.

Figure 1: Hinckley & Bosworth Borough Council – Corporate Planning Framework



The Council's data quality expectations are included in its records management policy, which sets out the Council's requirement that any data used by the authority should be fit for purpose. This is supported by the standards for data quality put in place, being:

a) **Governance and leadership** - There is a corporate framework for management and accountability of records and data quality, with a commitment to secure a culture of data quality throughout the organisation
b) **Policies** - There are appropriate policies and procedures in place to secure the quality of the data recorded and uses for reporting
c) **Systems and processes** - There are systems and processes which secure the quality and protection of records and data as part of the normal business activity of the organisation
d) **People and skills** - There is a People Strategy with arrangements in place to ensure that staff have the appropriate knowledge, competencies, and capacity for their roles in relation to records management and data quality

e) **Data use and reporting** - There are arrangements in place that are focussed on ensuring that data and records supporting reported information is actively used in the decision-making process, and is subject to a system of internal control and validation

In addition, performance data is subject to:

- Challenge of measure definition when new indicators are identified;
- Challenge through the target setting process; and
- Challenge through monthly monitoring of performance data.

There are arrangements in place to ensure the financial plans are delivered in accordance with the council's objectives, are managed in a controlled way and that expenditure represents the best use of resources.

The Council's financial strategy, aims and objectives are outlined in the Medium-Term Financial Strategy (MTFS). The MTFS outlines ten financial objectives which the Council looks to achieve whilst managing current financial risks. Alongside this, the Council has in place a Housing Revenue Account (HRA) Business Plan which sets out how the organisation will finance and deliver affordable housing over the next thirty years. From a capital perspective, the Capital Programme covers expenditure and financing plans for the Council over a period of three financial years. Finally, a Treasury Management Strategy is approved annually by Council and details the organisation's approach to borrowing and investing.

The system of internal financial control reflects the budgetary control framework which is based on the following principals:

- Preparation of comprehensive annual budgets, reserves review and a Medium-Term Financial Strategy to examine the financial health of the Council
- Robust financial regulations and authorisation limits to ensure accountable financial decisions
- Allocation of financial resource to ensure that each budget holder meets with a dedicated accountant on a regular basis
- Production of quarterly reporting packs which are discussed by the Strategic Leadership Team
- Preparation of regular financial reports for members which outline actual expenditure against budget and forecast spend for the remainder of the financial year
- Use of a comprehensive financial ledger and reporting tool which produces disaggregated financial reports at various levels (e.g., fund, cost centre, expenditure type) to ensure that stakeholders receive information to inform decisions
- Inclusion of financial implications in all committee reports
- Representation from finance in the governance structure of all corporate projects

The Council's financial systems are reviewed each year by Internal Audit and in 2025/26 received a confirmation that there were no issues that needed to be reported in the Annual Governance Statement, with no high-level risks reported.

The constitution, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.

The council has established policies and procedures to govern its operations. Key within these is the Financial Procedure Rules, Contract Procedure Rules, Risk Management Policy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Whistleblowing Policy and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.

Contract Procedure Rules set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Sustainable Procurement Policy is a high-level view of how to promote effective procurement across the whole organisation.

A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Policy is reviewed on an annual basis and approved by the Executive and Audit Committee.

The Assistant Director for Finance & Audit (S151 Officer) is a member of the Extended Leadership Team (ELT) and a regular attendee at SLT. Whilst not a formal member of SLT, the local arrangements allow the Assistant Director for Finance & Audit to have direct access to the Chief Executive & Deputy Chief Executive, the Monitoring Officer, and other Directors as well as the Leader of the Council. The Assistant Director for Finance & Audit also has the right to attend and address the Council, Scrutiny Commission and any other Committee on any issues that relates to S151 responsibilities. All reports are subject to review for Financial Implications and can be seen by the S151 Officer. These arrangements are considered to have the same effect as if the Assistant Director for Finance & Audit were a member of the SLT and is therefore not considered a control weakness.

The Assistant Director for Finance & Audit has statutory responsibility for the proper management of the council's finances. The management of the council's finances within departments is devolved to directors / service managers through the Scheme of Delegation. Directors / service managers may further devolve decision making to managers and team leaders through their own management approach.

