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Ribble Valley
Borough Council

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** Committee will be held at **6.30 pm** on **WEDNESDAY, 23 NOVEMBER 2022** in the **Council Chamber, 13 Church Street, Clitheroe, BB7 2DD.**

I do hope you can be there.

Yours sincerely

M. H. Scott

CHIEF EXECUTIVE

AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **TO APPROVE THE MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 8)
3. **DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS**

Members are reminded of their responsibility to declare any disclosable pecuniary, other registrable or non-registrable interest in respect of matters contained in the agenda.

4. **PUBLIC PARTICIPATION**

ITEMS FOR DECISION

5. **ANNUAL GOVERNANCE STATEMENT** (Pages 9 - 30)
Report of Director of Resources enclosed.
6. **AUDIT FINDINGS REPORT - GRANT THORNTON** (Pages 31 - 70)
Report of Grant Thornton enclosed.
7. **LETTER OF REPRESENTATION** (Pages 71 - 74)
Report of Director of Resources enclosed.

8. **APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2021/22** (Pages 75 - 264)

Report of Director of Resources enclosed.

ITEMS FOR INFORMATION

9. **CONSULTATION ON AUDITOR APPOINTMENT FROM 2023/24** (Pages 265 - 268)

Report of Director of Resources enclosed.

10. **CIPFA POSITION STATEMENT – APPOINTMENT OF CO-OPTED INDEPENDENT MEMBERS** (Pages 269 - 272)

Report of Director of Resources enclosed.

11. **INTERNAL AUDIT PROGRESS REPORT** (Pages 273 - 280)

Report of Director of Resources enclosed.

12. **WHISTLEBLOWING POLICY** (Pages 281 - 290)

Report of Chief Executive enclosed.

13. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**

None.

14. **EXCLUSION OF PRESS AND PUBLIC**

None.

Electronic agendas sent to members of Accounts and Audit – Councillor David Berryman (Chair), Councillor Susan Bibby, Councillor Judith Clark, Councillor Kerry Fletcher, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Richard Newmark, Councillor David Peat OBE, Councillor James (Jim) Rogerson, Councillor Richard Sherras and Councillor Robin Walsh (Vice-Chair).

Contact: Democratic Services on 01200 414408 or committee.services@ribblevalley.gov.uk

Minutes of Accounts and Audit

Meeting Date: Wednesday, 28 September 2022, starting at 6.30 pm
Present: Councillor D Berryman (Chair)

Councillors:

S Bibby	R Newmark
J Clark	D Peat
K Fletcher	R Sherras
S Fletcher	R Walsh
J Hill	

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Internal Audit Manager and Georgia Jones.

Also in attendance: Councillors G Mirfin and M Hindle.

343 APOLOGIES FOR ABSENCE

Apologies for absence were received for the meeting from Councillor J Rogerson.

344 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 29 June 2022 were approved as a correct record and signed by the Chairman.

345 DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON REGISTRABLE INTERESTS

There were no declarations of disclosable pecuniary, other registrable or non-registrable interests.

346 PUBLIC PARTICIPATION

There was no public participation.

347 LOCAL CODE OF CORPORATE GOVERNANCE

The Director of Resources submitted a report for Committee to consider the revised Local Code of Corporate Governance.

The Code is reviewed and approved annually by this committee and is the Council's forward-looking statement of how the governance culture of the organisation will be driven. Within the framework there are seven core principles that look to steer the application of good governance in everything that members and staff undertake by highlighting how their work on behalf of the council will be approached.

There were no further changes to the Local Code of Governance that was currently in place. With regard to embedding good governance within the organisation, endeavours would be made to raise awareness levels with staff and members

covering the seven principles and the manner in which work should be approached as detailed in the Code.

RESOLVED THAT COMMITTEE:

Approve the reviewed Local Code of Corporate Governance as attached to the report.

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CIPFA POSITION STATEMENT

The Director of Resources submitted a report which presented a summary of *the Chartered Institute of Public Finance & Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022* for Committee to review and determine whether the proposed actions would enhance the effectiveness of the committee.

The statement replaced the 2018 Position Statement and represented CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt in order to meet their statutory responsibilities for governance and internal control arrangement, financial management, financial reporting and internal audit.

The key messages and issues of the 2022 Position Statement were detailed in the report and covered the purpose, model, core functions, and membership of an audit committee.

The report included the results of an assessment of the arrangements in place for Accounts & Audit Committee against the principles and practices set out in the new Statement. An Action Plan had been produced and Committee were asked to consider and agree any actions that could be taken to enhance effectiveness.

There was discussion at the meeting around the role of the independent members proposed under action 2 in the report. Officers confirmed that independent members are separate to the current independent persons, and that independent members would be recruited based on their knowledge and expertise in order to provide an oversight and advisory role to the Committee. It was noted that this is considered CIPFA best practice and is not yet a legal requirement. Committee felt further information was required in order to consider this fully.

RESOLVED THAT COMMITTEE:

Agree the recommended actions noted in the report with the exception of action 2, for which Committee requested a report detailing further information for consideration at the next meeting.

349

CONSULTATION ON THE 2022/23 AUDIT FEE SCALE FOR OPTED-IN BODIES

The Director of Resources submitted a report asking members to consider the proposed response to the Public Sector Audit Appointments (PSAA) consultation on the fee scale for 2022/23.

The report informed Committee that the duty to specify scales of fees is one of the PSAA's statutory functions and, before setting the scale of fees, they are required to consult with opted-in authorities, relevant representative associations of local authorities, and relevant bodies of accountants. The closing date for the consultation

on the fee scale for 2022/23 was 30 September 2022. This would bring in some of the fee variations that are currently paid on top of the Scale Fee.

Under the proposals, the net Scale Fee for this Council (after PSAA fund the inflation factor from surpluses that councils would have otherwise received) was £36,769 (£33,956 2021/22). The report noted that this would not be the total of our audit fee, as other fee variations would be charged which were not proposed to be brought under the Scale Fee at that stage. In 2021/22 these amounted to a further £16,500 (subject to change following completion of 2021/22 audit) and HBAP grant work was also a further additional fee (£22,492 2021/22 and £23,617 proposed).

RESOLVED THAT COMMITTEE:

Agree to the proposals made by the PSAA in respect of the Scale Fees for 2022/23.

350

DRAFT RISK MANAGEMENT POLICY

The Director of Resources submitted a report requesting Committee approve the updated and revised Risk Management Policy.

A comprehensive review of the Policy had been undertaken and the revised policy was attached to the report for members to consider.

The risk management processes outlined in the Policy would be a means of ensuring the Council delivered the best possible service, in the right place, and achieved excellent results, whilst making the best possible use of public funds. The Council would ensure that decisions made on behalf of the organisation were taken with consideration to the effective management of risk.

The Policy identified individuals with responsibilities in the management of risk, and the key risk managements structures and processes, defining the objective of and responsibility for each of these within the Council.

Councillors G Mirfin and M Hindle were given permission to speak on this item.

There was discussion at the meeting around the implementation of the Policy, and how risks could be made more visible to Councillors. Officers responded to queries from members and expanded on the plan for managing risk going forward.

RESOLVED THAT COMMITTEE:

Approve the Risk Management Policy with the addition of a glossary and to include the role of Internal Audit within Section 3 of the Policy.

351

GOVERNMENT RESPONSE TO THE CSPL REVIEW OF LOCAL GOVERNMENT ETHICAL STANDARDS

The Chief Executive submitted a report informing Committee of the Government's response to the recommendations of the Committee on Standards in Public Life.

The report reminded Committee that in January 2019, the Committee for Standards in Public Life published the report "Local Government Ethical Standards", which had made a number of recommendations. A number of these had been acted upon by the Local Government Association (LGA), however, a large number of the recommendations required action from Government and amendment to legislation.

The report included the Government's full response to the recommendations and highlighted the main issues noting their relevance to the Council.

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OMBUDSMAN REPORT

The Chief Executive submitted a report informing Committee of the Ombudsman's report and the steps proposed by the Council in response.

The report included a Local Government Ombudsman report dated 14 July 2022, which had been embargoed until 18 August 2022 in relation to a complaint which was upheld. The LGO report found fault in that the Council had not provided evidence that it had carried out all the recommendations it had agreed with the Ombudsman in April 2021. As a result, the LGO had made a recommendation that within 3 months the Council provide evidence that:

1. It had implemented its new policy on Reasonable Adjustments for disabled people;
2. It now keeps adequate records relating to decision on reasonable adjustments for disabled service users; and
3. Its officers are aware of the Council's new policy and its obligations under equalities legislation.

Since the LGO report had been issued the Council had provided further evidence and the LGO had confirmed that recommendations 1 and 2 were complete. With regards to recommendation 3, the Council had provided the LGO with details of refresher training on the Equalities Act 2010 which would be provided to CMT and all Heads of Service therefore compliance would be confirmed once the training had taken place.

Further to the recommendations, a number of actions, including an equalities working group, had also been proposed in order to ensure that the Council's equality duties were embraced at all the levels of the organisation. It was reported at the meeting that the actions were approved by the Policy & Finance Committee on 27 September 2022.

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AUDIT PROGRESS REPORT (REPORT OF GRANT THORNTON)

Grant Thornton submitted for information the Audit Progress Report on Ribble Valley Borough Council covering the period up to 31 March 2022.

The report provided Committee with progress as of September 2022 against the Annual Audit Report brought to Committee on 6 April 2022, and also included the findings of interim audit work. Audit Findings on the Council's Statement of Accounts were expected by November 2022, and the Auditor's Annual Report in January 2023.

The report also included sector updates in relation to a number of emerging issues and developments including:

- The Department for Levelling Up, Housing and Communities (DLUHC) response to local audit consultation.
- Publication of the Levelling Up White Paper by The Department for Levelling Up, Housing and Communities (DLUHC), and the reaction by Grant Thornton.

- CIPFA's publication of the Prudential Code for Capital Finance in Local Authorities, and the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).
- CIPFA's report on the value of internal audit, and
- Recent publications by the National Audit Office (NAO) including a guide on good practice in annual reporting, an audit and risk assurance committee effectiveness tool, and a guide for audit and risk committees on financial reporting and management during COVID-19.

354 COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT AND STRATEGY

The Director of Resources submitted a report informing Committee of the recently fully reviewed and revised Counter Fraud, Bribery and Corruption Policy Statement and Strategy.

The new Policy was approved by Policy and Finance Committee on 27 September 2022 and would replace the existing Anti-Fraud and Corruption Policy. Members were reminded that included within one of the Core Functions of Accounts and Audit Committee was 'managing the authority's exposure to the risks of fraud and corruption', therefore, members were asked to familiarise themselves with the contents of the new Policy in order to help the Committee properly undertake its responsibilities.

355 INTERNAL AUDIT PROGRESS REPORT

The Director of Resources submitted a report for information on progress against the 2022/23 Internal Audit Plan covering the period June 2022 to August 2022.

The report included the areas that had been a key focus, and the areas for which reviews were in progress, along with:

- An overview setting out the planned delivery for the Internal Audit Plan.
- A summary of internal audit recommendations that had been raised – 80 recommendations were due for implementation, of these, 67 were considered implemented, partially implemented, or superseded. Of the 13 still outstanding, 10 were originally considered high risk.
- The results of key performance indicators, and
- Progress against the PSIAS Quality Assurance Improvement Plan.

The Internal Audit Team had also successfully recruited to the post of Internal Auditor and the postholder was due to commence in October 2022.

356 DISPOSAL OF ASSETS

The Director of Resources submitted a report informing Committee of the process followed for the disposal of assets and how such receipts are used.

The report detailed the Council's responsibilities under its Financial Regulations which form part of the Council's Constitution. The Regulations supported and protected Members and staff in the performance of their duties where financial issues were involved and provided guidance to ensure that assets were disposed of in accordance with the Regulations.

The recommended method of disposal depended on the estimated value of the asset and in the case of vehicles their current roadworthiness.

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STATEMENT OF ACCOUNTS 2021/22 PROGRESS

The Director of Resources submitted a report providing Committee with an update on progress of the production, publication, and external audit of the Statement of Accounts for 2021/22.

The deadline for the publication of the draft accounts had been met and the Statement of Accounts (subject to audit) were made available on the website on 29 July 2022. The proposed changes to the audit deadline by the Department for Levelling Up, Housing and Communities (DLUHC) had been brought in through the Accounts and Audit (Amendment) Regulations 2022, and the deadline had changed from the end of September to the end of November. The Council's external auditors, Grant Thornton, were working to the new deadline and it was anticipated that the audited Statement of Accounts would be brought to Committee for approval on 23 November 2022.

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REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

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EXCLUSION OF PRESS AND PUBLIC

There were no items under this heading.

The meeting closed at 7.45 pm

If you have any queries on these minutes please contact the committee clerk, Rebecca Tait 01200 413214 rebecca.tait@ribblevalley.gov.uk.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 23 NOVEMBER 2022
title: ANNUAL GOVERNANCE STATEMENT
submitted by: DIRECTOR OF RESOURCES
principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

- 1.1 To provide members with details of the Annual Governance review for 2021/22 and seek approval of the resulting Annual Governance Statement.
- 1.2 Relevance to the Council's ambitions and priorities:
 - Community Objectives – none identified.
 - Corporate Priorities – assessing the Council's system of internal control contributes to the achievement of the corporate priority of being a well-managed Council.
 - Other considerations – none identified.

2 BACKGROUND

- 2.1 All councils are required to prepare an Annual Governance Statement each year in accordance with the 'Delivering Good Governance in Local Government Framework' and to report publicly on the extent to which they comply with their own Local Code of Corporate Governance. This should include how we have monitored the effectiveness of our governance arrangements in the previous financial year and detail any planned changes in the coming period.
- 2.2 The Annual Governance Statement is the **backward-looking** review of how the Council has performed or acted in relation to the principles that it said it would abide by as detailed within the Local Code of Corporate Governance at the beginning of the year. As such the Local Code of Corporate Governance is the council's **forward-looking** statement of how the governance culture of the organisation will be driven.
- 2.3 The process of preparing the Annual Governance Statement should itself add value to the governance and internal control framework of the council.

3 GOVERNANCE REVIEW

- 3.1 A detailed exercise has been undertaken in the annual review of the council's governance arrangements. As previously mentioned this review reflects on the council's Local Code of Corporate Governance and how it has actually performed.
- 3.2 The annual review examines the seven principles of:
 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law;
 - Ensuring openness and comprehensive stakeholder engagement;

- Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - Determining the interventions necessary to optimise the achievement of intended outcomes;
 - Developing the council's capacity, including the capability of its leadership and the individuals within it;
 - Managing risks and performance through robust internal control and strong public financial management; and
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.3 In reviewing how the council and its staff and members have acted over the period of review, evidence is also gathered to support the conclusion reached. Examples of evidence that is used to support the conclusion is detailed in the Local Code of Corporate Governance.

Review of significant Governance Issues Raised in the Annual Governance Statement 2020/21

- 3.4 There were a number of actions recommended in the 2020/21 annual governance review, and progress with these is detailed in the attached statement and summarised below.

Subject Area	Details	Action Taken
Refuse Vehicle Maintenance Costs	There had continued to be an overspend in refuse vehicle maintenance costs which was highlighted to the relevant committees during the year (£190,400 in 2020/21).	Implemented - Community Services Committee continued to monitor spend closely to ensure levels have returned to be within budget in the longer term following the end of the use of third parties in our fleet management.
Recruitment and Staff Retention	The Council continued to face significant recruitment and staff retention issues across a number of services.	Implemented - A Pay Structure Working Group was established, reporting to Personnel Committee, to examine Recruitment and Staff Retention. The Council's Pay Structure was reviewed and implemented in October 2021.

Review of Significant Governance Issues for 2021/22

- 3.5 There have been a number of areas raised as a result of this year's annual review. These are detailed within the statement and summarised below.

Subject Area	Details	Action
Policy Review	Due to the pandemic continuing into the 2021/22 financial year, and the impact this has had on resources, a number of policies now require formal review.	Heads of Service will ensure that policies requiring formal review are undertaken and ratified appropriately through the relevant governance arrangements; and training provided to new and existing staff where necessary.

- 3.6 Progress in addressing the issues raised will be monitored during the year and will also be reviewed at the time of next year's annual review.
- 3.7 The Annual Governance Statement must be published alongside the council's Statement of Accounts and is currently on the council website together with the draft (subject to audit) copy of the Statement of Accounts. Once approved this will be updated to reflect the approval of the Statement of Accounts and the Annual Governance Statement at this meeting.

4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications:

- Resources – work is underway on addressing the issues that have been raised as part of the annual governance review and it is anticipated that all actions can be completed within existing budgets and staffing resources.
- Technical, Environmental and Legal – None identified.
- Political – None identified.
- Reputation – The Council must ensure that it has a sound system of internal control in place. Failing to adhere to the principles detailed in the Local Code of Corporate Governance has the potential to significantly harm the reputation of the Council.
- Equality and Diversity – None identified.

5 RECOMMENDATION

- 5.1 The Committee is recommended to approve the attached Annual Governance Statement 2021/22, which is attached at Annex A.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA27-22/RP/AC
23 NOVEMBER 2022

Draft Annual Governance Statement

2021/22



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Annual Governance Statement 2021/22

1. SCOPE OF RESPONSIBILITY

- 1.1 Ribble Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.
- 1.3 The Council has approved and adopted a Local Code of Corporate Governance, which is reviewed annually and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A copy of the Local Code is on our website.
- 1.4 This statement explains how the Council has complied with the Local Code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.5 The Council's annual review of the effectiveness of its corporate governance for 2021/22 provides assurance on the governance arrangements in place, the progress made against significant governance issues raised at the last annual review and includes an action plan to address significant governance issues identified through this year's review.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and its 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.
- 2.2. 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.
- 2.3. The governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The Local Code of Corporate Governance is structured across the seven principles detailed in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The governance framework review below has followed this same format.

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

Behaving with Integrity

- 3.2. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is published on the Council's website and is reviewed annually.
- 3.3. The standards of ethical behaviour expected from members and staff are defined in Codes of Conduct that are distributed as part of the induction process. On an annual basis Register of Interest forms are completed by both staff and members on at least an annual basis.
- 3.4. All Councillors and staff must register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. For Councillors, this is published on the Council's website. Councillors must declare any relevant such interests at meetings which they attend, and this is minuted. There are also procedures laid down for staff and Councillors relating to the receipt of gifts and hospitality, and the recording of such.
- 3.5. Included in the Constitution are the responsibilities for decision-making, terms of reference for Committees, and a protocol for Member/ Officer Relations.
- 3.6. The Council has a Scheme of Delegation to Officers within the Constitution. This clearly details several specific areas that are delegated to officers for the purposes of decision-making, without the requirement for a decision to be made by the Council, a Committee or sub-Committee. All Council decisions have to consider legal implications. These are set out in reports to Councillors which are published on the Council's website.
- 3.7. The Council is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment the Council has adopted a Whistleblowing Policy and Anti-Fraud, Theft and Corruption Policy to encourage employees and others with serious concerns to come forward in confidence. These arrangements are reviewed and reported on via the Council's Accounts and Audit Committee, being the committee charged with oversight of the governance arrangements at the Council. At the heart of these policies is the requirement for all relevant parties to act with integrity.
- 3.8. The procedures for the public to follow in order to register a complaint regarding the deliverance of the Council's services or a breach of the Member's Code of Conduct are detailed on the Council's website. The terms of reference for the Accounts and Audit Committee further includes responsibilities around the monitoring and promotion of standards.

Demonstrating Strong Commitment to Ethical Values

- 3.9. Under its terms of reference, the Accounts and Audit Committee champions high standards of ethical governance from elected members and the Council as a whole.
- 3.10. In 2020 the Local Government Association (LGA) reviewed the 'Model Councillor Code of Conduct' which is designed to protect Councillors' democratic roles, encourage good conduct and safeguard the public's trust in local government. The Localism Act 2011 requires Councils to produce a Code of Conduct. The Council adopted a new code based on the LGA requirements relating to the seven core principles of public life set out in law; selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Code sets out the standards of conduct expected of Ribble Valley Councillors, including why and how to register and declare financial and other interests, including gifts and hospitality. All Councillors received training on the New Code of Conduct in September 2021.

- 3.11. Whilst codes of conduct for members and staff are in place and ethical awareness is raised as part of the new members' induction process, there are proposals to roll out a training programme for all staff starting with Heads of Service covering key elements of the Constitution.
- 3.12. The Council's Corporate Strategy aims to aspire to be a carbon neutral borough by 2030 and includes a priority action of developing 'an action plan to work towards being a carbon neutral borough by 2030 which is based on a better understanding of our current carbon emissions'. The Council has published their Climate Change Strategy (2021-2030) to raise awareness of the issues surrounding climate change and explain how they can reduce its carbon footprint.
- 3.13. Procurement activity is undertaken in line with the Council's Contract Procedure Rules and Financial Regulations, with any requirements to seek exemption from the same being reported to, or requested from, the relevant service committee through submission of a report. The Council's ethical requirements are expressed through its procurement activity in the form of contract documents and its standard terms and conditions of purchase.

Respecting the Rule of Law

- 3.14. The Council has designated the Head of Legal and Democratic Services as the Monitoring Officer. They have the specific duty to ensure that the Council, its Officers and its Elected Members maintain the highest standard of conduct in all they do and as such holds four main roles:
- to report on matters they believe are, or are likely to be, illegal or amount to maladministration;
 - to be responsible for matters relating to the conduct of Councillors and Officers; and
 - to be responsible for the operation of the Council's Constitution.
 - To report any unlawful decision making and maladministration.
- 3.15. The Council's Chief Executive, in the statutory role of Head of Paid Service is responsible for:
- the manner in which the discharge by the Council of their different functions is coordinated;
 - the number and grades of staff required by the Council for the discharge of their functions;
 - the organisation of the Council's staff; and
 - the appointment and proper management of the Council's staff.
- 3.16. The Council's Chief Financial Officer (S151 Officer) is the Director of Resources. The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.
- 3.17. The Council's decision-making hierarchy and terms of reference for each committee are clearly identified within the Constitution.
- 3.18. Any legal advice provided by Officers would be retained on the relevant files for future reference. Committee reports include a section in respect of legal risks, and the input from the legal team should be sought in the completion of this section where relevant.
- 3.19. The Council has in place an Anti-Fraud and Corruption Policy which will be reviewed in 2022/23.

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

- 3.20. Council meetings are open to the public, other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded. Each meeting also includes public participation with an opportunity to speak regarding items on the agenda.

- 3.21. The Council utilises its website to provide an open culture with access to meeting agendas, reports and minutes. Transparency information is also reported in a timely manner and is grouped together for ease of access. The information which residents use most, such as Council Tax and Planning, can be accessed quickly and easily from the main page.
- 3.22. The Council's priorities and core values are clearly identified in the Corporate Strategy 2019-2023 and this includes key actions. The Strategy is available on the Council's website, as is the Community Strategy.
- 3.23. All decisions of the Council are made in accordance with principles laid down in the Constitution. All reports follow a format that is repeated across all committees and where a decision is needed, they provide the information necessary for members. Any further requests for information are minuted.
- 3.24. A set timetable is in place for meetings, the production and distribution of agenda packs, and the holding of briefings prior to the meeting between key officers and committee chairs and vice-chairs.
- 3.25. Following the regulations introduced in 2020/21 in relation to section 78 of the Coronavirus Act 2020 and the expiry of the addendum to Standing Orders in May 2021, all meetings for the 2021/22 financial year have been able to be held in person.
- 3.26. Further consultations on specific topics as and when it is considered necessary to do so take place, making use of social media platforms (Facebook, Twitter and Instagram) to raise awareness of the brief and process.
- 3.27. The Council is committed to publishing information freely and to develop further our culture of openness and transparency and publishes information in accordance with the Local Government Transparency Code. The Council's Freedom of Information Publication Scheme provides a general guide for the public in terms of what information should routinely be available to them by either accessing our website or upon request.

Engaging Comprehensively with Institutional Stakeholders

- 3.28. The latest version of the Communications Strategy (2019-2021) can be viewed on the Council's website. The review of this Strategy has been delayed while the Council awaits the results of the forthcoming perception survey which will feed into the development review; taking into account the public's preferences in terms of communication methods.
- 3.29. Partnership working is important and the Council has in place a wide range of arrangements with local groups, however the Council does not have any formal partnerships in place.

Engaging Stakeholders Effectively, Including Individual Citizens and Service Users

- 3.30. When the Council is looking to consult, it reviews the stakeholders that need to be involved and looks to ensure that those with an interest are involved. Any future consultations are arranged on an ad-hoc basis as and when required and, if necessary, expertise will be procured from research and consultation consultants.
- 3.31. The Council has a Citizens Panel which enables them to access the views of Ribble Valley residents. The results are used to develop policies and strategies, inform decision-making and identify where service improvements may be required.
- 3.32. The Perception Survey was due to be undertaken in May 2020 but this was delayed due to the impact of Covid-19 on the Council's day-to-day operations. The survey provides residents with the opportunity to have their say on a range of issues affecting their locality and quality of life. CMT have approved the process to be adopted, and the findings will be reported both internally and to Policy and Finance Committee in due course.

Principle C – Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Defining Outcomes

- 3.33. The Council's vision, priorities and objectives are clearly set out in the approved Corporate Strategy document 2019 - 2023, which is available to view on the website. The Corporate Strategy Action Plan sets out underlying actions that have been established in order to support and measure progress towards the achievement of the Council's objectives.
- 3.34. Underpinning the Council's Corporate Strategy are a number of other strategic plan and documents that outline their contributions to achieving the Council's visions and objectives. Examples include (but are not limited to):
- Core Strategy (2008-2028)
 - Homelessness Strategy (2021 – 2024)
 - Climate Change Strategy (2022-2030)
 - Medium-Term Financial Strategy (2018/19 – 2021/22)
- 3.35. The Core Strategy 2008-28 sets out the long-term vision for the Borough and the strategic policies that will deliver that vision, including the Development Management policies. The Council has begun consultation with residents and other stakeholders within the Borough to establish a new vision, underlying objectives and key principles that will guide the development of the Ribble Valley to 2028 and encompass the policies within the existing Core Strategy.
- 3.36. The Community Strategy sets out the Council's community aspirations, needs and priorities. The Strategy outlines a series of priorities and objectives, including tackling rural isolation, affordable housing, tourism, the environment and public transport. The Strategy was due to be reviewed in 2021 but has been further delayed by the pandemic.
- 3.37. The Medium-Term Financial Strategy outlines how we intend to raise and use the resources needed to deliver our services and priorities over the medium term. Financial planning arrangements are well established and underpinned by a three-year forward projection, including both revenue and capital budgets, however the production of the new strategy is waiting for more clarity on the future of local government finance.
- 3.38. In relation to the buying of good and services, staff must comply with the Council's Contract Procedures Rules. These set out relevant considerations when reaching decisions on award of contracts.
- 3.39. The Council has a Performance Management Framework in place which allows it to monitor progress on a number of key service areas. Progress for 2021/22 is planned to be reported to Corporate Management Team and the final outturn performance to relevant Service Committees.
- 3.40. The Council's Risk Register sets out the risks that we have to manage in order to help us achieve our objectives. The Council has a formal Risk Management Policy in place which is currently being reviewed. The Risk Register is used to provide assurance over actions being taken to identify, manage and report key risks, to inform risk management planning and help in seeking to mitigate such risks.