The Finance Team provide detailed finance, procedures, guidance and training for managers and staff. The structure of the Finance Team ensures segregation of duties, and all committee reports are reviewed by the appropriate Finance staff.

As a key element of internal control, the Internal Audit function operates in accordance with the CIPFA *Code of Practice and Statement on the Role of the Head of Internal Audit.* Internal Audit reviews are performed as set out in the annual Audit Plan which reflects the Council's strategic risk register. Internal Audit review each scoped area against a set of system controls agreed with management at the start of the visit and within the overall framework of system control objectives. The findings of Internal Audit, and updates on recommendation implementation are reported to, and scrutinised by the Audit Committee. This Committee undertakes the core functions of an Audit Committee as set out in CIPFA's *Audit Committees – Practical Guidance for Local Authorities and Police.*

The Corporate Planning Framework is underpinned by several strategies which outline how the support services of the Council will reinforce and sustain front line provision. These include:

- People Strategy
- Medium Term Financial Strategy
- Economic Regeneration Strategy
- Communication Strategy
- Rural Strategy]
- Climate Change & Biodiversity Strategy

Council policies are produced in accordance with the Constitution and are recommended for approval following review by senior management. Decision-making that falls within the policy and budgetary framework rests with the Council's Executive, whilst those falling outside the framework are referred to full Council. The "call-in" procedure enables the Scrutiny Commission to review decisions made by Executive and Council but in practice most reports for key decisions will be considered by Scrutiny prior to the meetings and reported into Council and Executive. Day to day decision-making is carried out by appropriate officers in accordance with the Scheme of Delegation and the Financial Procedure Rules. These arrangements all contribute to the economic, efficient, and effective operation of the Council.

Roles and responsibilities for Executive, Council, Scrutiny, and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.

Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards and are communicated and embedded across the council.

A register of members' interests is maintained. All members and senior officers are required to complete 'related party' declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are published and reviewed periodically by Council. The Ethical Governance and Personnel Committee oversees the conduct of members, senior officers, and the Council's committees.

Governance arrangements in respect of partnerships incorporate good practice, which are reflected in the council's overall governance arrangements. The Constitution includes provisions for the governance of partnerships involving the Council.

Partnership working is governed by agreements, protocols, or memoranda of understanding relevant to the type of work or relationship involved. The council ensures that all are fit for purpose and the council's interests are protected.

The Council ensures compliance with established policies, procedures, laws, and regulations through various channels. The three statutory officers, including the Section 151 Officer, the Monitoring Officer and the Head of Paid Services have responsibility for ensuring that the Council does not act in an ultra vires manner. Management is supported by the internal audit service, which facilitates the management and mitigation of risk and provides assurance on matters of internal control. The Human Resources (HR) function provides a means of improving competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

The Communication Strategy outlines how the Council will engage with local people and stakeholders. We will use the following methods to listen to feedback from customers, inform our services, evaluate and measure our success:

a. Surveys (including staff surveys)
b. Website analytics
c. Social media analytics
d. Email analytics
e. print media monitoring
f. Public consultation feedback
g. Focus groups
h. Compliments received
i. Complaints received

Other surveys and focus groups are undertaken from time to time to help to ensure that our decisions are taken in the light of an understanding of how these will affect local people and communities and to provide adequate and appropriate opportunities for individuals and communities to comment on our plans, policies, and services. All surveys go through a strict quality control check to make sure that they meet the standards that we have set for consultation.

Regular formal and informal engagement takes place with designated groups such as the Parish Forum and Developer Forum. The Council also actively involves tenants through ongoing tenant involvement arrangements and undertakes targeted engagement with representatives of hard-to-reach and minority groups as and when appropriate.

Examples of areas we have consulted on during the period are:

- Making a Difference awards (for nominations)
- Community Governance Review for Hinckley
- Community Governance Review for Witherley
- Council tenants on a number of Housing policies
- The Local Plan

The Council's dedication to quality of service is embedded through relevant strategies and in the Council's Customer Service Charter. The Council collates customer satisfaction results for face to face, telephone, and website interaction.