Sustainable Economic, Social and Environmental Benefits

- 3.41. As capital resources are limited, a large proportion of the capital programme is committed to the ongoing replacement of items such as vehicles and plant. The latest environmental best practice is always reflected upon when procuring such items, within the budgets that are available.

Consideration is given to economic, social and environmental benefits in the assessing of bids for the Council's capital programme.

- 3.42. Detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees.
- 3.43. All decision reports include a section on risks, which includes those risks in relation to the decision to be taken by members:
- Resources.
 - Technical, Environmental and Legal.
 - Political.
 - Reputation.
 - Equality and Diversity.
- 3.44. The Council's Core Values state that we will:
- Lead the Community;
 - Strive to achieve excellence;
 - Ensure that access to services is available to all;
 - Treat everyone equally;
 - Respect all individuals and their views; and
 - Appreciate and invest in our staff.

Principle D – Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Determining Interventions

- 3.45. It is ensured that the financial management of the Council is sound, through regular and timely reporting to budget holders, Corporate Management Team, Leaders and the Council as a whole. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice. Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2016).
- 3.46. Capital and Revenue budgets are monitored closely and reports on budget allocations and actual performance are provided to the relevant Committees. Further reporting is provided to the Budget Working Group with minutes reported to Policy and Finance Committee.
- 3.47. A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers within the Constitution. As a result of the Covid-19 pandemic further decision-making powers were delegated to the Chief Executive under authority given by the Emergency committee on 7 May 2020. Such decisions made by the Chief Executive had to be made in consultation, where appropriate, with the Leader of the Council and Leader of the Opposition and reported to Policy and Finance Committee. This remained in force until 7 May 2021.

Planning Interventions

- 3.48. The Council plans its activities at a strategic level through its budget cycle and does so in consultation with internal and external stakeholders to ensure services are delivered effectively. The

2023/23 budget was approved by Policy and Finance Committee in February 2022, highlighting the risks surrounding the impact of the local government financial settlement arrangements and inflationary increases.

- 3.49. There are clear timetables in place for the various service committee meetings. These are published on the Council's website. A timetable is set by the Accounts and Audit Committee for the closure of accounts process, detailing key dates and meetings in the process.
- 3.50. Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in-year monitoring and reporting to the Corporate Management Team.
- 3.51. Due to the effect of Covid-19 on the Council's resources and additional demands placed upon the Council during the period of the pandemic, there was an impact on the reporting of some of the key performance indicators during 2020/21 and this is continued into 2021/22. The Council will review the suite of key performance indicators in 2022/23 to reflect the changing environment.
- 3.52. All service budgets are matched to the various Council priorities and analysis of the distribution of the budgets across priorities is given in the Budget Book.
- 3.53. The budget forecast is reported to the Policy and Finance Committee twice a year and is also reported to the Budget Working Group. Clear budget guidance is given to all service committees through the Budget Working Group and also to the finance team and budget holders.

Optimising Achievement of Intended Outcomes

- 3.54. The Council balances service priorities whilst setting the overall budget in line with the work of the Budget Working Group; subsequently reporting to the Policy and Finance Committee.
- 3.55. Very little of the Council's procurement activity falls under the requirements of the Public Contracts Regulations due to the level of expenditure involved. As a result, the undertakings around The Public Services (Social Value) Act 2012 are satisfied through the various Framework Agreements that are used.

Principle E – Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within it.

Developing the Entity's Capacity

- 3.56. In recent years the Council has invested in training programmes to enhance organisational development, develop leadership skills and promote a coaching culture with staff at all levels encouraged to be innovative and challenge the normal way of doing things. The Council has a performance appraisal process in place for all staff which considers individual training and development needs. Training is available for staff and Councillors including induction and topic specific matters, in addition to what is available from organisations such as the Local Government Association. In light of the pandemic, performance appraisals did not take place in 2021/22, however have been reinstated for 2022/23.
- 3.57. Wider partnership working and engagement across Lancashire has also been evident during the COVID-19 pandemic via the Council's collaboration with the Lancashire Resilience Forum (LRF) and the creation of the Community Hub; providing advice and support to the residents of the Ribble Valley.
- 3.58. Service areas aim to improve provision through regular review and benchmarking; however recognise that this is undertaken on an informal basis as and when required.

- 3.59. The Council are will work towards producing a Workforce Plan to support the corporate objectives and identify how the workforce operates in order to deliver the agreed outcomes. The Council's first strategic objective is to "*ensure a well-managed Council, providing efficient services based on identified customer needs*", and to ensure that as an organisation, we are suitably placed to deliver priorities for the Ribble Valley and its residents. To do this, we employ the right people, with the right skills in the right job. We maintain robust financial processes, standards and systems, whilst optimising technology; making us more efficient in our service delivery.

Developing the Capability of the Entity's Leadership and Other Individuals

- 3.60. Leadership roles are well defined for staff and Councillors, distinguishing for example, the roles of Council Leader and the Head of Paid Service (i.e. the Chief Executive). A protocol is included in the Council's Constitution which reflects the principles underlying the respective Codes of Conduct which apply to Members and employees. The shared objective of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.
- 3.61. The Corporate Management Team (CMT) meets on a weekly basis to discuss matters of strategic and operational importance to the Council. Weekly meetings also take place between the Chief Executive (Head of Paid Service) and the Leader of the Council. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members.
- 3.62. The Council's Constitution is reviewed annually, incorporating the Scheme of Delegation. Additionally, the Standing Orders, Financial Regulations and Contract Procedure Rules are all reviewed annually. As a result of Covid-19 a temporary addendum to Part 4 of the Constitution (Standing Orders) was approved that, amongst other matters, allowed meetings and voting to be conducted remotely via internet access. The legislation expired on 7 May 2021 and face to face meetings of the Council resumed from that date.
- 3.63. To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has a Protocol governing Member and Officer relations.
- 3.64. All newly elected members and staff receive an induction and an ongoing training plan for members is in place. Requests for training by members and senior management will always be considered. The HR team does not tailor staff inductions to the employee's specific role, however further induction is generally provided separately by the relevant section.
- 3.65. The Council's performance management appraisal process includes a section reviewing past training and identifying new training that may be required for the employee. This training may be provided at a service level, or if there is demand, at a corporate level.
- 3.66. Records are monitored regarding member attendance, but there is no formal review of individual member performance or training needs. There are no personal development plans in place for members.
- 3.67. The Council has a Staff Handbook which is published on its Intranet, ensuring that all policies are available to staff. There is also a hard copy maintained at various sites for those with no access to the Intranet.
- 3.68. With regards to the physical and mental wellbeing of staff, the Council offers a range of proactive measures including a formal programme of Health and Safety training and continued advice/guidance on coping with stress. Various tips and articles are published for all staff in the monthly newsletter; especially in light of the impact the pandemic has had.

Principle F - Managing risks and performance through robust internal control and strong public financial management

Managing Risk

- 3.69. The Council has embedded a structure and system for identifying, evaluating and monitoring all significant risks at an operational level. The Council has a Risk Management Policy in place which is published on the Council's Intranet site. The policy clearly outlines the processes and responsibilities that are in place and the monitoring procedures to be followed. The Council's risk management processes continue to evolve, and with the migration to Pentana in 2022/23 to facilitate the revised processes, will enhance the arrangements currently in place. This will also involve reinstating the role of CMT and Accounts and Audit Committee in scrutinising risk.
- 3.70. The Corporate Management Team receive monthly risk management updates and areas of high risk are reported promptly to Accounts and Audit Committee for scrutiny.

Managing Performance

- 3.71. A Performance Management Framework is in place which provides an explicit link between the corporate objectives. The Framework was introduced in 2018 and it is recognised that an update is required to ensure the indicators remain relevant. Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in-year monitoring and reporting to the Corporate Management Team.
- 3.72. Performance against budget is reported to the Corporate Management Team and also on a regular basis to service committees. The overall position is also considered in reports to the Policy and Finance Committee. Outturn reports are also reported to all service committees and this is also considered by the Budget Working Group and used in the budgeting process for future years.
- 3.73. A set timetable for Full Council and its Committees is published at the beginning of the financial year. The production and distribution of agenda packs is considered timely and is supported by briefings which take place between key officers and Committee chairs prior to the meetings. Roles and responsibilities of each committee are outlined in the terms of reference which is included in the Constitution. To ensure openness and transparency, all meetings are published on the Council's website in a timely manner.
- 3.74. Debate and discussion on issues is actively encouraged at committee meetings and reflected in the minutes. The Council also have a call-in procedure for any decisions, which allows for further scrutiny. The call-in procedure should normally only apply to decisions which are considered to be contrary to policy or not in accordance with the budget.
- 3.75. Full detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice.
- 3.76. The Covid-19 pandemic continued to impact the Council throughout 2021/22; affecting staff absence and recruitment. A Pay Structure Working Group was established, reporting to Personnel Committee, to examine Recruitment and Staff Retention issues. The Council's Pay Structure was subsequently reviewed and implemented in October 2021, which will be monitored throughout 2022/23 to review the impact this has had on the organisation's ability to recruit and retain a skilled workforce.

Robust Internal Control

- 3.77. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit.
- 3.78. The Internal Audit Plan is produced on a risk-based approach; incorporating those core system and mandated requirements as stated in the Public Sector Internal Audit Standards (PSIAS). This is agreed and monitored by the Accounts and Audit Committee. Progress against the plan is presented at each meeting to the Committee, outlining assurances provided on the control environment, agreed recommendations and areas for improvement.
- 3.79. Twelve scheduled audits were completed in the year. All high risk and key financial systems were audited, and the Internal Audit Service will work with management to address any weaknesses identified as part of all reports, with progress reported to Accounts and Audit Committee.
- 3.80. The Draft Internal Audit Opinion presented for 2021/22 provided for Substantial Assurance (*"substantial reliance can be placed on the levels of control in operation."*).
- 3.81. During the year, the Accounts and Audit Committee agreed an Internal Audit Charter. This is a mandated requirement of the PSIAS and is a formal document that defines internal audit activity, authority and responsibility.
- 3.82. The position of Internal Audit Manager was filled in May 2022. To ensure delivery of a robust Head of Internal Audit Opinion, additional external resource was obtained to support delivery of the 2021/22 Internal Audit Plan.
- 3.83. In line with the PSIAS, the Internal Audit Service is required to undertake a self-assessment against the Standards to ensure conformance. The outcomes were reported to both CMT and the Accounts and Audit Committee, and a Quality Assurance Improvement Programme put in place; including the requirement for an external assessment to be undertaken in 2022/23.
- 3.84. Each member of CMT, Head of Service and statutory officers are required to complete an Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance that, other than those identified during the course of their normal work or by Internal Audit, they are not aware of any weaknesses in the Council's systems of internal control. No significant areas of concern have been raised and the outcomes have been considered as part of the internal audit planning process and risk assessment for 2022/23 (for example, a review of the Safeguarding Policy, and continued pressures regarding recruitment).
- 3.85. Due to the pandemic and impact this has had on resources, a number of policies now require formal review. Following formal review and ratification, training will be provided where necessary to all new and existing members of staff.
- 3.86. The European Institute for Combatting Corruption and Fraud (TEICCAF) issues a checklist for the 'Protecting the Public Purse' document. Authorities are encouraged to use the checklist to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended. No significant issues were highlighted as a result of this review.
- 3.87. The Fighting Fraud and Corruption Locally Strategy (2020) was developed by local authorities and counter fraud experts. It sets out the approach local authorities should take and the main areas of focus in order to transform counter fraud and corruption performance. There is a checklist to measure counter fraud and corruption culture and response. No issues were highlighted as a result of this review.

- 3.88. No internal frauds were reported during the year. One investigation took place which was an internal matter, and procedures were reviewed to mitigate risk, demonstrating the effectiveness of the Council's arrangements.
- 3.89. The Accounts and Audit Committee met five times within 2021/22 and have an up-to-date terms of reference outlining roles and responsibilities of all members. Training has been provided to members on request and a review of effectiveness will take place within 2022/23. The Committee can make recommendations or highlight any matters requiring attention to Full Council.

Managing Data

- 3.90. The way in which we handle and process information, in particular the personal and sensitive data relating to residents, suppliers and employees are outlined through:
- A suite of policies and procedures on the Council's Information Security which are available on the Intranet for all staff to review;
 - Arrangements for document management and retention;
 - A Data Protection Policy and Procedure with nominated staff responsible for providing advice and guidance on Data Protection matters;
 - Compliance with the Local Government Transparency Code and provision of Open Data on Council website;
 - A system for dealing with requests for information submitted to the Council under the Freedom of Information Act 2000 (including a regular review of the Council's Publication Scheme);
 - Regular reviews of the Council's information governance and security arrangements by Internal Audit and external assessors.
- 3.91. The Council has a Data Protection Policy which is published on the Intranet and is available to all staff. The ICT Manager is the designated Data Protection Officer. This creates the potential for conflict of interest, but the Council continually seek to mitigate any perceived risks in this area.

Strong Public Financial Management

- 3.92. An established financial management framework is in place comprising of the following:
- Financial and Contract Procedure Rules as part of the Constitution;
 - Medium term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities. The 2022/23 budget was approved by the Policy and Finance Committee in February 2022;
 - Service and financial planning integrated within the corporate performance management cycle;
 - Annual budget process involving scrutiny, challenge and consultation;
 - Annual review of the adequacy of the level of financial reserves;
 - Regular monitoring by management of revenue and capital budgets with reports to Corporate Management Team and Policy and Finance Committee;
 - Annual reports to Councillors on both the final revenue and capital out-turns compared to the approved budget;
 - Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice;
 - Compliance with the requirements established by CIPFA, the public sector accountancy body.
 - A regular review of the Council's Financial Management arrangements.
- 3.93. The Budget Working Group plays a key role in considering and monitoring the Council's finances and are responsible for developing the Council's budgets and making recommendations to Policy and Finance Committee.

- 3.94. The Chief Finance Officer (Director of Resources) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. Although formal training has not been delivered to staff and elected members within the year on the Council's Financial Regulations and Contract Procedure Rules, the procedures and guidance is available on the Intranet for reference.

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

Implementing Good Practice in Transparency

- 3.95. All reports to meetings of Council and its committees are publicly available on our website with the minutes also published showing what decisions have been taken and the reason(s) why. Other forms of public accountability reporting include the annual Statement of Accounts and the Council's Annual Report and in year financial. Reports from the external auditors are also published online including their Annual Report setting out the findings resulting from their audit of the accounts and their assessment of the Council's arrangements for securing value for money.
- 3.96. The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Open Data, to ensure transparency, sharing information with the wider community and giving an opportunity to use that data.

Implementing Good Practices in Reporting

- 3.97. The Council's Statement of Accounts are published in a timely manner on the website. The Statement of Accounts includes a narrative statement which allows for a more understandable format of the outturn position of the Council, away from the statutory presentation requirements seen in the statements themselves. Financial outturn reports are presented to the Policy and Finance Committee and Accounts and Audit Committee.
- 3.98. Financial performance is also reported throughout the year to all service committees. Such documents are openly available on the Council's website.
- 3.99. Following the initial impact of Covid-19 in the 2020/21 financial year, and the subsequent change in governance arrangements with the introduction of the Coronavirus Act 2020, the Council has returned to the substantive governance arrangements in operation prior to the pandemic.
- 3.100. Despite the impact of the pandemic, and its effect on the overall operation of the Council, work has been undertaken to maintain and review the effectiveness of the Council's governance framework and ensure decision making has operated in line with the Constitution. Engagement activity is being undertaken with residents, business, voluntary organisations and other partners to evaluate the impact of the pandemic and aid decision-making.

Assurance and Effective Accountability

- 3.101. The Council's external auditors, Grant Thornton attend the meetings of the Accounts and Audit Committee and provide regular reports, the Annual Audit Report and briefings to the Members. Any actions that may arise from these reports are monitored by the Committee to ensure compliance and to ensure that they result in positive improvements where necessary.
- 3.102. The year-end audit of the Statement of Accounts also assessed our arrangements for securing value for money. The Audit Findings report was presented to Accounts and Audit Committee in November 2021 and identified no material errors in the accounts for 2020/21 and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, whilst some improvement recommendations were made.
- 3.103. The Internal Audit Service has direct access to information and members, and provide assurance over governance arrangements through regular reporting to Accounts and Audit Committee. Agreed

recommendations are followed up and implementation status is reported. Assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

- 3.104. The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendation arising as necessary.

4. REVIEW OF EFFECTIVENESS

- 4.1. The Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This is done through utilising the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016). After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance. This section explains what arrangements were reviewed, and how this assurance was achieved.

Corporate Management Team

- 4.2. The Corporate Management Team meets each week to discuss policy issues and also considers internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management. The Corporate Management Team reviewed the compilation of the Annual Governance Statement and consisted of the following officers during 2021/22.

- Chief Executive (Head of Paid Service)
- Director of Resources (S151 Officer)
- Director of Community Services
- Director of Economic Development and Planning

- 4.3. The group has considered a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA/SOLACE.

Directorate Level Review

- 4.4. The Council also has in place Directorate Assurance Statements requiring Directors to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Monitoring Officer

- 4.5. As the Council's Monitoring Officer, the Head of Legal and Democratic Services has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting. Assurances were given by the Monitoring Officer with regard to the matters that fall within their jurisdiction.

Accounts and Audit Committee

- 4.6. The Council has appointed an Accounts and Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework.

Internal Audit

- 4.7. Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. The report includes recommendations for improvements that are included within an Action Plan and require agreement or rejection by Heads of Service. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.
- 4.8. The Internal Audit Annual Report contains an opinion on the overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

External Audit

- 4.9. In accordance with the National Audit Office's Code of Audit Practice, the Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

CIPFA's Financial Management Code (2019)

- 4.10. CIPFA's Financial Management Code was published in October 2019 and sets out the standards of financial management for the Council. It provides guidance for good and sustainable financial management, offering assurance that authorities are managing resources effectively, regardless of their current level of financial risk. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

CIPFA 'The Role of the Chief Financial Officer in Local Government'

- 4.11. CIPFA published a document on the Role of the Chief Financial Officer (Director of Resources). Achieving value for money and securing stewardship are key components of the Chief Financial Officer's role and the document includes a list of principles that were assessed as part of this review of governance arrangements.

CIPFA 'The Role of the Head of Internal Audit'

- 4.12. The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. This CIPFA document is to clarify the role of the Head of Internal Audit and to raise its profile.

5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1. A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

- 5.2. Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved, or has required a significant diversion of resources from another service area;
- It has had a material impact on the accounts;
- It has been identified by the Accounts and Audit Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;

- The governance issue may, or has been publicly reported by a third party as a significant governance issue;
 - It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.
- 5.3. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. The statement is intended to provide reasonable assurance.

6. REVIEW OF SIGNIFICANT GOVERNANCE ISSUES RAISED IN THE ANNUAL GOVERNANCE STATEMENT 2020/21

6.1 Within last year's review there were a number of issues raised as part of the Annual Governance statement for 2020/21. The status of these issues is provided in the table below:

Subject Area	Details	Action Taken	Action
Refuse Vehicle Maintenance Costs	There had continued to be an overspend in refuse vehicle maintenance costs which was highlighted to the relevant committees during the year (£190,400 in 2020/21).	Community Services Committee continued to monitor spend closely to ensure levels have returned to be within budget in the longer term following the end of the use of third parties in our fleet management.	Implemented
Recruitment and Staff Retention	The Council continued to face significant recruitment and staff retention issues across a number of services.	A Pay Structure Working Group was established, reporting to Personnel Committee, to examine Recruitment and Staff Retention. The Council's Pay Structure was reviewed and implemented in October 2021.	Implemented

7. REVIEW OF SIGNIFICANT GOVERNANCE ISSUES 2021/22

7.1 In considering the criteria for significant governance issues as listed at section 5 the following areas have been raised as part of this Annual Governance Statement for 2021/22.

7.2 The area raised has been carried forward from the review of actions raised as part of the Annual Governance Statements in 2020/21 as work continues to address this (see section 6). It must be noted that progress has been made in the areas that have been carried forward, but that this work needs to continue to fully address the issues raised.

Action Plan

Subject Area	Details	Action
Policy Review	Due to the pandemic continuing into the 2021/22 financial year, and the impact this has had on resources, a number of policies now require formal review.	Heads of Service will ensure that policies requiring formal review are undertaken and ratified appropriately through the relevant governance arrangements; and training provided to new and existing staff where necessary.

7.3 It is proposed over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that this will address the need for improvement that has been identified in our review of effectiveness and will monitor the implementation and operation as part of our next annual review.

Signed:

Leader of the Council
On behalf of Ribble Valley Borough Council

Chief Executive

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The Audit Findings for Ribble Valley Borough Council

Year ended 31 March 2022

Ribble Valley Borough Council

November 2022

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Accounts and Audit Committee.

Georgia Jones

Name : Georgia Jones

For Grant Thornton UK LLP

Date : November 2022

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Ribble Valley Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2022 for those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site during August-November. Our findings are summarised on pages 5 to 19. We have identified 2 adjustments to the financial statements, however this has not resulted in an adjustment to the bottom line of the Council's Comprehensive Income and Expenditure Statement and the General Fund balance is unchanged. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion in Appendix E or material changes to the financial statements, subject to the following outstanding matters;

- receipt of pension fund auditor letter
- receipt of management representation letter (see appendix F); and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unqualified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by 31st December 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risks for Ribble Valley Borough Council.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in December 2022.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ("the Code"). Its contents have been discussed with management and the Accounts and Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you on 29th June 2022.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Accounts and Audit Committee meeting on 23rd November 2022, as detailed in Appendix E. These outstanding items include:

- receipt of pension fund letter
- receipt of management representation letter; and
- review of the final set of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality figures remain the same as reported in our audit plan on 29 June 2022.

We detail in the table our determination of materiality for Ribble Valley Borough Council.

Council Amount (£) Qualitative factors considered

Materiality for the financial statements	476,500	We have used planning materiality which equates to 2% of your gross operating expenditure for 2020/21 year. On receipt of the draft financial statements for 2021/22 we deemed it appropriate to retain the planning materiality figures. This level is considered to be the level above which users of the financial statements would wish to be aware in the context of overall expenditure.
Performance materiality	357,400	This is based on specific risks and sensitivities at the Council, such as the lack of deficiencies in control environment and quality of financial statements in prior years.
Trivial matters	23,800	This is the threshold for matters that are clearly inconsequential, whether taken individually or in aggregate.
Materiality for senior officer remuneration	20,000	This is due to its sensitive nature, with the value based on the salary bandings disclosed.



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, this was one of the most significant assessed risks of material misstatement.

We have;

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness

We have not identified any change to accounting policies or the estimation process.

As in the previous year we have noted the Council system documentation allows the self authorisation of journals. This is due to size of the finance team at the Council which means separate authorisation is not practical. However, we have raised this as a control weakness.

Our audit work to date on journals has not identified any issues in respect of management override of controls.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

ISA240 revenue and expenditure recognition risk

Revenue

ISA (UK) 240 includes a rebuttable presumed risk that revenue recognition may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:

There is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited. The culture and ethical frameworks of local authorities, including Ribble Valley, mean that all forms of fraud are seen as unacceptable.

Expenditure

In the public sector, whilst it is not a presumed significant risk, in line with the requirements of Practice Note (PN) 10: Audit of financial statements of public sector bodies in the United Kingdom - we also consider the risk of whether expenditure may be misstated due to the improper recognition of expenditure.

This risk is rebuttable if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.

Based on our assessment we consider that we are able to rebut the significant risk in relation to expenditure, but will nevertheless, and in line with PN10, recognise the heightened inherent risk of 'other service expenditure' in our audit scoping and testing assessment.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including Ribble Valley Borough Council, mean that all forms of fraud are seen as unacceptable.

Therefore and as reported in our Audit Plan, we do not consider this to be a significant risk. Whilst not a significant risk, we have performed audit procedures and testing of material revenue items.

Our audit work is complete and has not identified any matters that would lead to a change in our risk assessment.

In response to this risk we have:

- evaluated the Council's policy for the recognition of non-pay expenditure
- documented the goods received not invoiced accruals process and the processes management have in place, challenging key assumptions, the appropriateness of source data and the basis for calculations
- obtained a listing from the cash book of non-pay payments made in April and May 2021 to ensure they have been charged to the appropriate year
- obtained a listing from the Accounts Payable system of invoices received in April and May 2021 to ensure they have been charged to the appropriate year
- substantively tested a sample of year-end accounts payable and accrual balances.

Our work is complete in this area. The audit work has not identified any issues in respect of this significant risk.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

On 3 February 2022 CIPFA LASAAC launched a consultation on proposals for an update of the 2021/22 Code relating to the approach to measurement of operational property, plant and equipment. We encourage the Authority / Council to respond to this consultation, which closes on 3 March 2022, and we will engage with officers to discuss the audit implications of any changes if and when they are confirmed.

The Council revalues its land and buildings on a five-yearly basis, with a desktop valuation in intervening years. This valuation of £13m represents a significant estimate by management in the financial statements due to the size of the numbers involved. In addition, the year-end valuation of land and buildings is sensitive to changes in assumptions and market conditions and so is a key estimate by management.

We have identified the valuation of land and buildings as a significant risk.

We have:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuations were carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged an independent auditor's expert valuer to provide a further review of the reasonableness of the assumptions and approach taken by the Council's valuer
- tested a sample of valuations at 31 March 2022 to understand the information and assumptions used in arriving at any revised valuations.
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- reviewed whether the expert valuer has reported any material uncertainty in relation to property valuations as at 31 March 2022 and, if so, assess the impact on disclosures in the financial statements and on our audit opinion.

Our audit work has not identified any issues in respect of valuation of land and buildings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£15m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 7.3% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

We have:

- Updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report
- reviewed whether the pension fund has reported any material uncertainty in relation to investment property valuations as at 31 March 2022 and, if so, assess the impact on disclosures in the financial statements and on our audit opinion
- obtained assurances from the auditor of the Lancashire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Our audit work has not identified any issues in respect of valuation of the pension fund liability.

At the time of writing we are awaiting the letter of assurance from the Pension Fund auditor.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Land and Building valuations – £19.267m</p>	<p>Other land and buildings comprises £8.251m of specialised assets such as leisure centres and museums, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£7.290m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Taylor Weaver Ltd to complete the valuation of properties as at 1st March 2022, a desktop valuation was completed on all the assets.</p> <p>Summarise how has management have considered alternative estimates and addressed estimation uncertainty and the disclosure made in that respect.</p> <p>The total year end valuation of land and buildings was £15.541m, a net increase of £2.475m from 2020/21 (£13.066m).</p>	<p>We have reviewed and assessed the details supporting the estimates and judgements in this area, considering;</p> <ul style="list-style-type: none"> • Revised ISA540 requirements in guidance note; • Assessment of management's expert, your external valuer; • Completeness and accuracy of the underlying information used to determine the estimate • Appropriateness of any alternative site assumptions • Impact of any changes to valuation method • Consistency of estimate against near neighbours/GE report • Reasonableness of increase/decrease in estimate • Adequacy of disclosure of estimate in the financial statements <p>The valuation method remains consistent with the prior year.</p> <p>The valuer has prepared their valuations in accordance with RICS Valuation – Global Standards.</p>	<p>Light Purple</p>

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Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Net pension liability – £15.072m

The Council's total net pension liability at 31 March 2022 is £15.072m (PY £21.042m) comprising the Lancashire Pension Fund. The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed in 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £5.972m net actuarial gain during 2021/22.

We have:

- Assessed management's expert
- Assessed of actuary's approach taken, detail work undertaken to confirm reasonableness of approach

We have no concerns over the competence, capabilities and objectivity of the actuary used by the Authority.

We have used the work of PwC, as auditors expert, to assess the actuary and assumptions made by the actuary – See below considerations of key assumptions in your pension fund valuation:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.8%	2.7-2.8%	●
Pension increase rate	3.5%	3.0-3.5%	●
Salary growth	4.9%	4.25-5.0%	●
Life expectancy – Males currently aged 45 / 65	23.7/23.3 Years	22.2-24.8/ 20.7-23.3	●
Life expectancy – Females currently aged 45 / 65	26.8/25 Years	25.7-27.5/ 23.8-25.5	●

At the time of writing we are awaiting the letter of assurance from the Pension Fund auditor.

Light Purple

Assessment

- Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for NNDR appeals - £0.923m	The Council is responsible for repaying a proportion of successful rateable value appeals. Management calculate the level of provision required. Ribble Valley's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates. Due to the increase in opening debit, the provision has increased by £0.07 million in 2021/22.	<p>To review the estimate, we have;</p> <ul style="list-style-type: none"> • Assessment of the impact of the cost-of-living crisis on the collection of debt and adequacy of provisions. • reviewed the appropriateness of the underlying information used to determine the estimate • reviewed the impact of any changes to the valuation method • assessed the reasonableness of the estimate • reviewed the adequacy of disclosure of estimate in the financial statements <p>Our audit work has not identified any issues in respect of this significant estimate.</p>	Light Purple
Depreciation and useful economic lives of assets	Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated. Management's accounting policy is that property depreciation should be applied with a straight-line allocation over the life of the property as estimated by the valuer.	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed the accounting policy; • Recalculated the depreciation charge based on the useful economic lives as provided by the valuer as well as an overall recalculation of depreciation; • Assessed the reasonableness of the useful economic life for a sample of assets; and • Assessed the appropriateness of the policy in line with the financial reporting framework. <p>Our audit work has not identified any issues in respect of this significant estimate.</p>	Light Purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - Internal Control

Assessment	Issue and risk	Recommendations
●	<p>Our system documentation on journals identified an issue where accountancy staff are able to authorise their own journals. However, a compensating control is in place whereby budget monitoring procedures should flag any inconsistencies.</p> <p>We have also identified that the Head of Financial Services has administration access rights. However we have noted he is unable to change or edit any postings which have already been made to the ledger. Although new users can be set up they do need to be approved by the manager.</p>	<p>It would be good practice to have posting and authorisation of journals by separate members of staff, although we acknowledge this may not always be practical within a small team.</p> <p>We recommend setting up of individuals on the system should be held with the IT department.</p> <p>Management response</p> <p>Due to the size of the team, it is not seen as practical to operate on a basis of each journal needing to be separately authorised. Budget monitoring arrangements should identify any material journal errors, and full documentation is maintained in respect of journals. We will however keep this good practice guidance under review.</p> <p>Overall access to specific corporate systems is currently controlled by the ICT team. The council operates a policy of having 'System Champions' within a service who are responsible for individual system development and for control of access rights. This is still seen as the best policy.</p> <p>The creation of all new users of the financial system is complex in nature and requires expert knowledge of an individual user needs and system functionality to ensure permissions are specific to them, and relevant.</p>

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Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

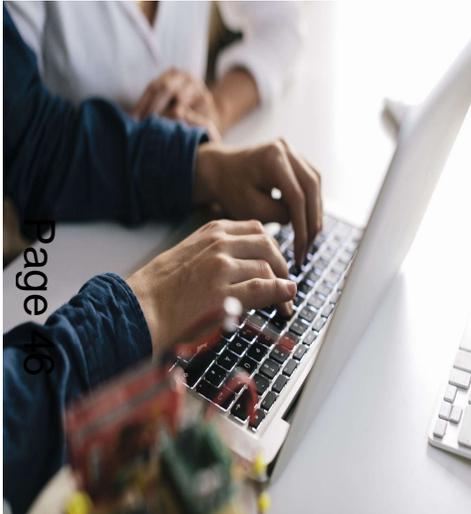
2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Accounts and Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is appended.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the bank and investment bodies. This permission was granted and the requests were sent and have all been received.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

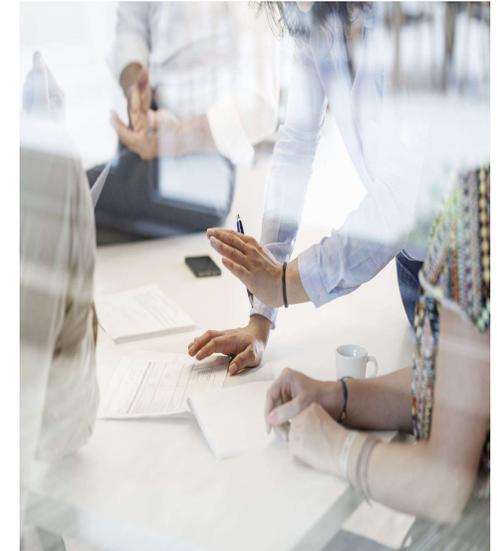
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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Minor inconsistencies were identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect – refer to appendix E</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters</p>

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2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The instruction to complete this work have not been issued. However we expect the Council not to exceed the threshold;</p>
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audit of Ribble Valley Borough Council in the audit report, as detailed in Appendix E, due to incomplete VFM work and WGA.

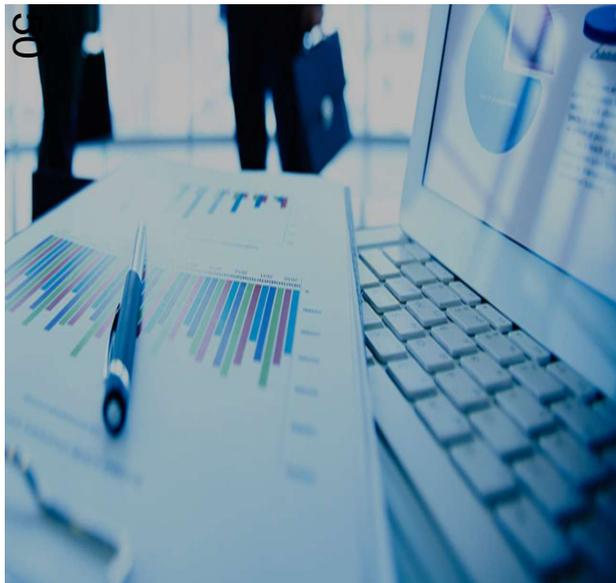
3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

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Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by 31 December 2022. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work to date has not identified any risks.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to November 2022, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	22,540	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £22,540 in comparison to the total fee for the audit of £53,432 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

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These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Accounts and Audit Committee. None of the services provided are subject to contingent fees.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 3 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Useful Asset Lives</p> <p>Our audit work on the useful economic lives of equipment identified an asset which will not last its useful economic live and a further asset where the assets will last beyond their useful economic live.</p>	<p>We recommend Council reviews asset lives to ensure assets are reasonable accounted for.</p> <p>Management response</p> <p>The lives for all property assets are already assessed by our external valuer on an annual basis. This will be extended to an annual internal review of assets lives for plant and equipment going forward, although largely the depreciation policy matches our replacement plans under the capital programme.</p>
Medium	<p>Aged Debtors</p> <p>Our audit work identified one debtor balance which was pre 1995 and a further balance which was from the year 2000.</p>	<p>We recommend the Council reviews all aged debtors and write off debtors which are not recoverable.</p> <p>Management response</p> <p>A review of aged debtor balances has already begun with some referrals for write-off of some larger balances made to Policy and Finance committee in November 2022. This work will continue with a more comprehensive review of outstanding debts. It must be noted however that the council considers that the age of the debt does not necessarily mean that it should be written off.</p>
Medium	<p>Gifts and hospitality policy</p> <p>Our audit work on gift and hospitality noted the policy did not include any amounts.</p>	<p>We recommend Council includes in its policy a specific course of action in terms of receiving gifts and minimum estimated amount that is deemed acceptable.</p> <p>Management response</p> <p>This falls within our Code of Conduct for Staff (Code of Conduct for Members is already well provided for). It will be ensured that this is reviewed in the coming months in order to provide further clarity on the matters raised.</p>

We have also two recommendations from the previous year which remain open see page 26.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Ribble Valley Borough Council's 2020/21 financial statements, which resulted in 3 recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 are still to be completed.

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Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Heritage Assets</p> <p>The council has a collection of assets at Clitheroe Castle Museum worth £878k which is held at an insurance valuation. A breakdown of these assets and the associated individual values is not available. There is a risk that without a full breakdown of values the Council would be unable to confirm if the assets are valued appropriately or damaged.</p> <p>The Council should ensure a register of all asset valuations included in the museum is maintained and kept up to date.</p>	<p>Whilst the council acknowledge that a detailed breakdown of every asset with valuation is not available, we rely on the expert curatorial services of Lancashire County Council to provide an adequate valuation for insurance purposes. It is this insurance valuation that has been used for the purposes of the statement of accounts, as the cost of a more detailed valuation would outweigh the benefit to be gained by the reader of the Statement of Accounts.</p>
X	<p>Internal Control</p> <p>Our system documentation on journals identified an issue where accountancy staff are able to authorise their own journals. However, a compensating control is in place whereby budget monitoring procedures should flag any inconsistencies.</p> <p>We have also identified that the Head of Financial Services has administration access rights. However, we have noted he is unable to change or edit any postings which have already been made to the ledger. Although new users can be set up, they do need to be approved by the manager.</p>	<p>The Council has accepted this recommendation however due to the size of the team these are not practical. Therefore, this recommendation remains in place.</p>
✓	<p>Related Party Transactions</p> <p>A search of Companies House identified that a small number of Councilors had business interests that had not been declared. The majority of the companies involved were dormant and there was one which was still operating but the Council had identified and considered this.</p> <p>Whilst there are no additional disclosures required in the accounts, there could be a risk going forward that transactions may not be identified if the Council were unaware of a business relationship.</p> <p>We recommend the Council reminds all Councilors of the requirement to disclose any business interests.</p>	<p>The Council have provided training to members and our work in the current year has not identified any concerns.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Cash and Cash Equivalents	Nil	Cash and Cash Equivalents	Nil
2 investments were identified as not being liquid therefore amended to investments.		(5,000)	
		Short Term Investments	
		5,000	
Health and Housing Committee	Expenditure	Nil	Nil
Grant income for disabled facilities grant was netted off expenditure this has been amended to income	440		
	Income		
	440		
Overall impact	£Nil	£Nil	£Nil

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Narrative Report	The entries on page 30 in relation to the appeals provision and bad debts provision have been transposed.	✓
Balance Sheet	Our testing in cash and cash equivalents identified 2 investments totalling £5 million were made for a period of more than 3 months maturity therefore not in line with the definition for cash equivalents. As these should be highly liquid investments that mature in 3 months or less from the date of acquisition.	✓
Note 3 – Expenditure and Funding Analysis	We have identified that Capital Grants were lodged under Depreciation, Amortisation and Impairment line. These should be under the income line item as the items relate to grant income.	✓
Note 3 – Expenditure and Funding Analysis	Our review of the accounts identified a prior period adjustment was made to note 3 (EFA). This was due to recharges being added and not removed. The Council have corrected this and therefore created a PPA as the amount was material. Additional disclosure was added in the accounts to explain the detail.	✓
Note 13 – Property Plant and Equipment	The row heading was amended from "Revaluation decreases recognised in the Revaluation Reserve" to revaluation increase.	✓
Accounting Policies	Initial narrative has been added to make it clear these are part of the notes to the accounts.	✓

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services

The fees in the financial statements also include a rebate of -£6,110 from PSAA

Audit fees	Proposed fee	Final fee
Council Audit	53,432	TBC
Total audit fees (excluding VAT)	53,432	TBC

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Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services – HBAP Claim	22,540	TBC
Total non-audit fees (excluding VAT)	£22,540	TBC

E. Draft audit opinion

Our draft audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report

Independent auditor's report to the members of Ribble Value Borough Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Ribble Valley Borough Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Statement of Accounting Policies and the Notes to the Core Financial Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's

responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Resources use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

E. Draft audit opinion

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Director of Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Resources is responsible for the other information. The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources. The Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

E. Draft audit opinion

In preparing the financial statements, the Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Accounts and Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are

directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.

- We enquired of senior officers and the Accounts and Audit Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, Internal audit and the Accounts and Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - management override of control, in particular journals, management estimates and transactions outside the course of business
 - closing journals posted during the preparation of the financial statements

Our audit procedures involved:

- evaluation of the design effectiveness of controls that the Director of Resources has in place to prevent and detect fraud;
- journal entry testing, with a focus on the material year end transactions and manual journals posted during the year with high risk characteristics;

E. Draft audit opinion

- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

E. Draft audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Ribble Valley Borough Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Georgia Jones, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool

Date:

F. Management Letter of Representation

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS

[Date] – (TO BE DATED SAME DATE AS DATE OF AUDIT OPINION)

Dear Sirs

Ribble Valley Borough Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Ribble Valley Borough Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include revaluations of land and buildings and pensions. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for, valuation of land and buildings, depreciation, pension fund liability and business rates appeals provision. No changes to the estimation process was made in the year. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

F. Management Letter of Representation

- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in Note 3 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

- xv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

F. Management Letter of Representation

Annual Governance Statement

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Accounts and Audit Committee at its meeting on 23 November 2022.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

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G. Audit letter in respect of delayed VFM work

Cllr David Berryman
Chair of Audit Committee
Ribble Valley Borough Council
11 October 2022

Dear David

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

We wrote to you on 29 June 2022 to confirm that we expected to publish our Auditor's Annual Report, including our commentary on arrangements to secure value for money, no later than 23 November 2022. There will be a delay in this, due to the 2021/22 financial statements work being completed by the 30 November. We now expect to publish our report by 31 December 2022.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Georgia Jones
Director

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 23 NOVEMBER 2022
title: LETTER OF REPRESENTATION
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

- 1.1 To approve the Letter of Representation for 2021/22 on behalf of the Council.

2 BACKGROUND

- 2.1 As you will be aware, each year our external auditors request a letter of representation from management confirming all material items have been disclosed within the financial statements.
- 2.2 The letter sets out assurances from the Council to Grant Thornton that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.
- 2.3 The letter also covers my own responsibilities and those of the Council in producing the annual accounts for the authority. Grant Thornton requires you to approve the Letter of Representation before they can issue their opinion and conclusion on our accounts for 2021/22.

3 2021/22 LETTER OF REPRESENTATION

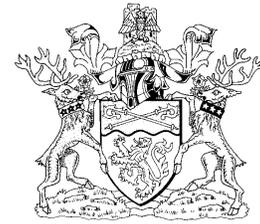
- 3.1 The letter sets out assurances from the Council to Grant Thornton that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.

4 RECOMMENDED THAT COMMITTEE

- 4.1 Approve the Letter of Representation to Grant Thornton for 2021/22.

DIRECTOR OF RESOURCES

AA24-22/JP/AC
11 November 2022



RIBBLE VALLEY BOROUGH COUNCIL

Please ask for: Mrs J Pearson
Our ref: JP7-22/AC
Email: jane.pearson@ribblevalley.gov.uk

Council Offices
Church Walk, Clitheroe
BB7 2RA

Tel: 01200 425111

23 November 2022

www.ribblevalley.gov.uk

Dear Sirs

Ribble Valley Borough Council Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Ribble Valley Borough Council for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include revaluations of land and buildings and pensions. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for, valuation of land and buildings, depreciation, pension fund liability and business rates appeals provision. No changes to the estimation process was made in the year. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and

properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in Note 3 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.*
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Council means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

- xv. The Council has complied with all aspects of ring-fenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.

- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council's financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Accounts and Audit Committee at its meeting on 23 November 2022.

Yours faithfully

Jane Pearson
 Director of Resources

Name.....

Position.....

Date.....

Signed on behalf of the Council

Grant Thornton UK LLP
 Royal Liver Building
 LIVERPOOL
 L3 1PS

**RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS AND AUDIT COMMITTEE**

meeting date: 23 NOVEMBER 2022
title: APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2021/22
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To seek Member approval of the Statement of Accounts for 2021/22, following completion of the audit.

1.2 Relevance to the council's ambitions and priorities

- Community Objectives – none identified
- Corporate Priorities - to continue to be a well-managed Council, providing efficient services based on customer need and meets the objective within this priority of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money
- Other Considerations – none identified

2 BACKGROUND

2.1 Approval of the Statement of Accounts is within the terms of reference of this committee.

2.2 As members will recall, the deadline for the publication of the draft accounts was met and the Statement of Accounts (Subject to Audit) were made available on our website on 29 July 2022.

2.3 It was previously highlighted to committee that the Department for Levelling Up, Housing and Communities (DLUHC) had written to local authorities and relevant audit firms earlier in the year to provide an update on action the government was taking to help tackle audit delays.

2.4 As part of these wider actions there was a temporary measure being proposed at that time for consultation, to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts – for future years this would then be 30 September.

2.5 On the 22 July 2022 the DLUHC proposed changes to audit deadlines were brought in through the Accounts and Audit (Amendment) Regulations 2022, and the deadline for publishing audited local authority accounts 2021/22 Statement of Accounts was changed to 30 November 2022

2.6 At the time of writing this report, the audit of the accounts was complete other than Grant Thornton awaiting the assurance from the Lancashire Pension Fund auditor. Elsewhere on the agenda is the Audit Findings Report of Grant Thornton.

2.7 Members' role in approval of the Statement of Accounts following the conclusion of the audit is to demonstrate their ownership of the statements, their confidence in the Director of Resources (Section 151 Officer) and the process by which accounting records are maintained and the statements prepared.

2.8 The outturn position for each of our committees has been reported during previous service committee meetings and included details of the variances against the budget estimate. Understanding of our outturn position for 2021/22 will help in the budget setting process for the 2023/24 financial year, and also in revising the estimate for the current financial year.

3 STATEMENT OF ACCOUNTS FOR 2021/22

3.1 The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the council.

3.2 Members will be taken briefly through the full statement of accounts for 2021/22 at the meeting. Obviously, the accounts are very detailed and do contain a considerable amount of technical information. The Statement of Accounts are included at Annex 1.

3.3 However, it is crucial that members consider the important aspects of the various statements and therefore attached at Annex 2 is '*Understanding Local Authority Financial Statements*' which is a document produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) to assist members.

4 GENERAL FUND OUTTURN POSITION 2021/22

4.1 Shown below is the final position for the 2021/22 financial year.

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,167	4,309	4,101	-66	-208
Economic Development	314	294	289	-25	-5
Health & Housing	1,053	711	601	-452	-110
Planning & Development	587	532	329	-258	-203
Policy & Finance	2,257	2,172	2,103	-154	-69
Committee Expenditure	8,378	8,018	7,423	-955	-595
Interest Payable	6	6	6	0	0
Parish Precepts	503	503	503	0	0
Interest Received	-50	-2	-15	35	-13
Net Operating Expenditure	8,837	8,525	7,917	-920	-608
Impairment Losses/(Gains) on Outstanding Debts	0	0	-23	-23	-23
Contingency - Feasibility Study Edisford Car Park	10	0	0	-10	0
Contingency - Potential Uncompensated Loss of Income due to Covid	150	0	0	-150	0
Emergency Unringfenced Covid Support Grant	0	-242	-242	-242	0

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Precept from Collection Fund (including parish precepts)	-4,241	-4,241	-4,241	0	0
Collection Fund Surplus - Council Tax	-25	-25	-25	0	0
Rural Services Delivery Grant	-113	-113	-113	0	0
New Homes Bonus	-1,516	-1,516	-1,516	0	0
Lower Tier Services Grant	-58	-58	-58	0	0
Local Council Tax Support Additional Funding	0	0	-40	-40	-40
Business Rates Baseline Funding	-1,354	-1,354	-1,354	0	0
Retained Rates Income	-380	-380	-380	0	0
S31 Grant	-1,196	-2,868	-2,906	-1,710	-38
Retained Rates - Renewable Energy	-96	-100	-97	-1	3
10% of Retained Levy - Payable to LCC under Pooling Arrangements	69	90	84	15	-6
Collection Fund Deficit - Business Rates	2,726	2,726	2,726	0	0
(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	2,813	444	-268	-3,081	-712
Depreciation	-889	-884	-884	5	0
Minimum Revenue Provision	107	107	107	0	0
Net Transfer to earmarked reserves	-1,631	135	618	2,249	483
Deficit (Surplus) for Year	400	-198	-427	-827	-229

- 4.2 You will see we have made a surplus of £427,000 during the year, compared with the Revised Estimate which showed a surplus of £198,000, and the Original Estimate which showed a deficit of £400,000.

Final Position Compared to the Revised Estimate

- 4.3 During the 2021/22 financial year there were many variances that occurred which were highlighted in our budget monitoring reports to committee. The main variations affecting our final position compared with the **revised estimate** are summarised below. Favourable variances are denoted by values with a minus sign.

Variation	Variances £'000	Earmarked Reserve Variances £'000	Net After Earmarked Reserve Variances £'000
<u>Expenditure Variations</u>			
Direct employee costs	-110		-110
Tuition and training	-24		-24
Repairs and Maintenance	22	5	27
Transport costs	-26		-26
Purchase and repairs of equipment and materials	-26	-7	-33
Communications and computing	-12		-12
Subscriptions	-11		-11
Promotional activities	-35	7	-28
Printing, stationery and books	-10		-10
Consultants	39	-10	29
Local plan	-105	105	0
Rent allowance payments (<i>see grant below</i>)	-90		-90
General grant scheme payments	-79	12	-67
Directly charged Covid costs	20	-43	-23
Covid grant payments where this Council acted as principal	92	-92	0
Total Expenditure Variances	-355	-23	-380
<u>Income Variations</u>			
Rent allowances grant (<i>see payment above</i>)	63		63
DWP data sharing grant	-11		-11
DLUHC Redmond review implementation grant	-16		-16
Cabinet Office local election funding	-21	19	-2
Other government grant	-11	16	5
Weight management funding	-10	10	0
VAT shelter reimbursement	-11	11	0
Court costs	-25		-25
Planning fee income	-47		-47
Car parking income	-14		-14
Edisford all-weather facility income	-26		-26
Ribblesdale pool income	-22		-22
Sale of paper	-16		-16
Specific Covid funding charged to committee services	-15	40	25

Variation	Variations £'000	Earmarked Reserve Variations £'000	Net After Earmarked Reserve Variations £'000
Total Income Variations	-182	96	-86
Other variations	-58	127	69
Net Variation on Committee Expenditure	-595	200	-395
Decreased interest received	-13		-13
Variation on Net Operating Expenditure	-608	200	-408
Impairment Losses/(Gains) on Outstanding Debts	-23		-23
Covid Emergency Funding	0	242	242
Local council tax support additional funding	-40		-40
Retained rates - renewable energy	3	-3	0
Increased business rates S31 grants	-38	38	0
10% of retained levy – Payable to LCC	-6	6	0
Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-712	483	-229

- 4.4 A substantial proportion of the variations result in more transfers to our earmarked reserves. This is partly due to a high number of variances relating to grant income that has yet to be expended, and the required accounting treatment of the same through set aside in earmarked reserves for future use, some of which is in respect of Covid funding. There is also a large movement in earmarked reserves due to the setting aside of funding for the Local Plan (£270k)

General Fund Balances

- 4.5 As mentioned earlier in the report, we had originally planned to take £400,000 from general fund balances to help finance the 2021/22 spending plans. However, this was revised later in the year to adding £198,000 to general fund balances. The final position shows that the council has added £427,000 to general fund balances.

General Fund Balance	£'000
General Fund Balances: Brought forward at 1 April 2021	2,534,143
Surplus in 2021/22 added to General Fund Balances	426,993
General Fund Balances: Carried forward at 31 March 2022	2,961,136

Earmarked Reserves

- 4.6 With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to take £1,630,679. However, this was revised later in the year to adding £135,380 to earmarked reserves.
- 4.7 The final position shows that the council has added £617,956 to earmarked reserves for revenue purposes. For capital purposes we took £456,429 from earmarked reserves to fund

the capital programme. The overall net movement was £161,527 added to earmarked reserves.

Earmarked Reserves		£
Earmarked Reserves: Brought forward at 1 April 2021		14,920,382
Net added to Earmarked Reserves for revenue purposes		617,956
Net taken from Earmarked Reserves for capital purposes		-456,429
Earmarked Reserves: Carried forward at 31 March 2022		15,081,909

- 4.8 Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.
- 4.9 Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

Business Rates in 2021/22

- 4.10 To support our budget we use the business rates that we collect from within the borough. This consists of many elements and also the amount we received from one year to the next can be heavily influenced by external factors that are wholly out of our control. As a consequence of these uncertainties we also hold a Business Rates Volatility Earmarked Reserve to cushion any potential impacts (£1.682m), should this be needed.
- 4.11 We use retained business rates at a baseline level set by the government, plus growth on business rates that has been realised. The council also receives a number of grants, known as Section 31 Grants, to compensate the council for business rates income lost as a result of measures introduced by the Government.

Business Rates Element	£'000
Total Business Rates Income Forecast for 2020/21	-15,114
Less Payable to Central Government	7,557
Less Payable to Lancashire County Council	1,360
Less Payable to Lancashire Combined Fire Authority	151
Balance Retained by Ribble Valley Borough Council	-6,046
Less Tariff Payable to Central Government	4,311
Baseline Business Rates Income of £1,354,393 plus Growth of £379,936	-1,735
Business Rates retained on Renewable Energy Schemes	-97
Section 31 Grants	-2,906
Less 10% Retained Levy payment to Lancashire County Council	84
Business Rates Collection Fund Deficit	2,726

Business Rates Element	£'000
Overall Net Retained Business Rates Related Income	-1,928
Business Rates Income Used In-Year	
Baseline Business Rates Income	1,354
Use of other Business Rates Related Income, Including Growth	796
Total Business Rates Income Used In-Year	2,150
Resulting Movements in Earmarked Reserves	
Balance Set Aside in the Business Rates Growth Earmarked Reserve	715
Balance Released from the Business Rates S31 Grant Adjustment Reserve <i>Set aside in 2020/21 to mitigate impact of collection fund deficit in 2021/22</i>	-2,578
Balance Set Aside in the Business Rates S31 Grant Adjustment Reserve <i>Set aside in 2021/22 to mitigate impact of collection fund deficit in 2022/23</i>	1,641
Total Balance Set Aside in Earmarked Reserves	-222

- 4.12 As you will see from the table above, our Section 31 grants have greatly increased and, as with 2020/21, this is as a result of the expanded discounts introduced by the Government in response to Covid.
- 4.13 The impact of this through the Collection Fund deficit will not be felt until the 2022/23 financial year (£1,749,431), and so this funding has been set aside in the Business Rates S31 Grant Adjustment Reserve at the end of 2021/22 and will be released in 2022/23 to offset the business rates collection fund deficit. The same process was put into place at the end of 2020/21 and the equivalent balance of £2,578,153 was released from earmarked reserves in 2021/22.