The Council regularly measures performance through a suite of performance indicators managed on a dedicated Sharepoint site. All indicators are mapped to corporate priorities and are embedded within individual Service Improvement Plans which are also monitored. Progress is monitored at Service and Directorate level and reports are presented to the Strategic Leadership Team and Finance and Performance Scrutiny Committee. The reports provide the following information as a minimum for each of these indicators as well as the Strategic Risk Register:

- Performance for current year
- The target set for current year
- An explanation of performance and the targets set

The Council actively looks for opportunities to benchmark performance against other Councils. Locally the Council is a member of the East Midlands Performance Benchmarking Group.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance arrangements, including the system of internal control. This review provides assurance that the Council's governance framework is operating as intended and identifies any areas requiring improvement.

The review of effectiveness for 2025/26 was informed by a range of assurance sources and coordinated by the Section 151 Officer and the Monitoring Officer, with oversight from senior management and the Audit Committee. The review considered governance arrangements across the whole organisation, including strategic decision-making, financial management, risk management, performance management, and ethical standards.

Key sources of assurance informing the review included:

- The work and annual opinion of the Head of Internal Audit, provided in accordance with the Public Sector Internal Audit Standards.
- Reports from External Audit, including conclusions on value for money arrangements where available.
- The operation of the corporate risk management framework, including regular review of the corporate risk register and escalation of significant risks to senior management and Members.
- Oversight provided by the Audit Committee, including its review of internal control, risk management, governance, financial reporting and anti-fraud arrangements.

- The work of the Scrutiny Commission and Finance and Performance Scrutiny Committee in challenging performance, budget management and risk.
- Management assurance provided through service planning, performance monitoring and compliance with the Council's policies and procedures.

The review concluded that the Council continues to demonstrate strong governance arrangements across the seven principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. In particular, the Council maintains a clear ethical framework, effective Member oversight, sound financial management, and robust systems for identifying and managing risk. Internal Audit has provided reasonable assurance that the Council's arrangements for governance, risk management and internal control are operating effectively.

No significant governance issues were identified during the year that would require disclosure within this Annual Governance Statement. Where opportunities to strengthen governance arrangements have been identified through the review process, these have been captured within the Council's governance and improvement actions and will be monitored through existing oversight arrangements.

The Council recognises that governance is not static and that arrangements must continue to evolve in response to future challenges, including ongoing financial pressures and organisational change. Governance arrangements will therefore remain under active review to ensure they continue to support effective decision-making, accountability and delivery of the Council's objectives.

The review confirmed that corporate risk reporting, financial planning through the MTFS, and performance management arrangements operate in an integrated way, supporting early identification and escalation of emerging financial and service pressures

The Review of Effectiveness has been used to produce a Governance action plan to ensure the Council updates and maintains it governance arrangements at the levels required