Collection Fund

- 4.14 As billing authority, the council maintains a separate Collection Fund for the collection of and distribution of council tax and business rates.
- 4.15 With regard to council tax, each precepting body declares the precept that they require from the Collection Fund to support their services in February each year. This forms the basis for what we, as billing authority, then charge residents as council tax.
- 4.16 Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from precepting bodies in the following financial year.
- 4.17 For business rates, similar principles apply. Total forecast collectable rates are paid from the Collection Fund at fixed shares to Central Government, Ribbles Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue Authority.

- 4.18 Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year.
- 4.19 Full details of the Collection Fund position can be seen within the Statement of Accounts, but in summary the overall opening balance on the collection fund at 1 April 2021 was an overall deficit of £7.689m and the overall closing balance at 31 March 2022 was a deficit of £3.702m.

	Council Tax £'000	Business Rates £'000	Total Collection Fund £'000
Opening Surplus/(Deficit)	546	-8,235	-7,689
Income	47,514	18,731	66,245
Expenditure	46,693	15,565	62,258
Closing Surplus/(Deficit)	1,367	-5,069	-3,702

- 4.20 As previously mentioned, the movements in earmarked reserves in respect of Business Rates S31 funding will help negate the impact of our share of this deficit in the 2022/23 financial year, as it did in 2021/22.

Capital

- 4.21 During the year the Council spent £893,321 on capital schemes. The main areas of expenditure included:
- Replacement Vehicles and Plant.
 - ICT Software
 - Play Area Improvements.
 - Refurbishment of the Bowling Green Cafe
 - Payment of Housing Related Grants.
- 4.22 Shown below is a summary of how we performed on the capital programme compared to the budget.

Capital Programme	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
Community Services Committee	1,555,000	591,360	430,510	-1,124,490	-160,850
Economic Development Committee	66,750	50,000	7,950	-58,800	-42,050
Planning and Development Committee	26,420	0	0	-26,420	0
Policy and Finance Committee	105,510	70,910	63,822	-41,688	-7,088

Capital Programme	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
Health and Housing Committee	639,640	1,049,100	391,039	-248,601	-658,061
Total Capital Expenditure	2,393,320	1,761,370	893,321	-1,499,999	-868,049
Grants and Contributions	-347,000	-1,019,890	-362,038	-15,038	657,852
Borrowing	-1,308,600	-15,000	0	1,308,600	15,000
Usable Capital Receipts	-164,060	-74,910	-74,854	89,206	56
Earmarked Reserves	-573,660	-651,570	-456,429	117,231	195,141
Total Resources	-2,393,320	-1,761,370	-893,321	1,499,999	868,049

4.23 As shown in the table above, comparing spend to budget, there is a variance of £868,049 between the revised capital programme and actual spend. At the end of the financial year work on some schemes was still underway. This can be carried forward into the new financial year and is known as slippage. Of the £868,049 variance, £820,880 is accounted for as slippage in to the 2022/23 financial year, and is summarised below:

Scheme Name	Slippage in to the 2022/23 Financial Year £
Play Area Improvements	120,600
Clitheroe Town Centre Car Park Scheme	15,000
Refurbishment of Bowling Green Café - Castle Grounds	2,150
Edisford Playing Pitches Drainage Works	15,490
Replacement IT Equipment for Councillors	7,020
Disabled Facilities Grants	645,850
Clitheroe Affordable Housing Scheme	11,770
Economic Development Initiatives	3,000
Total Capital Slippage	820,880

Balance Sheet

4.24 The Balance Sheet shows our assets, liabilities and reserves. The reserves are split in to usable and unusable and as the name suggests, the unusable reserves are not available to the council but are part of technical accounting requirements.

4.25 The main movements on the balance sheet between 31 March 2021 and 31 March 2022 are summarised below:

Long Term Assets:

- **Property, Plant and Equipment** have increased mainly as a result of the annual desktop revaluation. Strong growth in industrial values during the 12 months has led to an increase in the value of the council's Salthill Depot by £182k when compared to the previous year. The council's Civic Suite and main offices have increased in value by £75k and £135k respectively. A significant increase in the cost of essential building supplies has resulted in an increase to the valuation of properties under the Depreciated Replacement Cost (DRC) method. DRC valuation increases of note are the Castle Museum (£708k) and Museum Café (£70k), Edisford changing rooms (£211k), the Edisford 3G Facility (£284k) and Longridge Civic Hall (£115k).

Current Assets:

- **Short Term Debtors** has decreased largely due to the movement in the collection fund balance, notably the business rates element moving from a deficit of £8.235m at the end of 2020/21 to a deficit position of £5.069m at the end of 2021/22. Please note that the deficit position on the collection fund is skewed by the receipt of compensation S31 funding which is received in the General Fund in the previous year (and set aside in earmarked reserves).
- **Cash and Cash Equivalents and Investments** have increased mainly due to the level of investments included within these two totals on the balance sheet. The Council's fixed term investments at 31 March has increased from £14.5m at 31 March 2021 to £21m at 31 March 2022 (increase of £6.5m). Within this balance is £2.9m of council tax energy rebate grant and Covid-19 Additional Relief funding of £1.2m that were received towards the end of the 2021/22 financial year.

Current Liabilities:

- **Short Term Creditors** has increased largely due the same reasons noted above under cash and cash equivalents and investments. Notably the council tax energy rebate grant and Covid-19 Additional Relief funding which were received in 2021/22 but largely distributed in 2022/23 will be included here as receipts in advance.

Long Term Liabilities:

- **Net Pensions Liability** has decreased largely due to an increase in the discount rate assumption and an increase in assumed CPI. Furthermore there have been updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small

Unusable Reserves:

- **Collection Fund Adjustment Account** this adjustment account is used to ensure that the only impact on the general fund at the year end is precept and surplus/deficit calculated in the January prior to the financial year. The adjustments are so high this year due to the deficit position on the Business Rates Collection Fund at year end.
- **Revaluation Reserve** this is the counter entry to the revaluation movements on the council's Property, Plant and Equipment and so reflects the movements shown above under Property, Plant and Equipment.
- **Pension Reserve** this is the counter-entry to the Net Pensions Liability shown above. This adjustment account is used in local government to avoid any impact on the council tax.

Covid-19 Impact

- 4.26 Councils have played a key role in supporting local communities throughout the Covid pandemic. The restrictions and lock-down periods as a result of the pandemic have been unprecedented and have had a substantial impact on both the national and local economy.
- 4.27 Council staff have delivered a range of support measures to businesses and residents including
- Creation of a Community Hub to support vulnerable residents
 - Supporting local businesses via payment of grants
 - Provision of 100% business rate relief to eligible retail, hospitality, and leisure properties
 - Working alongside partners to contain and manage local outbreaks
 - Enforcement
 - Testing and Tracing
 - Payment of £150 grants to Working Tax Credit Claimants
 - Payment of £500 Test and Trace Support payments
- 4.28 All these measures have been financed by special covid funding awarded by the Government.
- 4.29 The Government also announced various tranches of unringfenced emergency funding for local authorities for Covid related spending pressures. We received £242,180 for 2021/22, £779,419 for 2020/21 and £23,853 for 2019/20.
- 4.30 The Government also agreed a scheme to reimburse councils for lost income from sales, fees and charges due to Covid-19. This scheme ran for 2020/21 and the first quarter of the 2021/22 financial year. Councils absorbed the first 5% of all relevant irrecoverable losses compared to their original budget, with the Government compensating councils for 75 pence in every pound of loss thereafter.
- 4.31 Further 'New Burdens' grants have been awarded by the Government to meet the administration costs of carrying out various additional roles due to the pandemic, for example the awarding of business support grants.
- 4.32 Many councils were in a difficult financial position before the pandemic. Fortunately, this council remains in a healthy financial position.

Covid-19 Related Funding Accounted for in 2021/22

- 4.33 Detailed below are the various grant funding streams that were accounted for in the 2021/22 financial year, alongside that for 2020/21.
- 4.34 This has broadly been grouped as:
- Emergency Funding
 - Sales, Fees and Charges Compensation
 - Grant Funding for Businesses
 - Other Grants
- 4.35 In respect of the *Grant Funding for Businesses*, the accounting treatment that the council must follow for such funding and the payments made is quite specific and is dictated through our role in such payments, being defined as either acting as agent, or acting as principal.

- 4.36 A key indicator of the council acting as agent would be where the council is acting as an intermediary between the recipient and the Government Department, and where the council did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.
- 4.37 Where the council was able to use its own discretion when allocating the amount of grant payable, it was acting as principal.
- 4.38 Where the council has acted as principal as opposed to acting as agent, the transactions are included in the council's financial statements, following the relevant section of the Code of Practice.
- 4.39 Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure incurred by the council on behalf of the Government Department, in which case there is a debtor or creditor position on the balance sheet, and the net cash position is included in financing activities in the Cash Flow Statement.

Funding Type	2020/21 £	2021/22 £
Emergency Funding		
Covid-19 Support Grant - Tranche 2	-602,234	
Covid-19 Support Grant - Tranche 3	-77,185	
Covid-19 Support Grant - Tranche 4	-100,000	
Covid-19 Support Grant - Tranche 5		-242,180
Total Emergency Funding	-779,419	-242,180
Sales, Fees and Charges Compensation		
April 2020 to July 2020	-193,106	
August 2020 to November 2020	-198,873	
December 2020 to March 2021	-187,720	
April 2021 to June 2021		-36,879
Total Sales, Fees and Charges Compensation	-579,699	-36,879
Grant Funding for Businesses		
Business Support Grant (Principal)	-867,000	
Local Restrictions Support Grant (Open and ARG) (Principal)	-1,437,526	-1,628,779
Self-isolation Payments Funding Discretionary (Principal)	-31,250	24,750
Small Business Support Grant (Agent)	-12,940,000	
Retail Hospitality and Leisure Business Grant (Agent)	-4,280,000	
Omicron Hospitality and Leisure Grant (Agent)		-792,717
Self-isolation Payments Funding (Agent)	-27,000	-94,000
Christmas Support for Wet-Led Pubs (Agent)	-37,000	
Local Restrictions Support Grant (Closed) (Agent)	-7,998,230	-17,312
Restart Grants (Agent)		-4,908,059

Funding Type	2020/21 £	2021/22 £
Total Grant Funding for Businesses	-27,618,006	-7,416,117
Other Grants		
Reopening High Streets Safely Fund	-25,458	-45,912
National Leisure Recovery Fund	-83,434	
Homelessness Grant Funding	-12,879	
Council Tax Hardship Fund	-222,053	
S31 Grant RHLG and Small Business Grant Administration	-130,000	
Local Authority Compliance and Enforcement	-21,956	
Self-isolation Payments Funding Administration	-23,403	-29,406
S31 Contain Outbreak Management Fund	-296,283	-372,226
Local Authority Discretionary Grant Fund (Small Business Grant, Retail Hospitality and Leisure, Local Authority Discretionary Grant)	-58,500	
Local Authority Discretionary Grant Fund (Local Restrictions Support Grant, Wet Led Pubs, Closed Business Lockdown)	-166,800	
Clinically Extremely Vulnerable Funding	-141,777	
Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)	-42,788	-54,107
Practical Support for Self-Isolation Funding	-13,772	
Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens	-18,908	
Cabinet Office elections funding		-20,806
S31 Omicron, Hospitality and Leisure Grant and the Additional Restrictions Grant (3rd top up)		-39,080
S31 New Burdens 4 Restart and Additional Restrictions		-73,000
S31 New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Household support Fund Grant to Distribute		-70,855
Miscellaneous grants of a value below £5,000		-12,376
Total Other Grants	-1,258,009	-736,368
Overall Total	-30,235,133	-8,431,544

5 CONCLUSION

- 5.1 There has been a final outturn of a **surplus of £426,993** rather than the £198k surplus forecast at the revised estimate.
- 5.2 There has also been £483k more (revenue only) added to earmarked reserves than forecast at revised estimate, which was largely due to the accounting treatment required for grants received but yet to be spent. There is also a large movement in earmarked reserves due to the setting aside of funding for the Local Plan (£270k).

5.3 The large movements in our earmarked reserves in respect of Covid are expected to be held in the short term, particularly the £1.641m in respect of the Business Rates S31 funding which will offset the collection fund deficit in 2022/23.

6 RISK ASSESSMENT

6.1 The approval of this report may have the following implications:

- Resources – none as a direct result of this report.
- Technical, Environmental and Legal – The Code of Practice and all Financial Reporting Standards have been adhered to in the preparation of the Statement of Account
- Political – none.
- Reputation –The early completion of the audit and approval of the final audited Statement of Accounts at this meeting can only be good for the Council's reputation.
- Equality and Diversity – none

7 RECOMMENDED THAT COMMITTEE

7.1 Approve the audited Statement of Accounts for 2021/22.

HEAD OF FINANCIAL SERVICES
AA25-22/LO/AC
14 November 2022

DIRECTOR OF RESOURCES



Statement of Accounts

[Audited]

2021/2022

Ribble Valley Borough Council

This document may be made available in alternative formats or languages. Anyone wishing to request this document in an alternative format or language should contact the Head of Financial Services.

 01200 425111

 lawson.oddie@ribblevalley.gov.uk

 Ribble Valley Borough Council, Head of Financial Services, Church Walk,
Clitheroe, Lancashire, BB7 2RA

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Narrative Report

1 INTRODUCTION

Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (Based on International Financial Reporting Standards)

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the council.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statement of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.
- The audit of those accounts undertaken in accordance with the statutory framework established by section 4 of the Local Audit and Accountability Act 2014.

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local authority, and is based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (i.e. EU-adopted IFRS).
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts).

Narrative Report

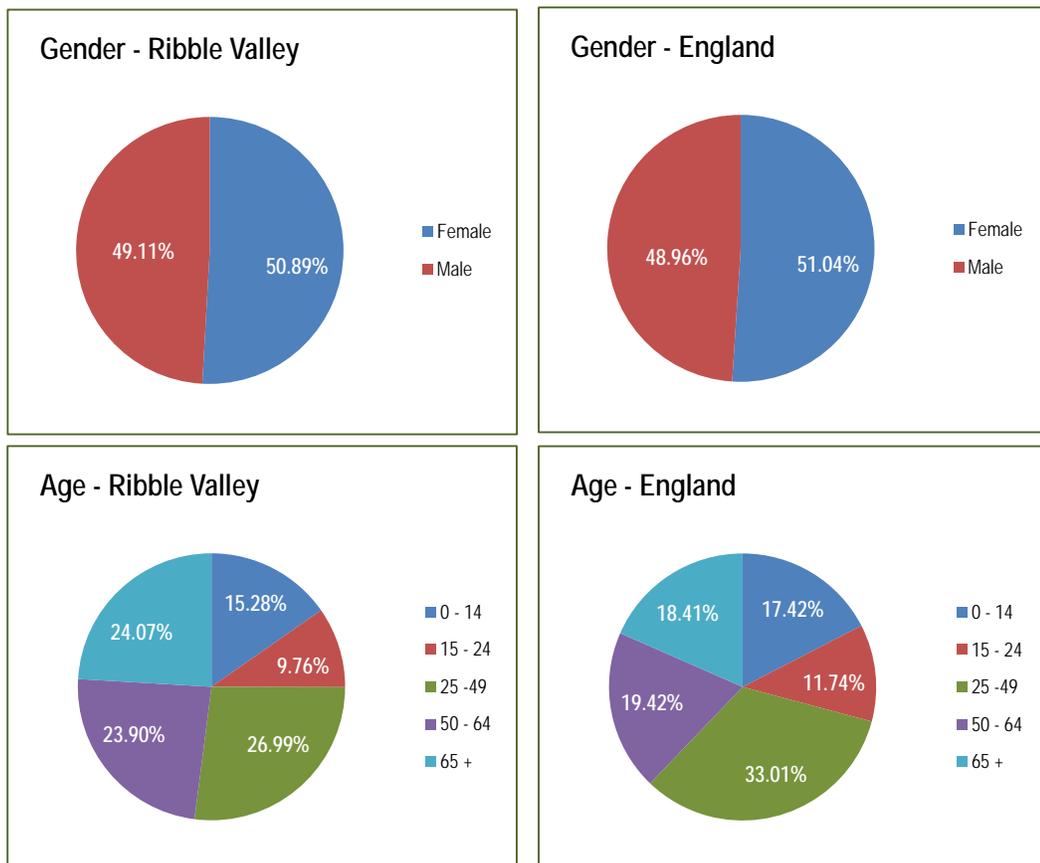
2 RIBBLE VALLEY DEMOGRAPHICS AND ECONOMY**Locality**

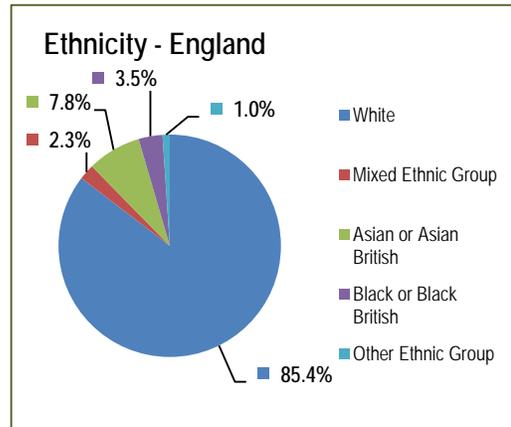
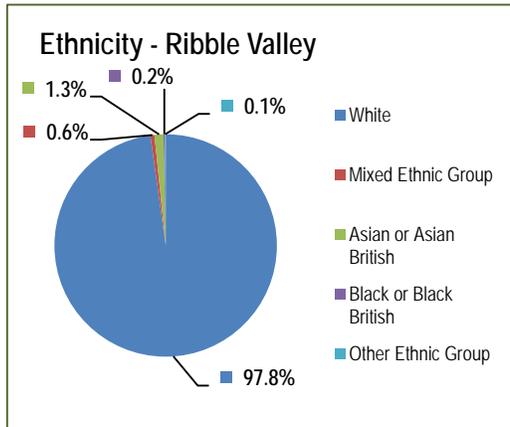
Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial and commercial centre for the west of the borough is the town of Longridge.

The remaining area is mainly rural, ranging from large villages to small hamlets. Some settlements are accessible along the A59 corridor; others are more remote from services and public transport. Along with ancient woodland, biological heritage sites, conservation areas and sites of special scientific interest, two thirds of Ribble Valley is part of the Forest of Bowland Area of Outstanding Natural Beauty (AONB).

Population

Shown below are key population figures as provided by the Office for National Statistics. These are based on March 2021 (Census) for gender and age and March 2011 (Census) for Ethnicity (2021 data for ethnicity not yet available). The total population for the borough, based on these statistics, is 61,500. The statistics for Ribble Valley are shown alongside those for England as a whole for comparison.



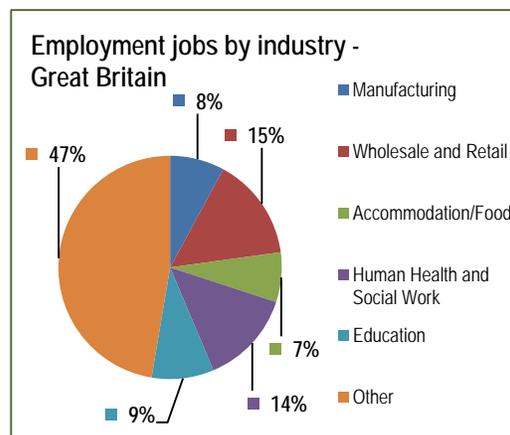
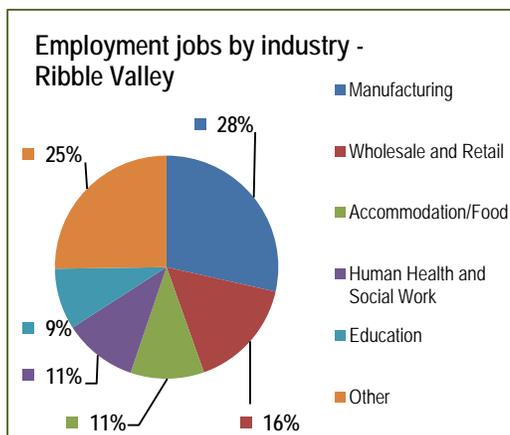


Local Economy and Business Information

Located just east of the M6 and north of the M65 motorways with links to major airports and the rail network, Ribble Valley is home to a diverse range of independent, international and rural businesses.

The borough's key characteristics are in its low unemployment rates, high quality natural environment and successful businesses of all sizes. The borough contains a number of well-established local employers within key business sectors including Advanced Manufacturing and Aerospace (BAE systems and site of the Lancashire Enterprise Zone), Creative and Digital, Chemicals and Mineral Extraction, Tourism and Agriculture.

The area also has a strong agricultural association, with high value meat and milk products as well as farm holdings in dairy and grazing categories. In addition, several farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions. In comparison to the national average, the borough has a relatively high proportion of jobs in the private sector. The following graphs compare the difference in economy split between key sectors within the Ribble Valley and Great Britain (summarised from Nomis Statistics: Employment Jobs by Industry 2020).



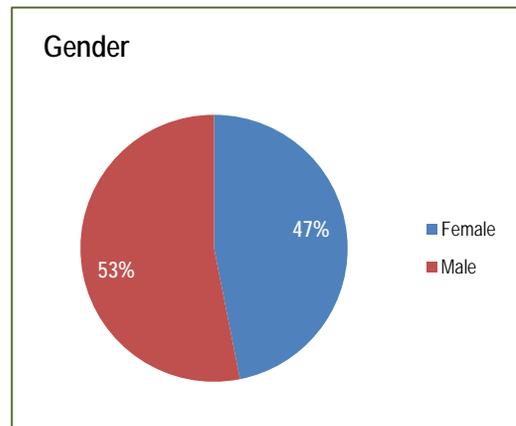
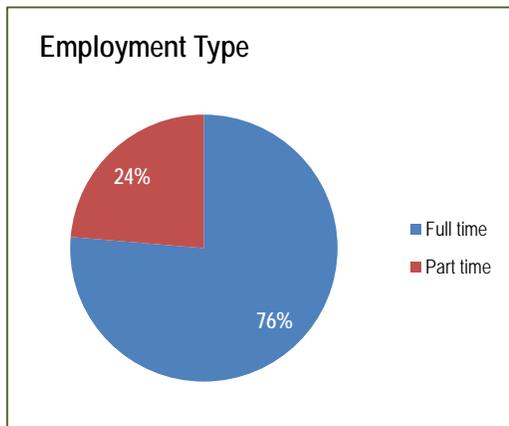
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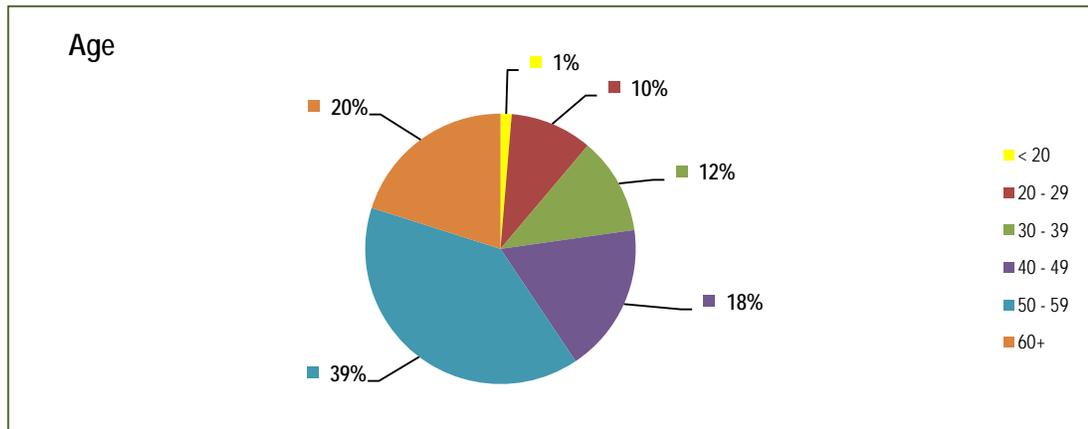
3 OUR EMPLOYEES

The organisational structure of the council is headed by the Corporate Management Team which consists of the Chief Executive, Director of Community Services, Director of Resources and the Director of Economic Development and Planning. Each member of the Corporate Management Team has responsibility for one of the council's 4 departments.



As at the 31 March 2022 the council employed 215 members of staff. The overall establishment consisted of 240 posts, of which 36 were vacant posts at 31 March. The tables below provide some information on the profile of our employees as at the end of the 2021/22 financial year.





4 ELECTED MEMBERS

Ribble Valley Councillors are elected every four years in local elections. They represent 24 wards and make decisions about local services in the borough.

There are 40 Councillors, all of which are elected by registered voters in their ward. The last full election for Ribble Valley Councillors was on 2 May 2019.

Councillors represent the views of local people. They also assist people in need or help people to access public services. Councillors work in the best interests of the borough and their local neighbourhood.

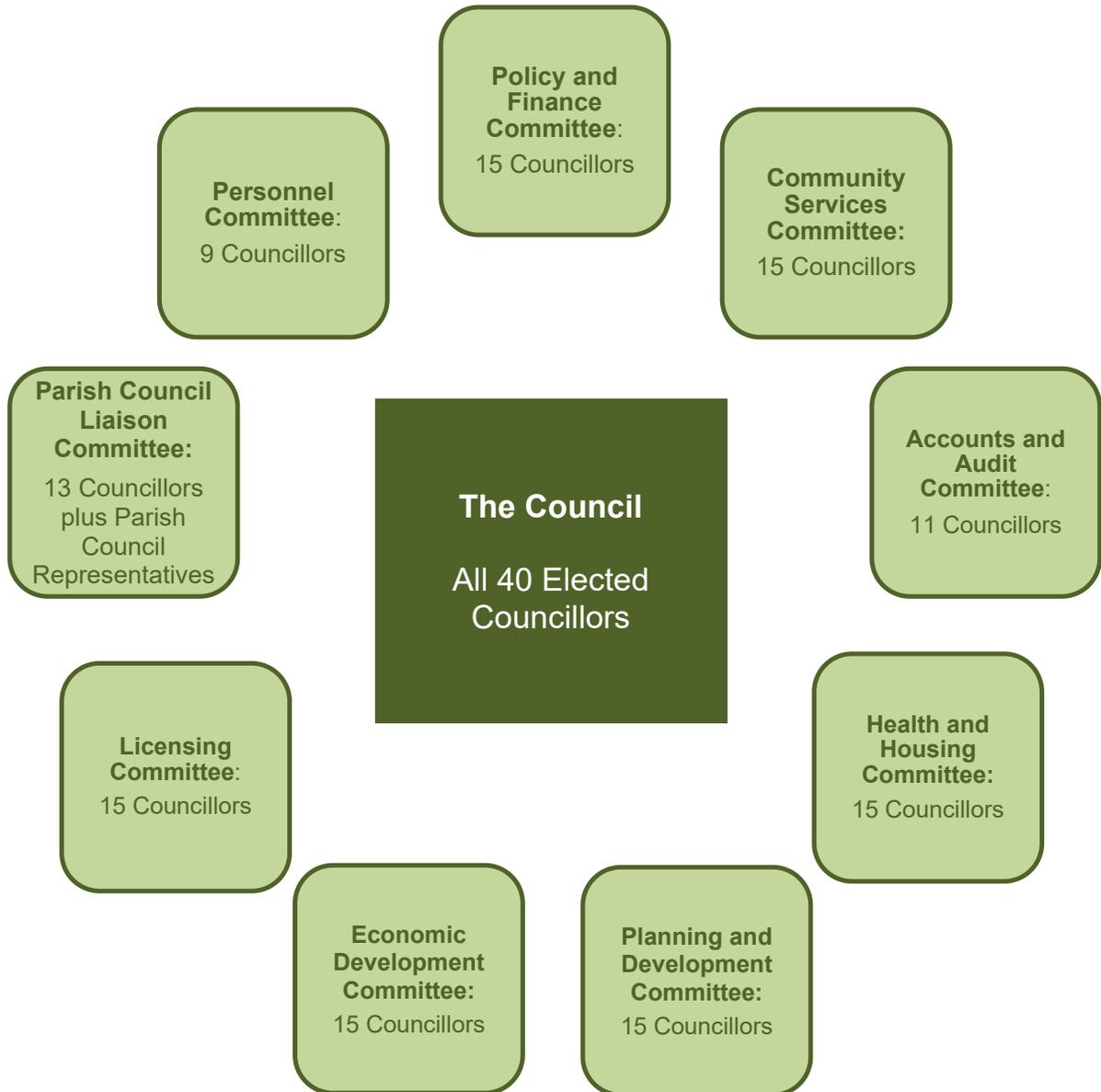
As well as representing the public, Councillors also represent political parties. As at 31 March 2022, our Councillors represented the following parties:

Conservative Party	26 Councillors
Liberal Democrat Party	10 Councillors
Independent	4 Councillors
Total	40 Councillors

The Council operates a Committee System, membership of committees reflects the political balance of the council.

Narrative Report

The diagram below shows the committee structure as at the 31 March 2022, and which operated throughout the 2021/22 financial year.



5 OUR FINANCIAL PERFORMANCE - REVENUE

Whilst the Comprehensive Income and Expenditure Statement is presented on the basis of our committee structure, it also includes a number of items that need adjusting between accounting basis and funding basis under regulation (which are adjusted for under the Movement in Reserves Statement). The table below summarises the position after such adjustments have been made.

After allowing for income from fees and charges, sales, rentals and miscellaneous grants and contributions, the Council's General Fund services are paid for by:

- government grants and contributions;
- retained business rates; and
- council tax.

Shown below is a summary of the general fund accounts comparing actual expenditure with the original and revised budgets for the year.

Narrative Report

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,167	4,309	4,101	-66	-208
Economic Development	314	294	289	-25	-5
Health & Housing	1,053	711	601	-452	-110
Planning & Development	587	532	329	-258	-203
Policy & Finance	2,257	2,172	2,103	-154	-69
Committee Expenditure	8,378	8,018	7,423	-955	-595
Interest Payable	6	6	6	0	0
Parish Precepts	503	503	503	0	0
Interest Received	-50	-2	-15	35	-13
Net Operating Expenditure	8,837	8,525	7,917	-920	-608
Impairment Losses/(Gains) on Outstanding Debts	0	0	-23	-23	-23
Contingency - Feasibility Study Edisford Car Park	10	0	0	-10	0
Contingency - Potential Uncompensated Loss of Income due to Covid	150	0	0	-150	0
Emergency Unringfenced Covid Support Grant	0	-242	-242	-242	0
Precept from Collection Fund (including parish precepts)	-4,241	-4,241	-4,241	0	0
Collection Fund Surplus - Council Tax	-25	-25	-25	0	0
Rural Services Delivery Grant	-113	-113	-113	0	0
New Homes Bonus	-1,516	-1,516	-1,516	0	0
Lower Tier Services Grant	-58	-58	-58	0	0
Local Council Tax Support Additional Funding	0	0	-40	-40	-40
Business Rates Baseline Funding	-1,354	-1,354	-1,354	0	0
Retained Rates Income	-380	-380	-380	0	0
S31 Grant	-1,196	-2,868	-2,906	-1,710	-38
Retained Rates - Renewable Energy	-96	-100	-97	-1	3
10% of Retained Levy - Payable to LCC under Pooling Arrangements	69	90	84	15	-6
Collection Fund Deficit - Business Rates	2,726	2,726	2,726	0	0
(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	2,813	444	-268	-3,081	-712
Depreciation	-889	-884	-884	5	0
Minimum Revenue Provision	107	107	107	0	0
Net Transfer to earmarked reserves	-1,631	135	618	2,249	483
Deficit (Surplus) for Year	400	-198	-427	-827	-229

Analysis of our income and expenditure by type

The table above includes a summary total of our net committee expenditure for the financial year (replicated below).

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,167	4,309	4,101	-66	-208
Economic Development	314	294	289	-25	-5
Health & Housing	1,053	711	601	-452	-110
Planning & Development	587	532	329	-258	-203
Policy & Finance	2,257	2,172	2,103	-154	-69
Committee Expenditure	8,378	8,018	7,423	-955	-595

This net expenditure can also be analysed across the various income and expenditure types as shown below. This provides more of an insight as to where the variances on our income and expenditure have been for the year.

Income or Expenditure Type	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Employee Related	7,111	7,210	7,145	34	-65
Premises Related	1,874	1,950	1,938	64	-12
Transport Related	1,909	1,986	1,898	-11	-88
Supplies & Services	2,044	2,181	2,007	-37	-174
Third Party Payments	376	377	377	1	0
Transfer Payments	5,481	7,308	7,321	1,840	13
Support Services	7,137	7,055	6,948	-189	-107
Depreciation and Impairment	862	883	884	22	1
Total Expenditure	26,794	28,950	28,518	1,724	-432
Government Grants	-5,497	-7,903	-7,974	-2,477	-71
Other Grants and Contributions	-176	-416	-492	-316	-76
Customer and Client Receipts	-3,333	-3,188	-3,366	-33	-178
Recharges and Oncosts	-9,410	-9,425	-9,263	147	162
Total Income	-18,416	-20,932	-21,095	-2,679	-163
Net Expenditure	8,378	8,018	7,423	-955	-595

Narrative Report

Amendments to our budget in the year

As can be seen above, our budget is revised part way through the year. This provides us with an opportunity to better assess the level of movement anticipated within our earmarked reserves and balances, and to allow us to better forecast for the next financial year.

During the preparation of the revised estimate a number of changes were made to the budget. These were:

Item	£'000
Net Decrease in Service Committee Costs	-360
Decrease in Forecast Interest Received	48
Decrease in Contingencies	-160
Increase in Emergency Unringfenced Covid Support Grant	-242
Increase in S31 Grants Receivable	-1,672
Increase in Retained Rates - Renewable Energy	-4
Increase in 10% Retained Levy Payable to LCC under Pooling Arrangements	21
Decrease in amount to be removed for Depreciation	5
Increase in amount to set aside in Earmarked Reserves	1,766
Net increase in amount to take from balances for the year	-598

How our revenue services are financed

As shown earlier our total actual net expenditure for committees was £7.423m. This is after allowing for numerous elements of service income such as fees and charges, sales and service specific grants and contributions.

There are a number of further additions and subtractions to this net committee expenditure:

- Removal of depreciation and addition of the minimum revenue provision (which represents the minimum amount which must be charged to an authority's revenue account each year for financing of capital expenditure that was initially funded by borrowing).
- The addition of interest paid on external borrowing less income that has been earned on external investments.
- Payment of parish precepts.
- The use of some of the capital receipts monies received in year from the sale of assets with a value of over £10,000. This is to fund the costs associated with disposing of the assets, which have been charged to revenue.
- Of the committee income and expenditure, an element is often required to either be set aside in an earmarked reserve for use for a specific purpose in future years, or alternatively released from an earmarked reserve as expenditure has now been incurred.
- General fund balances are reserves that are not set aside for any specific purpose but are a resource that is used to either support general net

expenditure in a given year, or is where resources are set aside as a resource to help support future financial years.

After allowing for the above further movements, the council was then left with net expenditure of £7.710m to be financed. This expenditure was financed from our major sources of income as detailed below:

Council Tax

This is the Council Tax precept payable to the council for its own precept and that paid to Parishes. Also included here is a share of income received from the Collection Fund which represents a Surplus on the Collection Fund account from previous years.

Council Tax Element	£'000
Ribble Valley Borough Council Precept	-3,738
Precept relating to all Parishes	-504
Collection Fund Surplus	-25
Total Net Council Tax Income	-4,267

Business Rates

This is retained business rates at a baseline level set by the government, plus growth on business rates that has been realised. The council also receives a number of grants, known as Section 31 Grants, to compensate the council for business rates income lost as a result of measures introduced by the Government.

There was also a surplus on the Collection fund for business rates, which the council receives a share of.

Business Rates Element	£'000
Total Business Rates Income Forecast for 2020/21	-15,114
Less Payable to Central Government	7,557
Less Payable to Lancashire County Council	1,360
Less Payable to Lancashire Combined Fire Authority	151
Balance Retained by Ribble Valley Borough Council	-6,046
Less Tariff Payable to Central Government	4,311
Baseline Business Rates Income of £1,354,393 plus Growth of £379,936	-1,735
Business Rates retained on Renewable Energy Schemes	-97
Section 31 Grants	-2,906
Less 10% Retained Levy payment to Lancashire County Council	84
Business Rates Collection Fund Deficit	2,726
Overall Net Retained Business Rates Related Income	-1,928

In 2021/22 this council was a part of the Lancashire Business Rates Pool which meant that we were able to retain a greater share of business rates income compared to not being a member of a pooling arrangement.

Narrative Report

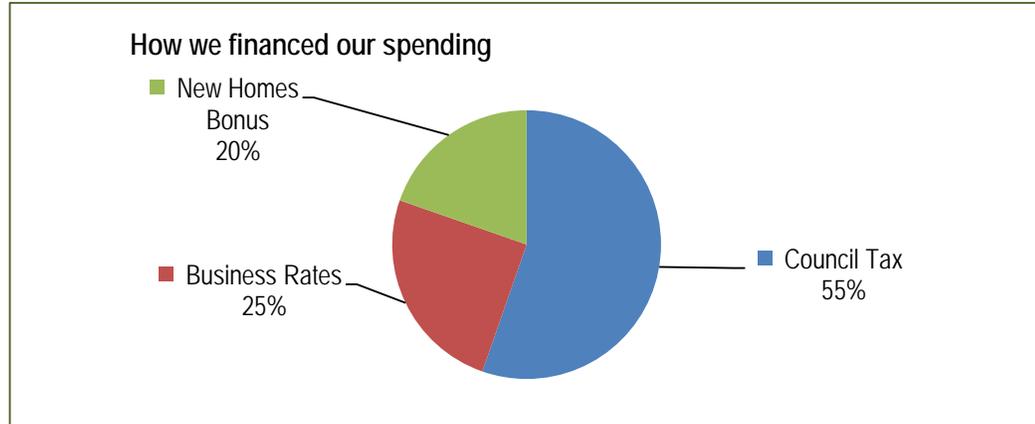
New Homes Bonus

The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property and is receivable every year for the following four years. The amount is also supplemented with an additional amount for affordable homes.

Our allocation for 2021/22 was £1,515,848 and is shown in the table below (2020/21 £1,770,952)

New Homes Bonus	£'000
2018/19 Allocation	-414
2019/20 Allocation	-464
2020/21 Allocation (<i>No Legacy Payment</i>)	0
2021/22 Allocation	-637
Total New Homes Bonus received in 2021/22	-1,515

Looking forward, the legacy payments of the bonus in respect of growth in 2019/20 will continue to be paid in 2022/23, but it is not clear if this will continue to be paid in future years. The payment shown above for 2021/22 was for one year only and no legacy payments are expected to be paid in future years.



Variations to the revised budget at the end of the financial year

During 2021/22 there were many variances identified when we monitored our budget. The main variations affecting our final position compared with the **revised estimate** can be summarised as follows (please note that favourable variances are denoted by figures with a minus symbol):

Variation	£'000
<u>Expenditure Variations</u>	
Direct employee costs	-110
Tuition and training	-24
Repairs and Maintenance	22
Transport costs	-26
Purchase and repairs of equipment and materials	-26
Communications and computing	-12
Subscriptions	-11
Promotional activities	-35
Printing, stationery and books	-10
Consultants	39
Local plan	-105
Rent allowance payments (<i>see grant below</i>)	-90
General grant scheme payments	-79
Directly charged Covid costs	-23
Covid grant payments where this Council acted as principal	135
Total Expenditure Variances	-355
<u>Income Variations</u>	
Rent allowances grant (<i>see payment above</i>)	63
DWP data sharing grant	-11
DLUHC Redmond review implementation grant	-16
Cabinet Office local election funding	-21
Other government grant	-11
Weight management funding	-10
VAT shelter reimbursement	-11
Court costs	-25
Planning fee income	-47
Car parking income	-14
Edisford all-weather facility income	-26
Ribblesdale pool income	-22
Sale of paper	-16

Narrative Report

Variation	£'000
Specific Covid funding charged to committee services	-15
Total Income Variances	-182
Other variations	-58
Net Variation on Committee Expenditure	-595
Decreased interest received	-13
Variation on Net Operating Expenditure	-608
Impairment Losses/(Gains) on Outstanding Debts	-23
Local council tax support additional funding	-40
Retained rates - renewable energy	3
Increased business rates S31 grants	-38
10% of retained levy – Payable to LCC	-6
Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-712
Extra Transfers to Earmarked Reserves (for Revenue)	483
Difference Between the Amount to Add to Balances at the Outturn Position and the Amount Forecast to Take from Balances at the Revised Estimate	-229

General Fund Balances and Earmarked Reserves

We had originally planned to take £400,000 from general fund balances to help finance the 2021/22 pending plans. However, this was revised later in the year to add £197,753 to general fund balances. The final position shows that the council has added £426,993 to general fund balances.

General Fund Balance	£
General Fund Balances: Brought forward at 1 April 2021	2,534,143
Surplus in 2021/22 added to General Fund Balances	426,993
General Fund Balances: Carried forward at 31 March 2022	2,961,136

With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to take £1,630,679. However, this was revised later in the year to adding £135,380 to earmarked reserves.

The final position shows that the council has added £617,956 to earmarked reserves for revenue purposes. For capital purposes we took £456,429 from earmarked reserves to fund the capital programme. The overall net movement was £161,527 added to earmarked reserves.

Earmarked Reserves	£
Earmarked Reserves: Brought forward at 1 April 2021	14,920,382
Net added to Earmarked Reserves for revenue purposes	617,956
Net taken from Earmarked Reserves for capital purposes	-456,429
Earmarked Reserves: Carried forward at 31 March 2022	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

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6 OUR FINANCIAL PERFORMANCE - CAPITAL

We keep a separate account of all our capital expenditure and income transactions, examples of such transactions would be:

- Buying or selling land or property.
- Improvements to our existing assets.
- Building new properties.
- Purchase of vehicles and plant.
- Awarding improvement grants for private sector renewal.

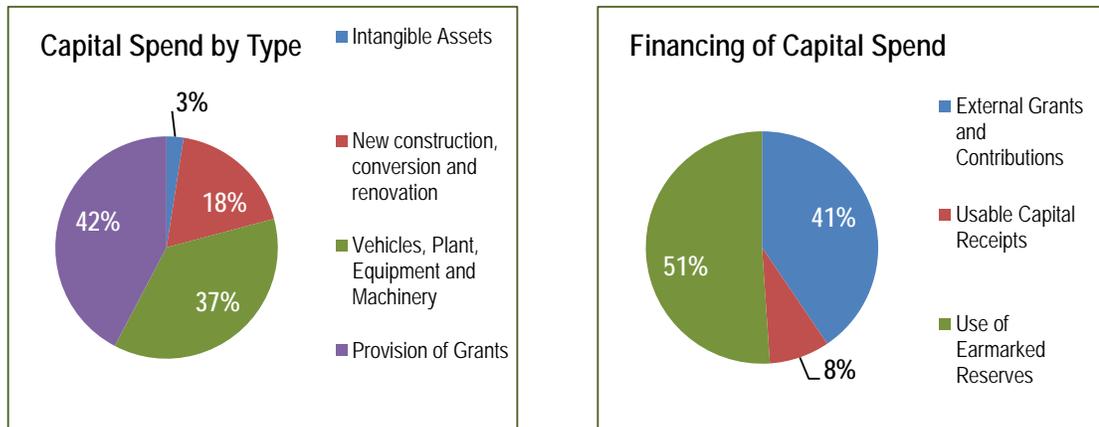
During the year the Council spent £893,321 on capital schemes. The main areas of expenditure included:

- Replacement Vehicles and Plant.
- ICT Software
- Play Area Improvements.
- Refurbishment of the Bowling Green Cafe
- Payment of Housing Related Grants.

Shown below is a summary of how we performed on the capital programme compared to the budget.

Capital Programme	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
Community Services Committee	1,555,000	591,360	430,510	-1,124,490	-160,850
Economic Development Committee	66,750	50,000	7,950	-58,800	-42,050
Planning and Development Committee	26,420	0	0	-26,420	0
Policy and Finance Committee	105,510	70,910	63,822	-41,688	-7,088
Health and Housing Committee	639,640	1,049,100	391,039	-248,601	-658,061
Total Capital Expenditure	2,393,320	1,761,370	893,321	-1,499,999	-868,049
Grants and Contributions	-347,000	-1,019,890	-362,038	-15,038	657,852
Borrowing	-1,308,600	-15,000	0	1,308,600	15,000
Usable Capital Receipts	-164,060	-74,910	-74,854	89,206	56
Earmarked Reserves	-573,660	-651,570	-456,429	117,231	195,141
Total Resources	-2,393,320	-1,761,370	-893,321	1,499,999	868,049

Shown below are summaries of the type of expenditure that is represented in the £893,321 of capital expenditure shown in the table above and its financing.



As shown in the table above, comparing spend to budget, there is a variance of £868,049 between the revised capital programme and actual spend. At the end of the financial year work on some schemes was still underway. This can be carried forward into the new financial year and is known as slippage. Of the £868,049 variance, £820,880 is accounted for as slippage in to the 2022/23 financial year, and is summarised below:

Scheme Name	Slippage in to the 2022/23 Financial Year £
Play Area Improvements	120,600
Clitheroe Town Centre Car Park Scheme	15,000
Refurbishment of Bowling Green Café - Castle Grounds	2,150
Edisford Playing Pitches Drainage Works	15,490
Replacement IT Equipment for Councillors	7,020
Disabled Facilities Grants	645,850
Clitheroe Affordable Housing Scheme	11,770
Economic Development Initiatives	3,000
Total Capital Slippage	820,880

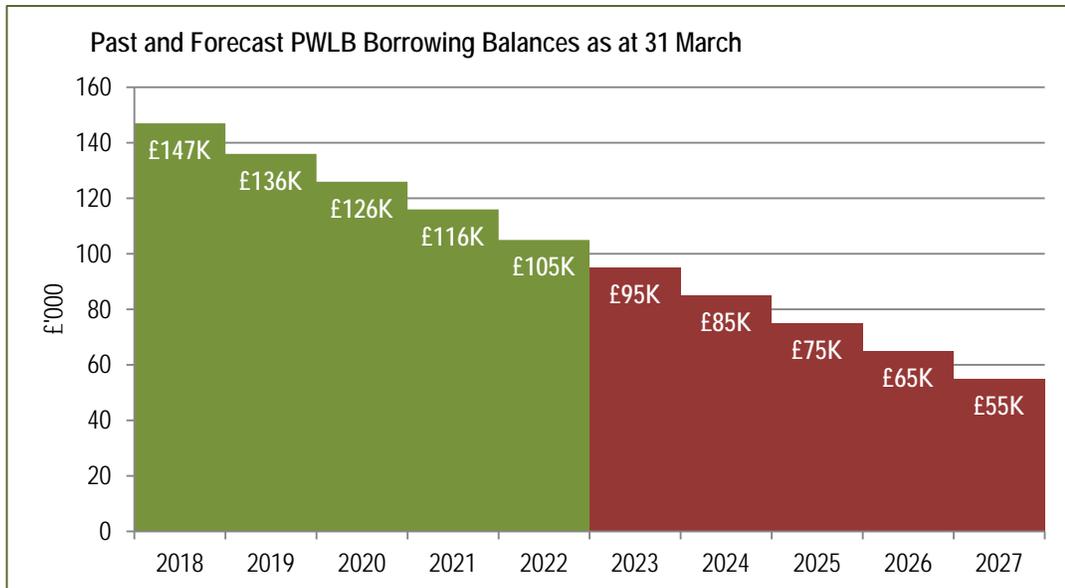
Within the resources originally planned for financing the capital programme is internal borrowing. This is a resource generally used to finance assets of a longer life such as land and buildings. This is in order to minimise the level of impact on the revenue budget through the Minimum Revenue Provision, which is calculated based on asset life.

We did not need to undertake any external borrowing in year; however, the Council always looks to make full use of advantageous lending terms that are offered by the Public Works Loan Board.

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The total Public Works Loan Board loans outstanding as at 31 March 2022 was £105k. These are included in the Balance Sheet within Short Term Borrowing and Long Term Borrowing. A detailed analysis of the Council's long term borrowing is shown in note 15 to the core financial statements.

The table below provides a summary of our year end Public Works Loan Board external borrowing over the last five years and forecast for the future five years, based on our current Public Works Loan Board loans.



Past actuals shown in green, forecast (based on Public Works Loan Board loans held at 31 March 2022) shown in red

Further external borrowing may be required over the medium term in order to fulfil economic development objectives and planned capital works around car parking.

7 OUR FINANCIAL PERFORMANCE – COLLECTION FUND

As billing authority, the council maintain the collection fund for the collection of and distribution of council tax and business rates.

With regard to council tax, each precepting body declares the precept that they require from the collection fund to support their services in February each year. This forms the basis for what we, as billing authority, then charge residents as council tax.

Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from precepting bodies in the following financial year.

For business rates, similar principles apply. Total forecast collectable rates are paid from the Collection Fund at fixed shares to Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue.

Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year. Performance of the Collection fund for 2020/21 is summarised in the table below, compared to the forecast performance.

As you will see from the table below, the collection fund is showing a substantial deficit position in respect of business rates as at the 31 March 2022. This deficit position reflects the manner in which the Government compensate this council for the implementation of Covid-19 reliefs such as the retail discount and nursery discount.

This lost income due to the reliefs awarded through the collection fund is compensated for by the Government through Section 31 grant income, which is credited to the General Fund in 2021/22. The impact to this council of the awarded discounts and reliefs will not be until during the 2022/23 financial year, when we will be required to fund the deficit position along with all other business rates precepting bodies, and the Government.

As this compensating funding has been received in the General Fund in 2021/22, but the impact will not be felt by the General Fund until 2022/23 through the business rates collection fund deficit, this Section 31 funding has been set aside in a short-term earmarked reserve at 31 March 2022 and will be released again in the 2022/23 financial year. The value of this earmarked reserve is £1,640,761. The same situation due to Covid-19 reliefs arose in 2020/21 and the amount set aside into the short-term earmarked reserve at 31 March 2021 was £2,578,153 and this was released in 2021/22

STATEMENT OF ACCOUNTS 2021/22

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Collection Fund	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Council Tax - Expenditure					
Total of all Precepts	46,371	46,371	46,371	0	0
Total Council Tax Surplus distributed	262	262	262	0	0
Council Tax Benefit	0	0	4	4	4
Bad Debts Provision	351	200	53	-298	-147
Covid Hardship Payments - Recoverable from General Fund	0	3	3	3	0
Expenditure Subtotal - Council Tax	46,984	46,836	46,693	-291	-143
Business Rates - Expenditure					
Deficit Brought Forward	6,760	8,235	8,235	1,475	0
Cost of Collection	92	92	92	0	0
Enterprise Zones	123	123	123	0	0
Renewable Energy Schemes	96	100	97	1	-3
Total Distribution of Business Rates	15,114	15,114	15,114	0	0
Transitional Protection Payments	0	3	13	13	10
Appeals Provision	436	200	176	-260	-24
Bad Debts Provision	489	107	-50	-539	-157
Expenditure Subtotal - Business Rates	23,110	23,974	23,800	690	-174
Total Expenditure	70,094	70,810	70,493	399	-317
Council Tax - Income					
Surplus Brought Forward	-262	-546	-546	-284	0
Council Tax Income	-46,722	-47,538	-47,503	-781	35
Council Tax Benefits	0	-4	0	0	4
Family Annexes Discount - Chargeable to General Fund	0	-9	-11	-11	-2
Income Subtotal - Council Tax	-46,984	-48,097	-48,060	-1,076	37
Business Rates - Income					
Total Business Rates Deficit Recovered	-6,760	-6,760	-6,760	0	0
Transitional Protection	-59	0	0	59	0
Net Rates Payable (before appeals)	-16,291	-12,662	-11,971	4,320	691
Income Subtotal - Business Rates	-23,110	-19,422	-18,731	4,379	691
Total Income	-70,094	-67,519	-66,791	3,303	728
Council Tax Surplus carried forward	0	-1,261	-1,367	-1,367	-106
Business Rates Deficit carried forward	0	4,552	5,069	5,069	517
Total Net Deficit carried forward	0	3,291	3,702	3,702	411

8 OUR NON-FINANCIAL PERFORMANCE

The Council's Performance on Corporate Ambitions

Within this section is provided a summary of our progress over the last financial year against the objectives that support the council's Corporate Ambitions.

Ambition 1: To ensure a well-managed council providing efficient services based on identified customer needs.

- **To maintain critical financial management and controls, and ensure the authority provides council tax payers with value for money, within the current financial constraints:** The Council continued to have the lowest Band D Council Tax in Lancashire and one of the lowest in the Country. In the 2018 Perception Survey 60% of respondents said that they agreed that Ribble Valley Borough Council provides value for money.
- **To treat everyone equally and ensure that access to services is available to all, including our most vulnerable citizens:** Ribble Valley Borough Council continued to support charities and voluntary organisations across the borough who carry out an important role in supporting our vulnerable citizens. Our response to the Covid-19 pandemic continued. We have endeavoured to continue to enhance the services that we have available for provision online.
- **To engage with our communities to ensure we deliver services to meet customer needs and expectations:** In the 2018 Perception Survey 59% of respondents said that they were happy with the way in which the council ran services. We continually encourage feedback from our residents and act promptly and proactively where possible to trends in feedback and comment through our social media presence and website.