Governance Action Plan 2025/26

Purpose

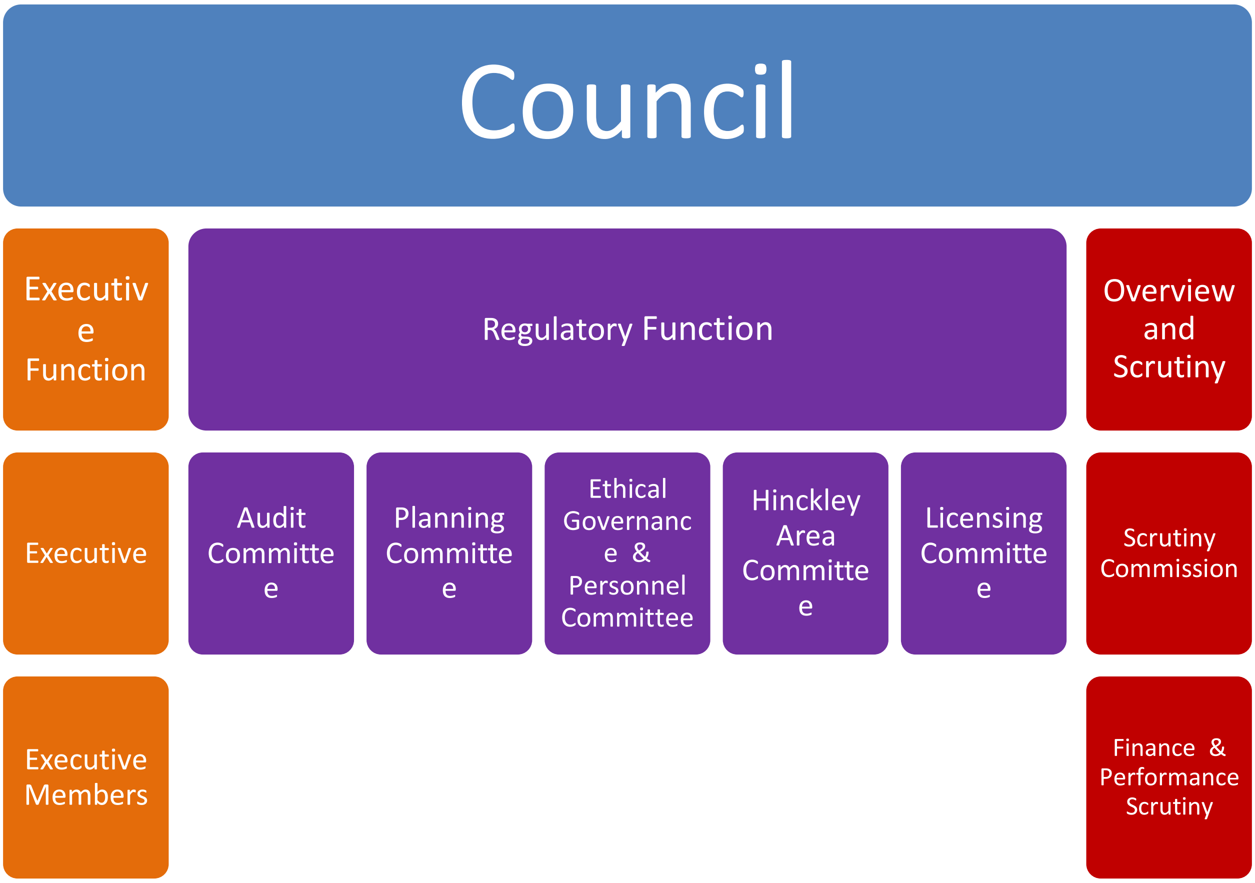
This Governance Action Plan sets out targeted actions to further strengthen the Council's governance arrangements. The actions reflect ongoing improvement rather than responses to significant governance failings and will be monitored through existing governance and assurance arrangements.

Ref	Governance Area	Action	Lead Officer	Timescale	Monitoring / Assurance
G1	Risk Management	Complete implementation of the updated Risk Management Policy and ensure consistent application of risk appetite, escalation thresholds and ownership across services and projects.	Director (Resources & Audit)	2026/27	Audit Committee; SLT
G2	Risk & Performance Integration	Further strengthen the linkage between corporate risk reporting, financial planning and performance management to support early identification of emerging pressures.	Director (Resources & Audit) / Deputy Chief Executive	Ongoing	Finance & Performance Scrutiny
G3	Financial Sustainability	Maintain focus on medium-term financial sustainability by ensuring that key financial risks and assumptions are clearly reflected in decision-making and governance reporting.	Section 151 Officer	Ongoing	Finance and Performance Scrutiny

Ref	Governance Area	Action	Lead Officer	Timescale	Monitoring / Assurance
G4	Member Oversight & Capability	Continue targeted Member development, including Audit Committee training, to support effective challenge on governance, risk, financial reporting and value for money.	Monitoring Officer	Annual programme	Audit Committee
G5	Partnership & Programme Governance	Keep governance arrangements for partnerships, programmes and significant projects under review to ensure clarity of accountability, assurance and reporting.	Chief Executive / Deputy Chief Executive	Ongoing	SLT; Audit Committee
G6	Ethical Governance	Continue to review and promote the effectiveness of ethical governance arrangements, including Codes of Conduct, whistleblowing and officer/member protocols.	Monitoring Officer	Ongoing	Ethical Governance & Personnel Committee
G7	Governance Review Process	Keep the Annual Governance Statement and supporting assurance framework under review to ensure alignment with the CIPFA/SOLACE framework and 2025 addendum.	Section 151 Officer / Monitoring Officer	Annual	Audit Committee

Council Structure

The diagram below sets out the Council's democratic decision-making arrangements as at 31 March 2026



Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee, however each Council must put in place arrangements dealing with complaints and standards issues. The Council adopted an individual Code of Conduct in 2012/13 and formed an Ethical Governance and Personnel Committee which merged the remits of the previous Standards & Personnel Committees and covers conduct and complaints.