Ambition 2: To sustain a strong and prosperous Ribble Valley.

- **To promote stronger, more confident and more active communities throughout the borough:** The Council continued to work closely with all its parishes and town councils via the Parish Council Liaison Committee. Financial support was also provided to parishes through the concurrent function grant scheme. The Council has a number of grant schemes that support communities and organisations across the borough, these include recreation and sports, culture, arts, 'Ribble Valley in Bloom' and voluntary organisations. The Covid-19 response saw further substantial amounts of grant aid distributed in a very timely manner.
- **To encourage economic development throughout the borough with a specific focus on tourism, the delivery of sufficient land for business development, and supporting high growth business opportunities:** The council continued the distribution of vital grant support to many eligible businesses throughout the borough in response to the Covid-19 pandemic.

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- **To seek to improve the transport network, especially to our rural areas:** Despite cuts by Lancashire County Council to some rural bus services, Ribble Valley Borough Council continues to provide essential grant funding to The Little Green Bus which offers a community transport service for the elderly and vulnerable people. We continued to seek improvements to rail connections to the borough and have been working up a business case to reopen the Clitheroe to Hellifield rail line and look at options for increasing rail travel.
- **To work with our partners to ensure that the infrastructure in the Ribble Valley is improved:** There is ongoing work through the planning process to ensure that the road infrastructure supports new developments. Our continued work on the Ideas fund work in respect of the Clitheroe to Hellifield rail line will hopefully see continued work with partners and the community.

Ambition 3: To help make people's lives safer and healthier.

- **To improve the health of people living and working in our area:** We sought to provide important leisure services such as Ribblesdale Pool, football pitches, parks and play areas and our work in this areas has been boosted as the Covid-19 restrictions eased.
- **To improve the opportunity for people to participate in cultural, recreational and sporting activity:** The Council annually awards grants to young residents of the borough for equipment and tuition for youngsters who excel in sport, dance, drama and music. As Covid-19 restrictions eased, the new facilities at Edisford have encouraged further recreational and sporting activity for young people within the Ribble Valley.
- **To ensure that Ribble Valley remains a safe place to live:** Ribble Valley remains a low crime area and a safe place to live. This success is in part due to the work of our Community Safety Partnership. The council has provided many vital services in response to the Covid-19 pandemic, ensuring that our residents are able to keep safe.
- **To combat rural isolation:** The work of the Community Hub in response to the Covid-19 pandemic has helped maintain a vital connection for vulnerable or shielding persons.

Ambition 4: To protect and enhance the existing environmental quality of our area.

- **To conserve our countryside, the natural beauty of the area and enhance our built environment:** To mark the Queen's Platinum Jubilee plans were put in place to plant 70 trees across the Borough. Brungerley Park, Clitheroe, now has an avenue comprising 20 large-leaf limes in two rows of 10. Henthorn Park in Clitheroe is now home to six oak, five hornbeam, four crab, three hawthorn, three cherry, two lime and two yew and Towneley Gardens in Longridge has a new commemorative cluster of three large-leaf limes. The creation of a green canopy in tribute to the Queen's 70 years of service not only contributes to the Council's Climate Change Strategy but also provides a valuable asset which will be enjoyed by townspeople for years to come

- **To retain weekly collections of residual waste:** The Council's weekly refuse collection and recycling service has continued to operate along with the free collection of green waste for residents.
- **To provide a high-quality environment, keeping land clear of litter and refuse, and reducing the incidents of dog fouling:** The dog warden service has increased early morning, late evening and weekend surveillance to help combat dog fouling.
- **To be an environmentally sustainable area, prepared for the future:** We continue to seek to minimise the use of single-use plastics within the council and reduce the use of paper wherever possible. The Council's Climate Change Strategy and Action Plan was approved in September 2021.
- **To aspire to be a carbon neutral borough by 2030:** The Council's Climate Change Strategy and Action Plan was approved in September 2021.

Ambition 5: To match the supply of homes in our area with the identified housing needs.

- **To meet the housing needs of all sections of the Community:** The Council offers disabled facilities grants to enable disabled people within the borough to have better freedom of movement around the house and remain in their own home. Additionally, through the planning process we ensure the provision of affordable accommodation on all sites over 30 units.
- **To provide an adequate mix of additional affordable homes throughout the Ribble Valley:** The Council offers Landlord/Tenant Grants in which the Council match funds a landlord's investment in a property in return for an affordable rental property. The grant ensures that the council has nomination rights to the property and that rents are set in line with the Local Housing Allowance.
- **To develop the right housing in the right places:** Within the 2021/22 financial year the council continued to monitor housing provision and the implementation of the delivery of affordable units in accordance with policy aspirations.

Resident Satisfaction Surveys

The Council carries out a biennial survey based on the questions asked in the previous national Place Survey. The survey focused on the local area, well-being, service satisfaction, perceptions of the Council and value for money. A summary of the last survey undertaken is provided below, broken down into the key areas.

A new survey had been due to take place towards the end of the 2019/20 financial year. However, due to the Covid-19 pandemic this was postponed and will instead take place during the 2022/23 financial year.

Your Local Area

- Health services, road and pavement repairs and the level of crime are seen to be the three most important things that make the local area a good place to live.
- 79% of residents are satisfied with their local area as a place to live.

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Local Public Services

- Around 9 in 10 residents are satisfied with refuse and recycling services provided by the Council.
- Dissatisfaction with dog fouling has remained the same at 49%.
- 60% feel the Council provides value for money, down from 71% in 2016, but still higher than the County Council (26%).
- Around 6 in 10 residents are satisfied with the Council overall.

Recycling Services

- More than 9 out of 10 residents regularly recycle glass, cans, plastic, paper/cardboard and green waste.

Information and Customer Service

- People feel less informed about the Council than they did on the last survey.
- But elements of customer service are on the up – waiting times, politeness of staff and how easy information is to understand.
- Residents still prefer printed publications for information, but are also keen to receive an e-newsletter, and prefer to contact the Council by telephone or in person. There has been an increase in contact via the website/email.

Local Community

- Perceptions of safety and anti-social behaviour in the local area are a little lower than in 2016.
- Also the perception that the police and public services are dealing with these issues successfully is down from 43% in 2016 to 30%.

Change and Improvement

The Covid-19 pandemic has had a huge impact on the progression of plans for service changes and improvements, with this also influencing the path that same changes may take going forward to embrace different working practices.

The completion of schemes on our capital programme has inevitably been impacted by the pandemic and has therefore hindered some service developments and changes in 2020/21 and to some extent in 2021/22.

The pandemic required us to adopt more flexible approaches to the provision of services and also saw substantial changes to how officers worked over the last year, with remote working being undertaken by some staff.

The pandemic has resulted in a significant amount of additional work for the council with many new obligations falling on local government not only during 2020/21, but continuing in to 2021/22 and possibly beyond.

Whilst additional funding has been provided by central government towards some of these new responsibilities, it continues as a substantial resource burden.

Smarter working with our existing ICT infrastructure across all services continues to be a key area for improvement. This will allow us to ensure that we maximise the return from our investment and drive efficiencies in providing our services. We continue to work hard to enable better connectivity of our systems to our website to help our customers access our services at times that are convenient to them.

In the later *Current Economic Climate and Outlook* section of the Narrative Report, the vast levels of uncertainty around local government finance are reflected on. This uncertainty inevitably impacts on the councils approach to change and the confidence that it can take in planning for service investment when multiple key funding streams can not be confirmed, even in the short term.

This is reflected in the growth bids and capital schemes that were considered as part of the 2022/23 budget setting process, where these were our Policy and Finance Committee made a decision to set aside such items until later in the 2022/23 financial year for consideration once there is perhaps more certainty around local government funding.

9 PENSIONS

The statement of accounts reflects the full adoption of International Accounting Standard 19 (IAS19). This requires that:

- Pension costs charged to services are based on the cost of providing retirement benefits to employees in the period that the benefits are earned by the employee rather than the actual cash contributions to the Lancashire County Pension Fund. This cost, referred to as the current service cost, is calculated by the fund's actuary, Mercer Limited.

The net pension asset/liability in respect of the surplus/deficit on the pension fund, as calculated by the fund's actuary, is included in the council's balance sheet. In Ribble Valley Borough Council's case the net liability as at 31 March 2022 decreased to £15.072m (31 March 2021 £21.042m). The reason for the decrease in net liability is largely explained by the following:

	£'000
Remeasurements (liabilities)	
Experience gain	198
Gain on demographic assumptions	-619
Remeasurements (assets)	-7,102
Net movement from remeasurements	-7,523

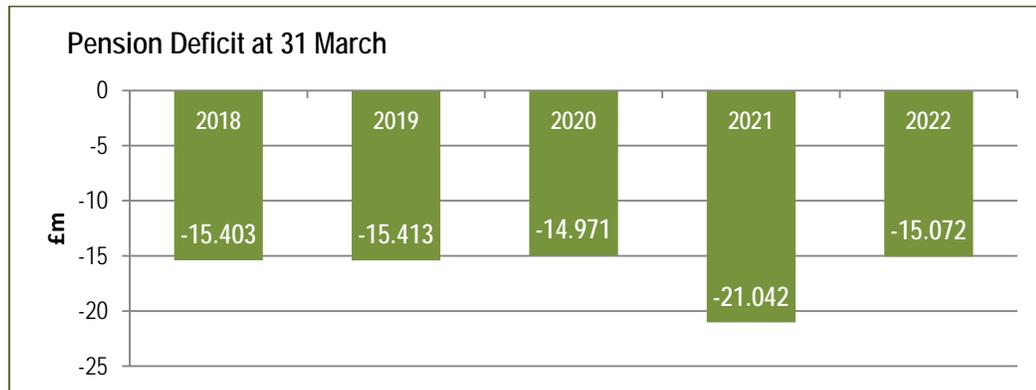
The main reasons for the above movements have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.
- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in liabilities

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Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

The Pension deficit has fluctuated quite widely over the past few years and the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.



10 COVID-19 IMPACT

Councils have played a key role in supporting local communities throughout the Covid pandemic. The restrictions and lock-down periods as a result of the pandemic have been unprecedented and have had a substantial impact on both the national and local economy.

Council staff have delivered a range of support measures to businesses and residents including

- Creation of a Community Hub to support vulnerable residents
- Supporting local businesses via payment of grants
- Provision of 100% business rate relief to eligible retail, hospitality, and leisure properties
- Working alongside partners to contain and manage local outbreaks
- Enforcement
- Testing and Tracing
- Payment of £150 grants to Working Tax Credit Claimants
- Payment of £500 Test and Trace Support payments

All these measures have been financed by special covid funding awarded by the Government.

The Government also announced various tranches of unringfenced emergency funding for local authorities for Covid related spending pressures. We received £242,180 for 2021/22, £779,419 for 2020/21 and £23,853 for 2019/20.

The Government also agreed a scheme to reimburse councils for lost income from sales, fees and charges due to Covid-19. This scheme ran for 2020/21 and the first quarter of the 2021/22 financial year. Councils absorbed the first 5% of all relevant irrecoverable losses compared to their original budget, with the Government compensating councils for 75 pence in every pound of loss thereafter.

Further 'New Burdens' grants have been awarded by the Government to meet the administration costs of carrying out various additional roles due to the pandemic, for example the awarding of business support grants.

Many councils were in a difficult financial position before the pandemic, fortunately, this council remains in a healthy financial position.

Covid-19 Related Funding

Detailed below are the various grant funding streams that were accounted for in the 2020/21 and 2021/22 financial years.

This has broadly been grouped as:

- Emergency Funding
- Sales, Fees and Charges Compensation
- Grant Funding for Businesses
- Other Grants

In respect of the Business Support Grants, the accounting treatment that the council must follow for such funding and the payments made is quite specific and is dictated through our role in such payments, being defined as either acting as agent, or acting as principal.

A key indicator of the council acting as agent would be where the council is acting as an intermediary between the recipient and the Government Department, and where the council did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the council was able to use its own discretion when allocating the amount of grant payable, it was acting as principal.

Where the council has acted as principal as opposed to acting as agent, the transactions are included in the council's financial statements, following the relevant section of the Code of Practice.

Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure incurred by the council on behalf of the Government Department, in which case there is a debtor or creditor position on the balance sheet, and the net cash position is included in financing activities in the Cash Flow Statement.

A summary of the grants and our role as either Principal or Agent (in respect of the Grant Funding for Businesses) is given below.

STATEMENT OF ACCOUNTS 2021/22

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Funding Type	2020/21 £	2021/22 £
Emergency Funding		
Covid-19 Support Grant - Tranche 2	-602,234	
Covid-19 Support Grant - Tranche 3	-77,185	
Covid-19 Support Grant - Tranche 4	-100,000	
Covid-19 Support Grant - Tranche 5		-242,180
Total Emergency Funding	-779,419	-242,180
Sales, Fees and Charges Compensation		
April 2020 to July 2020	-193,106	
August 2020 to November 2020	-198,873	
December 2020 to March 2021	-187,720	
April 2021 to June 2021		-36,879
Total Sales, Fees and Charges Compensation	-579,699	-36,879
Grant Funding for Businesses		
Business Support Grant (Principal)	-867,000	
Local Restrictions Support Grant (Open and ARG) (Principal)	-1,437,526	-1,628,779
Self-isolation Payments Funding Discretionary (Principal)	-31,250	24,750
Small Business Support Grant (Agent)	-12,940,000	
Retail Hospitality and Leisure Business Grant (Agent)	-4,280,000	
Omicron Hospitality and Leisure Grant (Agent)		-792,717
Self-isolation Payments Funding (Agent)	-27,000	-94,000
Christmas Support for Wet-Led Pubs (Agent)	-37,000	
Local Restrictions Support Grant (Closed) (Agent)	-7,998,230	-17,312
Restart Grants (Agent)		-4,908,059
Total Grant Funding for Businesses	-27,618,006	-7,416,117
Other Grants		
Reopening High Streets Safely Fund	-25,458	-45,912
National Leisure Recovery Fund	-83,434	
Homelessness Grant Funding	-12,879	
Council Tax Hardship Fund	-222,053	
S31 Grant RHLG and Small Business Grant Administration	-130,000	
Local Authority Compliance and Enforcement	-21,956	
Self-isolation Payments Funding Administration	-23,403	-29,406
S31 Contain Outbreak Management Fund	-296,283	-372,226
Local Authority Discretionary Grant Fund (Small Business Grant, Retail Hospitality and Leisure, Local Authority Discretionary Grant)	-58,500	
Local Authority Discretionary Grant Fund (Local Restrictions Support Grant, Wet Led Pubs, Closed Business Lockdown)	-166,800	
Clinically Extremely Vulnerable Funding	-141,777	

Funding Type	2020/21 £	2021/22 £
Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)	-42,788	-54,107
Practical Support for Self-Isolation Funding	-13,772	
Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens	-18,908	
Cabinet Office elections funding		-20,806
S31 Omicron, Hospitality and Leisure Grant and the Additional Restrictions Grant (3rd top up)		-39,080
S31 New Burdens 4 Restart and Additional Restrictions		-73,000
S31 New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Household support Fund Grant to Distribute		-70,855
Miscellaneous grants of a value below £5,000		-12,376
Total Other Grants	-1,258,009	-736,368
Overall Total	-30,235,133	-8,431,544

11 CURRENT ECONOMIC CLIMATE AND OUTLOOK

There is currently major uncertainty around the key funding streams that we receive from the Government.

In early 2019, the Government consulted on reforms to the Business Rates Retention Scheme. This was planned to be implemented in 2020/21, but was delayed, and was further delayed again in 2021/22.

In addition, a fair funding review is being carried out, which will set new baseline funding allocations for local authorities. In December 2018, the government published a "Review of local authorities' relative needs and resources", which consulted on the assessment of relative needs, relative resources and transitional arrangements. This consultation outlined Government proposals to change the way in which the funding, and assessment of need is calculated for Local Authorities. Again, this was planned to be implemented in 2020/21, but was delayed, and was further delayed again in 2021/22.

Despite the level of uncertainty, a budget forecast was prepared at the time of setting the revenue budget for 2022/23 in February 2022. This was based on many assumptions due to the high level of uncertainty around future local government funding.

Narrative Report

	2022/23 Forecast £	2023/24 Forecast £	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £
Net Expenditure	8,293,008	8,625,335	8,936,740	9,115,975	9,298,794
Less Funding					
<i>Core Government Funding</i>					
Business Rates Baseline	-1,354,393	-1,354,393	-1,354,393	-1,354,393	-1,354,393
Revenue Support Grant	-215	0	0	0	0
Rural Services Delivery Grant	-113,250	-113,250	-113,250	-113,250	-113,250
Lower Tier Services Grant	-61,960	-61,960	-61,960	-61,960	-61,960
Services Grant	-93,368	0	0	0	0
<i>Other Funding</i>					
Use of New Homes Bonus	-1,105,000	0	0	0	0
Use of Business Rates Growth	-795,549	-795,549	-795,549	-795,549	-795,549
Use of Business Rates Growth - Payline Review	-296,100	-369,800	-412,100	0	0
Possible Transition Grant (Floor)	0	-1,226,397	-1,105,397	-1,000,000	-1,000,000
Use of General Fund Balances	-250,000	-250,000	-250,000	-250,000	-250,000
Collection Fund Surplus	-115,329	-25,000	-25,000	-25,000	-25,000
Still to be Funded	4,107,844	4,428,986	4,819,091	5,515,823	5,698,642
Council Tax Income					
Council Tax Band D	-160.69	-165.69	-170.69	-170.69	-170.69
Assumed Tax Base	24,553	24,799	25,047	25,297	25,550
Precept	-3,945,422	-4,108,868	-4,275,190	-4,317,942	-4,361,121
Budget Gap	162,422	320,118	543,901	1,197,881	1,337,521

The forecast assumes our funding stays at the 2022/23 level, however at this stage there are no indications from the Government as to whether this would be the case. At the time of producing the above forecast it was assumed that the promised local government funding reforms would be effective from 2023/24 and transitional arrangements around funding would come in to play. More recently it has become known that such funding reforms are to be delayed and there is to be a likely two year finance settlement, however details are not yet know.

The forecast also assumes the current maximum permitted increase of £5 for Band D Council Tax for 2023/24 and 2024/25 followed by a freeze in 2025/26 and 2026/27. However, the actual council tax rate set for any given year would be a decision for the elected members at that time.

The budget forecast at the time estimated a budget gap of £320k in 2023/24, £544k in 2024/25, £1.198m in 2025/26 and £1.338m in 2024/25. However, it is important to note the high levels of uncertainty across this forecast.

In 2020/21 the council was a member of the Lancashire Business Rates Pool on a 50% business rates retention basis and this has continued in to 2021/22.

In respect of New Homes Bonus, the forecast assumes that the scheme will come to an end from 2023/24.

Future pressure on services is also foreseen due to the expected increase in housing in the borough. This could impact on many of our services.

It is important for the council to maintain a healthy level of balances to cover unforeseen events and also provide a stable level of resources for future planning. This is particularly important as we face uncertainty regarding our future core funding.

The Council is facing considerable uncertainty regarding future government funding and inflation. Whilst the Council holds significant levels of earmarked reserves these are very likely to be required over the medium term to protect the Council from the uncertainty it faces.

The Budget Working Group will continue to keep the Council's financial position under review.

12 PRINCIPAL RISKS AND UNCERTAINTIES

The Council's risk management approach is designed to form an integral part of the performance management approach of the Council.

Risks are scored based on their gross and net likelihood and impact levels, gross being the likelihood and impact level if no controls were in place and net being the risk level once controls have been considered.

Risks are then allocated an overall risk score based on these levels, translating to green risks, amber risks and red risks. All red risks are closely monitored and reported in detail to Corporate Management Team and Accounts and Audit Committee.

Key risks and uncertainties for the council have been summarised below:

Future of Local Government Finance Settlement

- Outcome of Fair Funding Review, Business Rates Retention Reform and New Homes Bonus Consultations.
- Longer term viability of the Lancashire Business Rates Pool following the Fair Funding Review and Business Rates Retention Reform.

Current Economic Climate

- Residual impacts from Brexit
- Continued inflation

Availability of Staffing

- Ageing Workforce.
- Continuing recruitment difficulties.
- Staff sickness.

Business Rates Retention Scheme

- Outcome of Business Rates Retention Reform Consultation.
- Risk of large appeals.
- Longer term impacts of Covid-19.

Narrative Report

Business Continuity

- Major fire, flooding or utilities fault.

ICT

- Use of ICT infrastructure is not maximised.
- Obsolescence – Changing service needs.
- External threats, Data Security and GDPR.

Unable to Meet Service Demands

- Increasing number of households.
- Changing expectations – services not evolving to meet need/demand.

Planning

- Outcomes of Planning for the Future consultation

Covid-19

- Longer term impact on the community, including financial impact on businesses and households within the borough.
- Ability for service income to return to pre-Covid levels

13 THE STATEMENTS

The Council's statement of accounts for the year ended 31 March 2022 is set out on the following pages. These have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom and are based on International Financial Reporting Standards. The statements produced for 2021/22 are detailed in the following paragraphs.

Statement of Responsibilities

The code requires that the chief financial officer should sign and date the Statement of Accounts under a statement that the accounts give a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year then ended.

Statement of Accounting Policies

Accounting Policies are the specific principles, bases, conventions, rules and practices applied by the council in preparing and presenting its financial statements. The council is required to set out its accounting policies in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom and include them within the Statement of Accounts.

Movement in Reserves Statement

The Movement in Reserves Statement is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It does this by analysing:

- the increase or decrease in the net worth of the council as a result of incurring expenses and generating income.
- the increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets.
- movements between reserves to increase or reduce the resources available to the council according to statutory provisions.

Comprehensive Income and Expenditure Statement

This statement consolidates all the gains and losses experienced by the council during the financial year. As councils do not have any equity in their Balance Sheets, these gains and losses will reconcile to the overall movement in net worth. The statement has two sections:

- Surplus or Deficit on the Provision of Services – the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income.
- Other Comprehensive Income and Expenditure – shows any changes in net worth which have not been reflected in the Surplus or Deficit on the Provision of Services. Examples include the increase or decrease in the net worth of the council as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

Balance Sheet

The Balance Sheet summarises the Council's financial position at 31 March each year. In its top half it contains the assets and liabilities that it holds or has accrued with other parties. As councils do not have equity, the bottom half is comprised of reserves that show the nature of the council's net worth, falling into two categories:

- Usable Reserves - which include the revenue and capital resources available to meet future expenditure.
- Unusable Reserves – unrealised gains and losses, particularly the revaluation of property plant and equipment (e.g. the Revaluation Reserve) and adjustment accounts such as the Capital Adjustment Account.

Narrative Report

Cash Flow Statement

The Cash Flow Statement summarises the flows of cash that have taken place into and out of the council's bank accounts over the financial year. It separates the flows into:

- those that have occurred as a result of the council's operations.
- those arising from the Council's investing activities.
- those attributable to financing decisions.

Collection Fund Statement

This reflects the statutory requirement for billing authorities, such as Ribble Valley Borough Council, to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and Business Rates

There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are distributed across the Balance Sheets of the billing authority, the Government and precepting bodies.

Statement of Responsibilities

The following responsibilities are placed upon the Authority and the Director of Resources in relation to the Council's financial affairs:

The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Director of Resources' Responsibilities

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

In preparing this Statement of Accounts the Director of Resources has:

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

The Director of Resources has also:

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

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2022.

Jane L Pearson
Director of Resources CPFA
23 November 2022

Approval of the Statement of Accounts

I confirm that these accounts, including the Comprehensive Income and Expenditure Statement on page 66 and the Balance Sheet on page 70, were approved by the Accounts and Audit Committee at its meeting held on 23 November 2022.

Cllr David Berryman
Chairman of Accounts and Audit Committee
23 November 2022

Statement of Accounting Policies

The accounting policies form part of the notes to the accounts

1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*, supported by International Financial Reporting Standards (IFRS).

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

The Statement of Accounts has been prepared on a 'going concern' basis.

2 ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – in the case of the depot general stores, where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The council has adopted IFRS15 Revenue from Contracts with Customers in accordance with the Code.

Statement of Accounting Policies

3 CASH AND CASH EQUIVALENTS

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

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

4 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5 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 attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance MRP, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6 COUNCIL TAX AND NON-DOMESTIC RATES (NDR)

Billing authorities act as agents, collecting council tax and non-domestic rates on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

7 EMPLOYEE BENEFITS

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit.

The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs. Should the value of 'holiday entitlements earned by employees but not taken' not move materially from one financial year end to the next, then the existing accrual level is maintained.

Statement of Accounting Policies

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.8% (2.1% 31 March 2021) based on the indicative rate of return on AA rated corporate bonds.
- The assets of the Lancashire County Pension Fund attributable to Ribble Valley Borough 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 Change in the Net Pensions Liability is analysed into the following components:

- **Service cost comprising:**
 - Current Service Cost – the increase in liabilities as a result of 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.
 - 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 liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements comprising:**
 - The Return of Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions:**
 - Contributions paid to the Lancashire County 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.

Statement of Accounting Policies

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8 EVENTS AFTER THE REPORTING PERIOD

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

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

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

9 FINANCIAL INSTRUMENTS

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Expected Credit Loss Model

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

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

10 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

11 HERITAGE ASSETS

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as Heritage Assets)

Heritage Assets are

- Tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.
- Intangible heritage assets with cultural, environmental or historical significance, such as recordings of significant historical events.

In considering assets that it holds, the Council has identified the following assets as Heritage Assets and looks to hold these assets in perpetuity:

- The Castle Keep at Clitheroe
- The Clitheroe Castle Museum Collection

- Civic Regalia
- The Roman Bath site at Ribchester

The Castle Keep at Clitheroe

- Built in 1186 by Robert de Lacy, the Norman Keep of Clitheroe Castle is said to be one of the smallest Keeps in England. The Council considers that obtaining a valuation for the Keep would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. Therefore the Council does not recognise this heritage asset on the balance sheet.
- The Council maintains and preserves the Castle Keep and last undertook substantial work over the period 2006 to 2009. The Keep is open to the general public without charge and the council retains detailed information about its history much of which can be seen with chargeable admission to the Clitheroe Castle Museum.

The Clitheroe Castle Museum Collection

- The Clitheroe Castle Museum Collection principally includes archaeological artifacts, geological collections, militaria and items of local social historical interest. Due to the diverse nature of the museum collection, and without accurate valuation information on any individual asset within the collection, the council has included the collection at insurance value as provided by the Lancashire County Museum Service.
- The Clitheroe Castle Museum collection is maintained and managed by the Lancashire County Museum Service who act as custodians on behalf of the Council. A full list of the collection is retained by both the Council and Lancashire County Museum Service. Not all of the collection is on display at the Clitheroe Castle Museum due to the volume and nature of some of the items within the collection. However, those items on display at the Clitheroe Castle Museum can be seen with chargeable admission to the Museum. At this premises the collection is interspersed with items under the ownership of Lancashire County Museum Service.
- Any acquisitions to the collection would generally be made by donation; however the collection has remained relatively static over recent years. Any donation of note would be recognised at valuation ascertained by the museum's curator or at insurance valuation.

Civic Regalia

- The Civic Regalia includes a number of chains of office. These heritage assets have been included on the Council's balance sheet at insurance valuation.
- The civic regalia can be viewed by appointment through contact with the main council offices or alternatively the current civic regalia can be viewed at most mayoral functions.
- The acquisition of further Civic Regalia would not be made, and a programme of ongoing maintenance is carried out to ensure that the condition of the items is maintained.

Statement of Accounting Policies

The Roman Bath site at Ribchester

- The Council owned site at Ribchester consists of the archaeological remains of a Roman bath house. Due to the unique nature of the site, the Council considers that obtaining a valuation for the bath house site would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. Therefore the Council does not recognise this heritage asset on the balance sheet.
- General maintenance of the site is undertaken by the Council on a routine basis; however, no preservation works have recently been undertaken. The council would look to work together with third parties in undertaking any such works.
- Access to the site is open to the general public without charge.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see *Accounting Policy 16* on Property, Plant and Equipment in this summary of significant accounting policies. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see *Accounting Policy 16* on Property, Plant and Equipment in this summary of significant accounting policies)

12 INTANGIBLE ASSETS

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the asset held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

13 INVENTORIES AND LONG TERM CONTRACTS

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned at cost price.

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

14 LEASES

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

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

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

There are no finance leases within the Council where the Council acts as either Lessee or Lessor.

Operating Leases Where the Council is Lessee

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 and 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).

Statement of Accounting Policies

Operating Leases Where the Council is Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. 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.

15 OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to service segments in accordance with the council's arrangements for accountability and financial performance.

16 PROPERTY, PLANT AND EQUIPMENT

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

Recognition

Expenditure in excess of £10,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

The carrying amount of assets that would be recognised in the Statement of Accounts under the cost model are summarised in the table below:

Statement of Accounting Policies

Property, Plant and Equipment Classification	31 March 2022	
	Revalued Amount in Balance Sheet £	Equivalent Carrying Amount Under Cost Model £
Other Land and Buildings	15,540,608	8,444,435
Vehicles, Plant, Furniture and Equipment	1,893,225	1,893,225
Infrastructure Assets	242,269	242,269
Community Assets	1,590,915	1,579,425
Total	19,267,017	12,159,354

Impairments

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

The Council operates a straight-line method for depreciation over the useful economic life of the asset, for most assets as follows:

	Years
Buildings	50
Infrastructure	40
Large Equipment	10
Large Vehicles	8
Small Vehicles	5
Small Plant/Equipment	3

The useful economic life used for an asset in the calculation of depreciation will only differ from the above table where an updated asset life is provided at the time of any revaluation of council assets. Such updated asset lives would be used for future depreciation calculations.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Statement of Accounting Policies

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

Componentisation

Where the council holds an asset with a value of £500,000 or above, any significant element of that asset would be treated as a separate component for the purposes of asset recognition, measurement, impairment, depreciation or disposal. A 'significant element' is any element of an asset with a value of 10% or above of the overall asset value.

17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

18 RESERVES

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

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

19 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

20 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.

21 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Council measures some of its non-financial assets such as surplus 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
- in the absence of a principal market, in the most advantageous market for the asset

The Council measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, 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 asset in its highest and best use.

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

Inputs to the valuation techniques in respect of assets 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.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

The Comprehensive Income and Expenditure Statement consolidates all the gains and losses experienced by the Council during the financial year. As Councils do not have any equity in their Balance Sheets, these gains and losses reconcile to the overall movement in net worth.

The Comprehensive Income and Expenditure Statement has two sections:

- Surplus or Deficit on the Provision of Services – the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income.
- Other Comprehensive Income and Expenditure – shows any changes in net worth which have not been reflected in the Surplus or Deficit on the Provision of Services. Examples include the increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets and actuarial gains and losses on pension assets and liabilities.

Comprehensive Income and Expenditure Statement

2020/21			2021/22				
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £	Note
8,762,023	-4,019,589	4,742,434	Community Services Committee	9,179,598	-4,676,069	4,503,529	
393,274	-135,145	258,129	Economic Development Committee	423,815	-104,392	319,423	
6,962,638	-6,282,649	679,989	Health and Housing Committee	6,973,620	-6,328,920	644,700	
1,279,027	-893,605	385,422	Planning and Development Committee	1,417,555	-945,116	472,439	
6,428,059	-4,506,762	1,921,297	Policy and Finance Committee	5,842,977	-3,587,344	2,255,633	
23,825,021	-15,837,750	7,987,271	Cost of Services	23,837,565	-15,641,841	8,195,724	1/2
			Other Operating Expenditure				
		507,581	Payment of Precepts to Parishes			503,609	
		30,000	Pensions Administration Expenses			31,000	32
		-35,009	(Gains)/Losses on the Disposal of non-Current Assets			0	
			Financing and Investment Income and Expenditure				
		6,020	Interest Payable on Debt			5,513	
		-44,254	Investment Interest Income			-14,726	
		-2,204	Impairment Losses/(Gains)			-22,802	
		347,000	Net Interest on the net defined benefit liability (asset)			431,000	32
		-69,754	Gain on Trading Accounts			-45,718	
			Taxation and Non-Specific Grant Income				
		-4,243,831	Council Tax			-4,340,196	8
		1,401,531	Non Domestic Rates Income and Expenditure			-309,611	8/11
		-6,708,182	Other Non-Specific Grants			-4,875,398	8
		-823,831	(Surplus) or Deficit on Provision of Services			-441,605	1/2
		-97,588	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			-2,590,772	
		5,023,000	Actuarial Gains on Pensions Assets/Liabilities			-7,523,000	32
		4,925,412	Other Comprehensive Income and Expenditure			-10,113,772	
		4,101,581	Total Comprehensive Income and Expenditure			-10,555,377	

The Notes to the Core Financial Statements and the Statement of Accounting Policies form part of the Statement of Accounts

Movement in Reserves Statement

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

It shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year.

The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Movement in Reserves Statement

Movements in 2021/22	General Fund Balance £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2021	2,534,143	14,920,382	17,454,525	580,524	1,138,859	19,173,908	-9,844,316	9,329,592
Total Comprehensive Income and Expenditure	280,078	161,527	441,605	0	0	441,605	10,113,772	10,555,377
Adjustments between Accounting Basis and Funding Basis Under Regulations See Note 10	146,915		146,915	78,347	-74,854	150,408	-150,408	0
Increase/(Decrease) in Year	426,993	161,527	588,520	78,347	-74,854	592,013	9,963,364	10,555,377
Balance at 31 March 2022 Carried Forward	2,961,136	15,081,909	18,043,045	658,871	1,064,005	19,765,921	119,048	19,884,969

Movements in 2020/21	General Fund Balance £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2020	2,375,646	9,765,768	12,141,414	387,640	1,086,608	13,615,662	-184,490	13,431,172
Total Comprehensive Income and Expenditure	-4,330,783	5,154,614	823,831			823,831	-4,925,412	-4,101,581
Adjustments between Accounting Basis and Funding Basis Under Regulations See Note 10	4,489,280		4,489,280	192,884	52,250	4,734,414	-4,734,414	0
Increase/(Decrease) in Year	158,497	5,154,614	5,313,111	192,884	52,250	5,558,245	-9,659,826	-4,101,581
Balance at 31 March 2021 Carried Forward	2,534,143	14,920,382	17,454,525	580,524	1,138,858	19,173,907	-9,844,316	9,329,591

The Notes to the Core Financial Statements and the Statement of Accounting Policies form part of the Statement of Accounts

Balance Sheet

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

Reserves are reported in two categories:

- **Usable Reserves** are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- **Unusable Reserves** are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet

31 March 2021		31 March 2022	Note
£		£	
<i>Long Term Assets</i>			
16,883,614	Property, Plant and Equipment	19,267,017	6/13
971,194	Heritage Assets	997,417	14
78,322	Intangible Assets	79,481	
247,521	Long Term Debtors	248,768	15
18,180,651	Total Long Term Assets	20,592,683	
<i>Current Assets</i>			
10,000	Financial Asset Held for Sale	10,000	15
0	Assets Held for Sale	70,099	
35,865	Inventories	57,918	
6,147,098	Short Term Debtors	3,589,245	15/16
0	Short Term Investments	5,000,000	
18,534,239	Cash and Cash Equivalents	20,222,767	15/17
24,727,202	Total Current Assets	28,950,029	
<i>Current Liabilities</i>			
-17,894	Short Term Borrowing	-17,697	
-11,560,377	Short Term Creditors	-13,549,924	15/18
-852,793	Provisions	-923,122	19
-12,431,064	Total Current Liabilities	-14,490,743	
<i>Long Term Liabilities</i>			
-105,197	Long Term Borrowing	-95,000	15
-21,042,000	Net Pensions Liability	-15,072,000	6/32
-21,147,197	Total Long Term Liabilities	-15,167,000	
9,329,592	Net Assets	19,884,969	
<i>Usable Reserves</i>			
2,534,143	General Fund Balance	2,961,136	20
14,920,382	Earmarked General Fund Reserves	15,081,909	12
1,138,859	Usable Capital Receipts Reserve	1,064,005	
580,524	Capital Grants Unapplied	658,871	
19,173,908	Total Usable Reserves	19,765,921	
<i>Unusable Reserves</i>			
8,671,245	Capital Adjustment Account	8,799,563	21
-3,264,848	Collection Fund Adjustment Account	-1,902,726	
6,013,615	Revaluation Reserve	8,473,418	
-21,042,000	Pension Reserve	-15,072,000	32
-222,328	Accumulated Absences Account	-179,207	
-9,844,316	Total Unusable Reserves	119,048	
9,329,592	Total Reserves	19,884,969	

The Notes to the Core Financial Statements and the Statement of Accounting Policies form part of the Statement of Accounts

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the receipts of services provided by the Council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2020/21 £		2021/22 £	Note
-823,831	Net (Surplus) or Deficit on the Provision of Services	-441,605	
-5,312,503	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	-1,316,265	22
58,500	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	0	22
-6,077,834	Net Cash Flows from Operating Activities	-1,757,870	
-263,723	Investing Activities	4,992,155	23
2,590,826	Financing Activities	-4,922,813	24
-3,750,731	Net Increase or decrease in Cash and Cash Equivalents	-1,688,528	
14,783,508	Cash and Cash Equivalents 1 April	18,534,239	
18,534,239	Cash and Cash Equivalents 31 March	20,222,767	17

The Notes to the Core Financial Statements and the Statement of Accounting Policies form part of the Statement of Accounts

Notes to the Core Financial Statements

Notes to the Core Financial Statements

1 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the council in comparison with those resources consumed or earned by the council in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making purposes across the council's committee structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22	Net Expenditure Chargeable to the General Fund £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,100,668	402,861	4,503,529
Economic Development Committee	289,123	30,300	319,423
Health and Housing Committee	601,037	43,663	644,700
Planning and Development Committee	329,218	143,221	472,439
Policy and Finance Committee	2,103,290	152,343	2,255,633
Net Cost of Services	7,423,336	772,388	8,195,724
Other Income and Expenditure	-8,011,856	-625,473	-8,637,329
(Surplus) or Deficit	-588,520	146,915	-441,605
Opening General Fund Balance at 31 March 2021	-17,454,525		
Closing General Fund Balance as at 31 March 2022	-18,043,045		

2020/21	Net Expenditure Chargeable to the General Fund £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,369,210	373,224	4,742,434
Economic Development Committee	239,413	18,715	258,128
Health and Housing Committee	530,226	149,763	679,989
Planning and Development Committee	232,877	152,545	385,422
Policy and Finance Committee	1,730,807	190,491	1,921,298
Net Cost of Services	7,102,533	884,738	7,987,271
Other Income and Expenditure	-12,415,643	3,604,541	-8,811,102
(Surplus) or Deficit	-5,313,110	4,489,279	-823,831
Opening General Fund Balance at 31 March 2020	-12,141,415		
Closing General Fund Balance as at 31 March 2021	-17,454,525		

2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2021/22	Net Expenditure Chargeable to the General Fund £	Adjustments for Capital Purposes £	Net Change for the Pensions Adjustments £	Other Statutory Adjustments £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,100,668	-68,593	489,229	-17,775	4,503,529
Economic Development Committee	289,123		29,247	1,053	319,423
Health and Housing Committee	601,037	-113,323	116,980	40,006	644,700
Planning and Development Committee	329,218		145,819	-2,598	472,439
Policy and Finance Committee	2,103,290	-139,293	309,725	-18,089	2,255,633
Net Cost of Services	7,423,336	-321,209	1,091,000	2,597	8,195,724
Other Income and Expenditure	-8,011,856	320,366	462,000	-1,407,839	-8,637,329
(Surplus) or Deficit	-588,520	-843	1,553,000	-1,405,242	-441,605

Notes to the Core Financial Statements

2020/21	Net Expenditure Chargeable to the General Fund £	Adjustments for Capital Purposes £	Net Change for the Pensions Adjustments £	Other Statutory Adjustments £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,369,210	2,860	299,887	70,477	4,742,434
Economic Development Committee	239,413		19,570	-855	258,128
Health and Housing Committee	530,226	-21,773	94,579	76,957	679,989
Planning and Development Committee	232,877	48,672	89,677	14,196	385,422
Policy and Finance Committee	1,730,807	-22,419	167,287	45,623	1,921,298
Net Cost of Services	7,102,533	7,340	671,000	206,398	7,987,271
Other Income and Expenditure	-12,415,643	-218,801	377,000	3,446,342	-8,811,102
(Surplus) or Deficit	-5,313,110	-211,461	1,048,000	3,652,740	-823,831

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

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

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

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

Other Statutory Adjustments

Other adjustments between amounts debited /credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

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

3 EXPENDITURE AND INCOME ANALYSED BY NATURE

This note categorises all the elements of the Comprehensive Income and Expenditure Statement between income and expenditure to arrive at the (Surplus) or Deficit on Provision of Services.

Restated 2020/21 £		2021/22 £
<i>Expenditure</i>		
7,988,531	Employee Expenditure	8,759,653
15,403,888	Other Service Expenses	14,628,832
874,753	Depreciation, Amortisation and Impairment	1,003,217
30,000	Pensions Administration Costs	31,000
6,020	Interest Payments	5,513
507,581	Precepts and Levies	503,609
24,810,773	Total Expenditure	24,931,824
<i>Income</i>		
-5,242,199	Fees and Charges and Other Service Income	-6,978,388
-35,009	Gain or Loss on Disposal of Non-Current Assets	0
-2,842,300	Income from Council Tax and Business Rates	-4,649,807
-17,470,842	Government Grants, Contributions and Donations	-13,730,508
-44,254	Interest and Investment Income	-14,726
-25,634,604	Total Income	-25,373,429
-823,831	(Surplus) or Deficit on Provision of Services	-441,605

The above note has been restated from than reported in the 2020/21 Statement of Accounts. This impacted the amounts reported for 'Other Service Expenses' and 'Fees and charges and Other Service Income'. The net impact of this restatement is nil

Notes to the Core Financial Statements

4 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year). This Council has not opted to do so.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's statements.

5 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set at the beginning of the Statement of Accounts, 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:

- There continues to be a high degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty 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 and reduce levels of service provision.

6 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to estimates that require the council’s most difficult, subjective or complex judgements.

As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, the balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council’s Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>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.</p> <p>There has been substantial volatility in financial markets since the start of the Covid-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values.</p>	<p>Mercer Limited are the actuaries for the Lancashire County Pension Fund. The Pension Fund Deficit for Ribble Valley at 31 March 2022 was £15.072m. The following sensitivity analysis is provided by Mercer Limited:</p> <ul style="list-style-type: none"> • <i>+0.1% p.a. discount rate as at 31 March 2022:</i> deficit would be £13.777m • <i>+0.1% p.a. inflation as at 31 March 2022:</i> deficit would be £16.388m • <i>+0.1% p.a. pay growth as at 31 March 2022:</i> deficit would be £15.211m • <i>1-year addition to members’ life expectancy as at 31 March 2022:</i> deficit would be £17.499m • <i>+1% change in 2021/22 investment returns:</i> deficit would be £14.411m • <i>-1% change in 2021/22 investment returns:</i> deficit would be £15.733m

Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations	<p>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.</p> <p>Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate, the effect of which may be increased by the Covid-19 pandemic.</p>	<p>A variation of 10% in the value of the council's land and buildings would be approximately £1.927m. A reduction would result in a reduction to the revaluation reserve and/or a loss charged to the comprehensive income and expenditure statement. An increase in estimated valuations would result in the reversal of any negative revaluations previously charged to the comprehensive income and expenditure statement and/or increases to the revaluation reserve and/or gains charged to the comprehensive income and expenditure statement.</p>

7 MATERIAL ITEMS OF INCOME AND EXPENSE

Housing Benefit

The Council has a statutory duty to administer Housing Benefit claims on behalf of the Department for Work and Pensions. The Council pays out Housing Benefits to eligible claimants. In 2021/22 £5.22m was paid out (£5.54m in 2020/21), after taking in to account reimbursements from claimants for any overpayments made. The Council receives subsidy grant from the Department for Work and Pensions to cover the payments made. Subsidy grant of £5.25m was received from the Department for Work and Pensions in 2021/22 (£5.54m in 2020/21).

Car Parking Pay and Display Income

The Council maintains numerous public car parks throughout the borough of which 16 are chargeable. Car parking charges are operated in Longridge, Clitheroe, Slaidburn, Ribchester, Sabden, Dunsop Bridge and Chipping. The Council, through committees, have full control of the level of the car parking charges that are set.

In 2021/22 the Council received £406,228 in income from chargeable car parks (in 2020/21 £147,625). This income excludes that received from parking fines.

Income levels for this service were impacted by the Covid-19 pandemic in 2020/21 and Sales, Fees and Charges Government funding was received of £108,736 in respect of lost income for this service. Sales, Fees and Charges Government funding of £8,240 was received in 2021/22 for this service.

Planning application fees

Local government administer much of the planning system with district councils responsible for most planning matters, other than transport and minerals and waste planning which are typically functions of the county council. A planning application is only required in certain circumstances. If a planning application is required the council requires that the application is accompanied with a fee. In 2021/22 the council received £684,800 in planning application fees, which help fund the provision of the service. (£452,065 in 2020/21).

Income levels for this service were impacted by the Covid-19 pandemic in 2020/21 and Sales, Fees and Charges Government funding was received of £156,359 in respect of lost income for this service. No Sales, Fees and Charges Government funding was received in 2021/22 for this service.

Business Rates Section 31 Grants

The council receives a number of grants, known as Section 31 Grants from MHCLG (formerly DCLG), in compensation for business rates income lost as a result of measures introduced by the Government. In 2021/22 the Council received £2,906,362 through various business rates Section 31 grants (£3,930,502 in 2020/21).

The value reported here for the 2020/21 and 2021/22 financial years are substantially higher than that for previous years, due to the business rates reliefs that were brought in by the government due to the Covid-19 pandemic. This was notably in respect of Retail Discount and Nursery Discount.

Covid-19 Related Funding

Detailed below are the various grant funding streams that were accounted for in the 2020/21 and 2021/22 financial years.

This has broadly been grouped as:

- Emergency Funding
- Sales, Fees and Charges Compensation
- Grant Funding for Businesses
- Other Grants

In respect of the Business Support Grants, the accounting treatment that the council must follow for such funding and the payments made is quite specific and is dictated through our role in such payments, being defined as either acting as agent, or acting as principal.

A key indicator of the council acting as agent would be where the council is acting as an intermediary between the recipient and the Government Department, and where the council did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the council was able to use its own discretion when allocating the amount of grant payable, it was acting as principal.

Where the council has acted as principal as opposed to acting as agent, the transactions are included in the council's financial statements, following the relevant section of the Code of Practice.

Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure

Notes to the Core Financial Statements

incurred by the council on behalf of the Government Department, in which case there is a debtor or creditor position on the balance sheet, and the net cash position is included in financing activities in the Cash Flow Statement.

A summary of the grants and our role as either Principal or Agent (in respect of the Grant Funding for Businesses) is given below.

Funding Type	2020/21 £	2021/22 £
Emergency Funding		
Covid-19 Support Grant - Tranche 2	-602,234	
Covid-19 Support Grant - Tranche 3	-77,185	
Covid-19 Support Grant - Tranche 4	-100,000	
Covid-19 Support Grant - Tranche 5		-242,180
Total Emergency Funding	-779,419	-242,180
Sales, Fees and Charges Compensation		
April 2020 to July 2020	-193,106	
August 2020 to November 2020	-198,873	
December 2020 to March 2021	-187,720	
April 2021 to June 2021		-36,879
Total Sales, Fees and Charges Compensation	-579,699	-36,879
Grant Funding for Businesses		
Business Support Grant (Principal)	-867,000	
Local Restrictions Support Grant (Open and ARG) (Principal)	-1,437,526	-1,628,779
Self-isolation Payments Funding Discretionary (Principal)	-31,250	24,750
Small Business Support Grant (Agent)	-12,940,000	
Retail Hospitality and Leisure Business Grant (Agent)	-4,280,000	
Omicron Hospitality and Leisure Grant (Agent)		-792,717
Self-isolation Payments Funding (Agent)	-27,000	-94,000
Christmas Support for Wet-Led Pubs (Agent)	-37,000	
Local Restrictions Support Grant (Closed) (Agent)	-7,998,230	-17,312
Restart Grants (Agent)		-4,908,059
Total Grant Funding for Businesses	-27,618,006	-7,416,117
Other Grants		
Reopening High Streets Safely Fund	-25,458	-45,912
National Leisure Recovery Fund	-83,434	
Homelessness Grant Funding	-12,879	
Council Tax Hardship Fund	-222,053	
S31 Grant RHLG and Small Business Grant Administration	-130,000	
Local Authority Compliance and Enforcement	-21,956	
Self-isolation Payments Funding Administration	-23,403	-29,406
S31 Contain Outbreak Management Fund	-296,283	-372,226

Funding Type	2020/21 £	2021/22 £
Local Authority Discretionary Grant Fund (Small Business Grant, Retail Hospitality and Leisure, Local Authority Discretionary Grant)	-58,500	
Local Authority Discretionary Grant Fund (Local Restrictions Support Grant, Wet Led Pubs, Closed Business Lockdown)	-166,800	
Clinically Extremely Vulnerable Funding	-141,777	
Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)	-42,788	-54,107
Practical Support for Self-Isolation Funding	-13,772	
Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens	-18,908	
Cabinet Office elections funding		-20,806
S31 Omicron, Hospitality and Leisure Grant and the Additional Restrictions Grant (3rd top up)		-39,080
S31 New Burdens 4 Restart and Additional Restrictions		-73,000
S31 New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Household support Fund Grant to Distribute		-70,855
Miscellaneous grants of a value below £5,000		-12,376
Total Other Grants	-1,258,009	-736,368
Overall Total	-30,235,133	-8,431,544

8 TAXATION AND NON-SPECIFIC GRANT INCOME

Included within this grouping on the Comprehensive Income and Expenditure Statement are four major categories of income.

Council Tax

	2020/21 £	2021/22 £
Ribble Valley Borough Council Precept	-3,677,865	-3,737,650
Precept Relating to Parishes	-507,581	-503,609
Surplus Received in Year (Declared January Prior to Start of Year)	-81,910	-24,995
Movement on Collection Fund (Surplus)/Deficit at Year End	23,525	-73,942
Total Council Tax	-4,243,831	-4,340,196

Notes to the Core Financial Statements

Non-Domestic Rates Income and Expenditure

	2020/21 £	2021/22 £
Ribble Valley Borough Council Share of Business Rates Income	-6,113,118	-6,045,753
Less Tariff Payable to Central Government	4,311,424	4,311,424
(Surplus)/Deficit Payment in Year (Declared January Prior to Start of Year)	-252,893	2,725,770
Movement on Collection Fund Deficit/(Surplus) at Year End	3,492,571	-1,288,179
Business Rates Retained on Renewable Energy Schemes	-94,045	-96,786
10% Retained Levy Payable to Lancashire County Council under Business Rates Pooling Arrangements	57,592	83,913
Overall Net Retained Business Rates Related Income	1,401,531	-309,611

Other Non-Specific Grants

	2020/21 £	2021/22 £
New Homes Bonus	-1,770,952	-1,515,848
Rural Services Delivery Grant	-107,921	-113,250
Covid-19 Emergency LA Support Grant	-779,419	-242,180
Tax Income Guarantee Section 31 Grant - Business Rates	-119,388	0
Lower Tier Services Grant	0	-57,696
Local Council Tax Support Additional Funding	0	-40,062
Business Rates Section 31 Grants		
Small Business Rates Relief (SBRR) Scheme	-1,068,123	-1,096,893
SBRR on Existing Properties where 2nd Property is Occupied	-4,849	-7,431
Multiplier Cap	48,931	-26,919
Public Conveniences	0	-16,210
Rural Rate Relief	-8,975	-9,152
Supporting Small Businesses	-5,901	-5,808
Expanded Retail Discount	-2,841,585	-1,643,088
Flooding Relief	-2,546	0
Nursery Discount	-47,454	-33,087
Covid-19 Additional Relief Fund (CARF)	0	-67,774
Other Non-Specific Grants	-6,708,182	-4,875,398

9 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue on the 29 July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Notes to the Core Financial Statements

Movements in 2021/22	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<i><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></i>				
Charges for depreciation and impairment of non-current assets	863,192			-863,192
Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)	-258,762			258,762
Amortisation of Intangible Assets	20,841			-20,841
Capital Grants and Contributions Applied	-47,377			47,377
Revenue Expenditure Funded from Capital Under Statute	377,938			-377,938
<i><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></i>				
Statutory Provision for the Financing of Capital investment	-107,237			107,237
Capital expenditure charged against General Fund Balances	-456,429			456,429
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-393,008	393,008		
Application of grants to capital financing transferred to the Capital Adjustment Account		-314,661		314,661
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	0		0	
Use of the Capital Receipts Reserve to finance new capital expenditure			-74,854	74,854
Contribution from the Capital Receipts Reserve towards administrative cost of Non-Current asset disposals	0		0	

Notes to the Core Financial Statements

Movements in 2021/22	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,520,000			-2,520,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-967,000			967,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	-1,362,122			1,362,122
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-43,121			43,121
Total Adjustments	146,915	78,347	-74,854	-150,408

Notes to the Core Financial Statements

Movements in 2020/21	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<i><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></i>				
Charges for depreciation and impairment of non-current assets	851,355			-851,355
Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)	-16,580			16,580
Amortisation of Intangible Assets	16,054			-16,054
Capital Grants and Contributions Applied	-45,997			45,997
Revenue Expenditure Funded from Capital Under Statute	462,925			-462,925
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	23,491			-23,491
<i><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></i>				
Statutory Provision for the Financing of Capital investment	-115,495			115,495
Capital expenditure charged against General Fund Balances	-935,705			935,705
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-393,008	393,008		
Application of grants to capital financing transferred to the Capital Adjustment Account		-200,124		200,124
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	-58,500		58,500	
Use of Capital Receipts Reserve to Finance New Capital Expenditure			-6,250	6,250

Notes to the Core Financial Statements

Movements in 2020/21	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,982,000			-1,982,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-934,000			934,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	3,516,096			-3,516,096
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	136,644			-136,644
Total Adjustments	4,489,280	192,884	52,250	-4,734,414

Notes to the Core Financial Statements

11 LANCASHIRE BUSINESS RATES POOL

In 2016/17, 2017/18 and 2018/19 this Council was a member of the Lancashire Business Rates Pool. In a Business Rate Pool, tariffs, top-ups, levies and safety nets are combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which included most but not all of the local authorities in Lancashire, was designated by the Secretary of State for Housing, Communities and Local Government and originally operated with allocations on the basis of the 50% business rates retention scheme.