The Authority

The Council comprises 34 Members and takes decisions on budget and policy framework items as defined by the Constitution.

The Executive

The Executive is responsible for the majority of the responsible for decisions within the policy framework adopted by Council.

The Audit Committee

The Council has an established Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

Ethical Governance & Personnel Committee

The Ethical Governance & Personnel Committee role is to promote and maintain high standards of conduct by Councillors and to administer the Council's Personnel policies as they affect individual employees and to liaise with the Executive in Personnel Policy Development.

Other Committees that support the governance framework of the Council are:

- Planning Committee
- Hinckley Area Committee
- Independent Remuneration Panel
- Joint Community Safety Partnership Overview & Scrutiny Committee
- Licensing (Regulatory) Committee
- Member Development Group

The Scrutiny Commission

The Scrutiny Commission is part of the Council's Overview & Scrutiny function. It discharges functions conferred by the Local Government Act 2000, with the aims of improving services to the public. The Scrutiny Commission has a role in policy development and review and scrutiny of Executive decisions, acting as a critical friend. Finance & Performance Scrutiny. This has a similar role to the Scrutiny Commission, but with an emphasis on governance issues in relation to finance and service performance of the authority, amongst other overview & scrutiny functions.

Statutory Officers

The Chief Financial Officer (Section 151 Officer) - The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources, and performance, extracting the most value from the use of those resources.

The Monitoring Officer - The Monitoring Officer has a duty to report on matters believed to be, or are likely to be, unlawful or amount to maladministration, be responsible for matters relating to the conduct of Councillors and Officers and keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

The Head of Paid Services - The Head of Paid Service has overall responsibility for the management and coordination of the employees appointed by the Council. They are required to report to the Council as appropriate about the way in which the overall discharge by the Council of its different functions is coordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed, and the way in which they are appointed.

Internal audit

The Council's internal audit service is outsourced to Forziz Mazars. For 2025/26 Internal Audit delivers its work in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS).

Internal Audit adhere to the Definition of Internal Auditing, Code of Ethics and the Standards for the Professional Practice of Internal Auditing that are published by the Institute of Internal Auditors.

Internal Audit remain independent of the business, and they shall report to the Chief Audit Executive who, in turn, shall report functionally Audit Committee and administratively to the Section 151 officer. Audit recommendations are followed up in a timely manner based upon the priority of the recommendation using the recommendation tracking software.

Internal Audit staff have no direct operational responsibility or authority over any of the activities they review. Therefore, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which they would normally audit.

Internal Audit update the Audit Committee regularly on the work of Internal Audit and issues an annual statement that provided the Internal Audit assurance opinion.

Head of Internal Audit Statements and Opinion 2025/26 (DRAFT)

We are satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

Opinion (DRAFT)

Our opinion is as follows:

On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness.

No significant control weaknesses have been identified that that they considered needing to be included in this AGS.

The effectiveness of the internal financial controls is also reviewed annually by the external auditor whose Annual Audit Letter will be considered formally by the Audit Committee.

Significant internal control issues

The review of effectiveness has been considered to identify any significant control weaknesses that should be addressed by the Council.

Prior years issues

No significant control weaknesses have been identified for reporting in 2024/25.

2025/26 Conclusion

While the Council continues to experience external audit delays and disclaimed opinions due to the national audit backlog, these matters have not been assessed as significant governance issues for the purposes of this Statement, as they do not arise from deficiencies in the Council's governance arrangements and are mitigated through alternative assurance and Member oversight.

No significant control weaknesses have been identified for reporting in 2025/26. This has been confirmed by the Council's Internal Auditors in their year-end opinion.

Review process

This AGS was reviewed by the Monitoring Officer, Section 151 Officer and Senior Leadership Team prior to review and approval by the Audit Committee.

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Bill Cullen MBA(ISM), BA(Hons), MRTPI
Chief Executive

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Stuart Bray
Leader of the Council