In 2019/20 we successfully submitted a bid along with 15 other authorities in Lancashire to become a 75% Business Rates Pilot Pool. This meant that 75% of collected rates were retained in Lancashire rather than 50%.

In respect of 2020/21, the Government confirmed that 75% Business Rate Pilots would cease at the end of March 2020. As a result, applications for a 50% Lancashire Pool were submitted for 2020/21 and then for 2021/22, consisting of 10 district council's and the county council. Applications in both years were successful. The pool has operated on the same basis as in 2016/17, 2017/18 and 2018/19 during 2020/21 and 2021/22.

The business rates income allocations in 2020/21 and 2021/22 are shown in the table below:

	Lancashire Business Rates Pool - Income Allocations for 2020/21 and 2021/22
District Authorities	40%
Lancashire County Council	9%
Lancashire Combined Fire Authority	1%
	50%
Central Government	50%
Total	100%

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

The retained levy in the Lancashire Business Rates Pool has been distributed as follows:

- Lancashire County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their retained levy.

Notes to the Core Financial Statements

Lancashire Business Rates Pool Members 2021/22	Authority Type	Tariffs and Top-Ups in Respect of 2021/22 £	Retained Levy on Growth 2021/22 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2021/22 £
Burnley Borough Council	Tariff	6,043,499	-1,274,399	127,440	-1,146,959
Chorley Borough Council	Tariff	6,503,220	-958,378	95,838	-862,540
Fylde Borough Council	Tariff	8,101,273	-285,737	28,574	-257,163
Hyndburn Borough Council	Tariff	3,969,106	-1,216,541	121,654	-1,094,887
Pendle Borough Council	Tariff	3,388,618	-569,005	56,901	-512,104
Ribble Valley Borough Council	Tariff	4,311,424	-839,130	83,913	-755,217
Rossendale Borough Council	Tariff	2,713,519	-576,607	57,661	-518,946
South Ribble Borough Council	Tariff	10,327,203	-1,587,163	158,716	-1,428,447
West Lancashire Borough Council	Tariff	8,698,358	-688,578	68,858	-619,720
Wyre Borough Council	Tariff	6,837,509	-693,833	69,383	-624,450
Lancashire County Council	Top-Up	-158,098,681		-868,938	-868,938
Central Government	-	97,204,952		0	0
Total		0	-8,689,371	0	-8,689,371

Lancashire Business Rates Pool Members 2020/21	Authority Type	Tariffs and Top-Ups in Respect of 2020/21 £	Retained Levy on Growth 2020/21 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2020/21 £
Burnley Borough Council	Tariff	6,043,499	-1,402,433	140,243	-1,262,190
Chorley Borough Council	Tariff	6,503,220	-931,716	93,172	-838,544
Fylde Borough Council	Tariff	8,101,273	-483,263	48,326	-434,937
Hyndburn Borough Council	Tariff	3,969,106	-600,284	60,028	-540,256
Pendle Borough Council	Tariff	3,388,618	-272,822	27,282	-245,540
Ribble Valley Borough Council	Tariff	4,311,424	-575,916	57,592	-518,324
Rossendale Borough Council	Tariff	2,713,519	-102,546	10,255	-92,291
South Ribble Borough Council	Tariff	10,327,203	-1,281,013	128,101	-1,152,912
West Lancashire Borough Council	Tariff	8,698,358	-653,963	65,396	-588,567
Wyre Borough Council	Tariff	6,837,509	-893,050	89,305	-803,745
Lancashire County Council	Top-Up	-158,098,681		-719,700	-719,700
Central Government	-	97,204,952		0	0
Total		0	-7,197,006	0	-7,197,006

Notes to the Core Financial Statements

The Net Retained Levy for this Council is shown within Business Rates Retention income on the Comprehensive Income and Expenditure Statement, along with the council's own share of growth achieved in the year.

12 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<i>Reserves for Shorter Term Service Commitments</i>							
Community Services							
Committee Grants Fund							
<i>Used to fund various Community Services Committee grants</i>	17,913	12,770	-1,820	28,863		-16,843	12,020
Audit Reserve Fund							
<i>Used in respect of the internal audit service, including contracting computer audit services</i>	12,335	41,410		53,745			53,745
Refuse Collection							
<i>To fund refuse collection costs of bin replacements.</i>	59,610	17,282	-33,316	43,576	8,118	-44,637	7,057
Amenity Cleansing Reserve							
<i>Used to fund known future amenity cleansing works</i>	11,830	19,200		31,030		-19,370	11,660
Clitheroe Food Festival							
<i>Resources set aside or used to help support the costs associated with the Clitheroe Food Festival</i>	6,905	1,701	-73	8,533			8,533
Two-Way Radio Reserve							
<i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i>	718	0	-700	18		-18	0
Promotional Activities Reserve							
<i>To fund planned publicity and promotional activities</i>	0	5,333		5,333		-5,333	0
Total Reserves for Shorter Term Service Commitments	109,311	97,696	-35,909	171,098	8,118	-86,201	93,015

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<i>Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs</i>							
<u>Elections Fund</u>							
<i>Used to fund local elections held once every four years</i>	25,118	30,000		55,118	100,063	-56,665	98,516
<u>Revaluation of Assets Reserve</u>							
<i>To contribute towards the revaluation of the Council's assets every five years.</i>	2,420	2,420		4,840	7,160		12,000
<u>Pensions Triennial Revaluation Reserve</u>							
<i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	68,592			68,592			68,592
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	96,130	32,420	0	128,550	107,223	-56,665	179,108
<i>Reserves for Trading or Business Units</i>							
<u>Building Control Fund</u>							
<i>Available to equalise net expenditure over a three-year period</i>	-78,755	20,996		-57,759	23,120		-34,639
Total Reserves for Trading or Business Units	-78,755	20,996	0	-57,759	23,120	0	-34,639
<i>Reserves for Sums Set Aside for Major Schemes such as Capital Projects</i>							
<u>Capital</u>							
<i>Used to fund the capital programme</i>	931,767	950,436	-935,705	946,498	400,767	-472,957	874,308
<u>ICT Renewals</u>							
<i>To fund future software and hardware pressures</i>	122,740		-18,000	104,740		-12,000	92,740
<u>Vehicle & Plant Renewals Reserve</u>							
<i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	51,035			51,035			51,035

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Local Plan</u>							
<i>Resources set aside to fund work on the Local Plan</i>	0			0	271,147		271,147
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,105,542	950,436	-953,705	1,102,273	671,914	-484,957	1,289,230
<i>Reserves for Longer Term Strategic or Corporate Items</i>							
<u>VAT Shelter Reserve</u>							
<i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,104,453	4,986	-32,400	1,077,039	34,477	-62,028	1,049,488
<u>Fleming VAT Claim</u>							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	58,819		-14,322	44,497		-770	43,727
<u>Insurance</u>							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<u>Repairs and Maintenance</u>							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	45,079		-22,104	22,975		-5,255	17,720
<u>Post LSVT</u>							
<i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	146,050		-36,512	109,538		-36,512	73,026
<u>Restructuring Reserve</u>							
<i>To fund costs resulting from restructuring reviews</i>	187,903			187,903			187,903
<u>Equipment Reserve</u>							
<i>To fund essential and urgent equipment requirements</i>	83,655	23,412	-28,610	78,457	19,082	-10,087	87,452
<u>Invest to Save Fund</u>							
<i>To fund future invest to save projects</i>	237,162	5,411		242,573	5,438		248,011

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Planning Reserve</u> <i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>	41,643	3,000	-15,190	29,453			29,453
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000			1,682,000
<u>Business Rates Growth Reserve</u> <i>Business rates growth used to support revenue expenditure or the capital programme.</i>	1,574,614	1,213,483	-121,612	2,666,485	715,243	-62,843	3,318,885
<u>New Homes Bonus Reserve</u> <i>To help support revenue and capital expenditure</i>	2,418,149	665,952	-229,150	2,854,951	410,848	-201,780	3,064,019
<u>Arts Development Reserve</u> <i>To carry forward unspent budget funding for arts projects which were delayed in 2020/21 due to Covid</i>	0	3,185		3,185		-3,185	0
<u>Grounds Maintenance Tuition Reserve</u> <i>To carry forward unspent budget funding for Grounds Maintenance staff training that was delayed in 2020/21 due to Covid</i>	0	1,775		1,775		-1,775	0
Total Reserves for Longer Term Strategic or Corporate Items	7,694,108	1,921,204	-499,900	9,115,412	1,185,088	-384,235	9,916,265
<i>Reserves for External Funding where Expenditure has yet to be Incurred</i>							
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and used to fund associated projects</i>	67,577			67,577			67,577
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	51,117		-51,117	0			0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Pendle Hill User Reserve</u>							
<i>To fund improvement schemes on Pendle Hill</i>	2,181		-2,181	0			0
<u>Crime Reduction Partnership Reserve</u>							
<i>To fund cost of crime reduction initiatives</i>	38,059		-1,179	36,880		-282	36,598
<u>Exercise Referral and Up and Active Reserve</u>							
<i>To fund potential residual staffing costs and to hold other service grants</i>	5,032	25,305		30,337	15,701	-6,569	39,469
<u>Housing Related Grants Reserve</u>							
<i>Residual grant received, to be committed to future grant funded schemes</i>	206,452		-205,969	483	41,011	-216	41,278
<u>Planning Policy Related Grants Reserve</u>							
<i>To provide short term capacity support when dealing with housing planning applications</i>	5,850			5,850		-5,850	0
<u>Community Right to Bid/Challenge</u>							
<i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	45,124			45,124			45,124
<u>Grant Funded Sports Development</u>							
<i>To finance future Sports Development grant funded expenditure</i>	10,687			10,687		-470	10,217
<u>Whalley Moor Reserve</u>							
<i>Grant received towards work at Whalley Moor Woodland</i>	4,520			4,520		-4,520	0
<u>Individual Electoral Registration Reserve</u>							
<i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	16,590		-16,590	0			0

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Rural Services Reserve</u>							
<i>Grant received with the purpose of supporting rural services</i>	75,392		-75,022	370		-370	0
<u>Neighbourhood Planning Reserve</u>							
<i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	16,133			16,133			16,133
<u>Repossession Prevention Fund Reserve</u>							
<i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u>							
<i>PRG resources set aside to fund the Parish Grant Scheme</i>	35,769		-1,939	33,830		-16,000	17,830
<u>Custom and Self Build Register Grant Reserve</u>							
<i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	88,750		-73,750	15,000			15,000
<u>Brownfield Register Grant Reserve</u>							
<i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	26,263			26,263			26,263
<u>Flood Resilience, Response and Recovery Grant Reserve</u>							
<i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	18,408		-2,000	16,408		-16,408	0
<u>EU Exit Funding Reserve</u>							
<i>Grant funding relating to impacts in respect of the EU Exit</i>	52,452		-52,452	0			0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Cyber Resilience Grant Reserve</u>							
<i>Grant funding in respect of Cyber Resilience work</i>	10,600	3,000		13,600			13,600
<u>Housing Benefits New Burden Grants Reserve</u>							
<i>Grant income to support new burdens in respect of Housing Benefits</i>	4,669			4,669			4,669
<u>LCTS New Burdens Grant Reserve</u>							
<i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	18,370			18,370		-10,000	8,370
<u>Parks Improvement Funding Reserve</u>							
<i>Grant funding to support improvements to parks</i>	7,111		-3,009	4,102		-4,102	0
<u>Covid-19 Response</u>							
<i>Balance of grant income received in respect of the response to the Covid-19 pandemic.</i>	3,835	1,318,177		1,322,012	407,639	-102,101	1,627,550
<u>Ribble Valley Strategic Partnership</u>							
<i>Ribble Valley Strategic Partnership funds held in reserve to meet the cost of future community projects</i>	0	24,326		24,326		-24,326	0
<u>Self-isolation Grants Reserve</u>							
<i>Reserve established to hold the balance of self-isolation grant support funds received but not yet distributed</i>	0	30,750		30,750		-30,750	0
<u>Restoring Your Railways Reserve</u>							
<i>Balance of grant income received to fund the preparation of a business case for the reopening of the Clitheroe to Hellifield railway to passengers.</i>	0	7,485		7,485		-7,485	0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Business Rates S31 Grant Adjustment Reserve</u>							
<i>Short term reserve to hold Section 31 grant received in 2020/21 in respect of business rates relief - to fund collection fund deficit in 2021/22</i>	0	2,578,153		2,578,153	1,640,761	-2,578,153	1,640,761
<u>Tax Income Guarantee Reserve</u>							
<i>Short term reserve to hold Section 31 grant in respect of lost business rates income due to Covid. The grant will be released in future years to ease the impact from the collection fund deficit</i>	0	119,388		119,388		-119,388	0
Total Reserves for External Funding where Expenditure has yet to be Incurred	839,432	4,106,584	-485,208	4,460,808	2,105,112	-2,926,990	3,638,930
Total of all Earmarked Reserves	9,765,768	7,129,336	-1,974,722	14,920,382	4,100,575	-3,939,048	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

Notes to the Core Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT

Movements in 2021/22	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>							
At 1 April 2021	13,154	5,683	345	1,599	25	0	20,806
Additions/Acquisitions	80	387		27			494
Derecognition - Disposal		-520					-520
Reclassifications					-25		-25
Revaluation increases recognised in the Revaluation Reserve	2,342						2,342
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	74						74
At 31 March 2022	15,650	5,550	345	1,626	0	0	23,171
<i>Accumulated Depreciation and Impairments</i>							
At 1 April 2021	-88	-3,710	-92	-31	-1	0	-3,922
Derecognition - Disposal		519					519
Depreciation Charge	-381	-466	-11	-4	-1		-863
Depreciation written out to the Revaluation Reserve	402						402
Depreciation written out to the Surplus/Deficit on the Provision of Services	-42						-42
Reclassification					2		2
Impairment reversals recognised in the Revaluation Reserve	-205						-205
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	205						205
At 31 March 2022	-109	-3,657	-103	-35	0	0	-3,904
Net Book Value							
at 31 March 2021	13,066	1,973	253	1,568	24	0	16,884
at 31 March 2022	15,541	1,893	242	1,591	0	0	19,267

Movements in 2020/21	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>							
At 1 April 2020	13,065	5,382	345	1,593	25	12	20,422
Additions/Acquisitions	316	389		6			711
Derecognition - Disposal		-100					-100
Reclassifications		12				-12	0
Revaluation decreases recognised in the Revaluation Reserve	-213						-213
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-14						-14
At 31 March 2021	13,154	5,683	345	1,599	25	0	20,806
<i>Accumulated Depreciation and Impairments</i>							
At 1 April 2020	-66	-3,283	-83	-29	-1	0	-3,462
Derecognition - Disposal		76					76
Depreciation Charge	-336	-503	-9	-2			-850
Depreciation written out to the Revaluation Reserve	284						284
Depreciation written out to the Surplus/Deficit on the Provision of Services	30						30
Impairment reversals recognised in the Revaluation Reserve							0
Impairment losses recognised in the Surplus/Deficit on the Provision of Services							0
At 31 March 2021	-88	-3,710	-92	-31	-1	0	-3,922
Net Book Value							
at 31 March 2020	12,999	2,099	262	1,564	24	12	16,960
at 31 March 2021	13,066	1,973	253	1,568	24	0	16,884

Notes to the Core Financial Statements

Depreciation

The Council charges its service accounts depreciation for all fixed assets (except freehold land) used in the provision of services. The Council operates a straight-line method for depreciation. Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets. The useful economic life generally used for assets is as follows:

	Years
Buildings	50
Infrastructure	40
Large Equipment	10
Large Vehicles	8
Small Vehicles	5
Small Plant/Equipment	3

The useful economic life used for an asset in the calculation of depreciation will only differ from the above table where an updated asset life is provided at the time of any revaluation of council assets. Such updated asset lives would be used for future depreciation calculations.

Assets are not depreciated in the year of acquisition but they are depreciated in the year of disposal. If an asset has major components with different estimated useful lives, these components are depreciated separately.

Revaluation gains are also depreciated with the difference between the current value depreciation and the historical cost depreciation being transferred from the Revaluation Reserve to the Capital Adjustment Account.

Capital Commitments

At 31 March 2022 the Council had an approved capital programme of £5,524,770 for 2022/23 and had £820,880 of budget slippage from the 2021/22 capital programme that was rolled forward to be spent in 2022/23. At 31 March 2022, the Council had capital commitments of £310,699, of which £21,818 related to 2021/22 capital programme slippage and £288,881 related to the 2022/23 capital programme.

Of the £310,699 capital commitments, £293,536 related to property, plant and equipment and £17,163 related to capital grants.

Effects of Changes in Estimates

In 2021/22 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

The freehold and leasehold properties, which comprise the Council's property portfolio, were fully revalued on 1 March 2020 by Taylor Weaver Ltd (Alex Taylor BSc MRICS and Neil Weaver MRICS, RICS registered valuers) and Lea Hough & Co Chartered Surveyors (Michael Harrison BSc (Hons) MRICS). The valuations were made in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

A further desktop exercise is undertaken annually, with asset values adjusted accordingly on the balance sheet. The desktop review as at 1 March 2022 was undertaken by Taylor Weaver Ltd and Lea Hough & Co Chartered Surveyors.

For each asset under Property, Plant and Equipment an Existing Use Value (EUV) was provided, unless they fell under one of the following categories.

In the case of specialised properties, that is, those properties which are rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise, the valuation approach used was Depreciated Replacement Cost (DRC). The DRC approach requires an estimate of the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Such DRC valuations were made having regard to the prospect and viability of the continuance of the occupancy and use.

Assets being Held for Sale were valued at Fair Value, being 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.

There has been a substantial downward movement in our Other Land and Buildings valuations due to the full revaluation exercise that has been undertaken this year. Since the last full revaluation five years ago there has been a change in valuer used and in accordance with requirements, only annual desktop revaluation exercises undertaken annually.

Componentisation

Where the council holds an asset with a value of £500,000 or above, any significant element of that asset would be treated as a separate component for the purposes of asset recognition, measurement, impairment, depreciation or disposal. A 'significant element' is any element of an asset with a value of 10% or above of the overall asset value.

Notes to the Core Financial Statements

14 HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council	Clitheroe Castle Museum Collection £'000	Civic Regalia £'000	Total Heritage Assets £'000
<i>Cost or Valuation</i>			
At 1 April 2021	904	67	971
Revaluations	26		26
At 31 March 2022	930	67	997
<i>Cost or Valuation</i>			
At 1 April 2020	878	67	945
Revaluations	26		26
At 31 March 2021	904	67	971

The Clitheroe Castle Museum Collection

The Clitheroe Castle Museum Collection principally includes archaeological artifacts, geological collections, militaria and items of local social historical interest. The collection is managed by Lancashire Museum Services on behalf of the Council and is insured by them. The collection is reported in the Balance Sheet at insurance valuation. This value has been reviewed by Lancashire Museum Services prior to the latest insurance renewal.

Civic Regalia

The Council's civic regalia is reported in the balance sheet at insurance valuation.

Additions and Disposals of Heritage Assets

There were no additions to or disposals of the Council's Heritage Assets in the 2021/22.

15 FINANCIAL INSTRUMENTS**Categories of Financial Instruments**

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

	2020/21		2021/22	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Assets Measured at Amortised Cost</u>				
Investments	18,544,239	18,544,239	25,232,767	25,232,767
Total Investments	18,544,239	18,544,239	25,232,767	25,232,767
Long-Term Debtors	247,521	247,521	248,768	248,768
Short-Term Debtors	1,862,096	1,862,096	1,711,201	1,711,201
Total Debtors	2,109,617	2,109,617	1,959,969	1,959,969
Total Financial Assets	20,653,856	20,653,856	27,192,736	27,192,736

The Financial Instruments categorised above represent:

- Amounts shown under Investments consist of cash held by the Council, bank accounts, short term investments and subscribed for shares in the UK Municipal Bonds Agency plc (Local Capital Finance Company).
- Amounts shown under Long-Term Debtors consist of car loans and a loan to Roefield Leisure Centre.
- Amounts shown under Short-Term Debtors represents net operational (sundry) debtors.

	2020/21		2021/22	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Liabilities Measured at Amortised Cost</u>				
Long-Term Borrowing	-105,197	-133,261	-95,000	-112,558
Short-Term Borrowing	-10,393	-13,166	-10,197	-12,081
Total Borrowings	-115,590	-146,427	-105,197	-124,639
Short-Term Creditors	-7,569,662	-7,569,662	-4,878,486	-4,878,486
Total Creditors	-7,569,662	-7,569,662	-4,878,486	-4,878,486
Total Financial Liabilities	-7,685,252	-7,716,089	-4,983,683	-5,003,125

Notes to the Core Financial Statements

The Financial Instruments categorised above represent:

- Amounts shown under Long-Term and Short-Term borrowings are loans with the Public Works Loan Board. The fair value is greater than the carrying amount because the Council's portfolio of loans are at fixed interest rates and the premature repayment set of rates in force at 31 March were generally higher than the rates at which the money was borrowed.
- Amounts shown under Short-Term Creditors are the Council's operational creditors.

Income, Expense, Gains and Losses

The amounts shown below are recognised in the Comprehensive Income and Expenditure Statement under the (Surplus) or Deficit on Provision of Services:

	2020/21	2021/22
	£	£
<u>Financial Liabilities</u>		
Interest expenses	6,020	5,513
Total Expense in Surplus or Deficit on the Provision of Service	6,020	5,513
<u>Financial Assets</u>		
Interest income	-44,254	-14,726
Total Income in Surplus or Deficit on the Provision of Service	-44,254	-14,726

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented above under the section titled Categories of Financial Instruments are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- For loans from the Public Works Loan Board the fair value has been calculated by reference to the premature repayment set of rates in force on 31 March 2021 and 31 March 2022 respectively
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value
- The fair value of Debtors and Creditors is taken to be the invoiced amount.

16 SHORT TERM DEBTORS

	31 March 2021 £	31 March 2022 £
Central government bodies	4,098,708	1,540,982
Other local authorities	904,229	1,071,155
Other entities and individuals		
- Other Debtors	732,656	680,348
- Business Rates	425,025	260,901
- Council Tax	281,499	269,229
- Prepayments	188,414	169,378
- Impairment	-483,433	-402,748
Total	6,147,098	3,589,245

17 CASH AND CASH EQUIVALENTS

	31 March 2021 £	31 March 2022 £
Cash held by the Council	7,765	7,487
Bank Current Accounts	4,026,474	4,215,280
Short Term Investments	14,500,000	16,000,000
Total	18,534,239	20,222,767

To allow added flexibility and speed to the response to the Covid-19 pandemic, particularly in the payment of grant support, a higher level of cash was held in the council's Bank Current Accounts at the end of the financial year rather than as Short-Term Investments as would ordinarily have been the case.

This was facilitated through a temporary change to our cash limits normally operated under the treasury management policies and practices.

Notes to the Core Financial Statements

18 SHORT TERM CREDITORS

	31 March 2021 £	31 March 2022 £
Central government bodies	-6,609,451	-3,214,892
Other local authorities	-574,852	-2,503,190
Other entities and individuals		
- Other Creditors	-925,376	-847,465
- Business Rates	-68,490	-165,278
- Council Tax	-87,750	-81,957
- Commuted Sums	-1,941,499	-2,546,307
- Refundable Deposits	-14,982	-17,529
- Receipts in Advance	-1,337,977	-4,173,306
Total	-11,560,377	-13,549,924

19 PROVISIONS

The only provision, which is shown in the table below, relates to amounts set aside to meet potential future liabilities from appeals through the business rates retention scheme. The timing of the fulfilment of such liabilities is unknown as these appeals have been lodged with the Valuation Office Agency by the individual ratepayers and relies on when the Valuation Office Agency reviews each appeal.

The provision is calculated based on past experience of the success of appeals and the amount of reduction in rateable value made. As a consequence there is a level of uncertainty around the estimation of this provision.

Business Rates Appeals Provision	2020/21 £	2021/22 £
Balance at 1 April	594,987	852,793
Movements in provisions in the year	257,806	70,329
Balance at 31 March	852,793	923,122

20 USABLE RESERVES

Movements in the Council's usable reserves are detailed in this note, the Movement in Reserves Statement and Note 10.

In summary the Usable Reserves are shown below. Detailed analysis of the council's earmarked reserves is available in Note 12.

31 March 2021 £		31 March 2022 £
2,534,143	General Fund Balance	2,961,136
14,920,382	Earmarked General Fund Reserves	15,081,909
1,138,859	Usable Capital Receipts Reserve	1,064,005
580,524	Capital Grants Unapplied	658,871
19,173,908	Total Usable Reserves	19,765,921

General Fund Balance

The general fund balance is a usable reserve of the Council which is not earmarked or set aside for any specific purpose.

It is very important to maintain healthy levels of general fund balances to cover for unforeseen events and also provide a stable level of resources for future planning.

2020/21 £		2021/22 £
2,375,646	Opening General Fund Balance	2,534,143
158,497	Net amount added to (taken from) General Fund Balance	426,993
2,534,143	Closing General Fund Balance	2,961,136

Earmarked General Fund Reserves

Unlike the general fund balance, the council's Earmarked General fund Reserves have been set aside for a specific purpose. The Council has a variety of earmarked reserves and the specific details of each one can be seen at Note 12.

The table below provides a high-level summary of the movement in the Council's Earmarked General Fund Reserves.

2020/21 £		2021/22 £
9,765,768	Opening Earmarked General Fund Reserves	14,920,382
7,129,336	Amounts added to Earmarked General Fund Reserves	4,100,575
-1,974,722	Amounts taken from Earmarked General Fund Reserves	-3,939,048
14,920,382	Closing Earmarked General Fund Reserves	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

Notes to the Core Financial Statements

Usable Capital Receipts Reserve

Capital Receipts arise from the sale of assets owned by the Council. Any receipts from General Fund asset sales are credited to the Usable Capital Receipts Reserve to finance future capital expenditure.

2020/21 £	2021/22 £
1,086,608 Opening Usable Capital Receipts Reserve	1,138,859
58,500 Amounts added to the Usable Capital Receipts Reserve	0
-6,249 Amounts taken from the Usable Capital Receipts Reserve	-74,854
1,138,859 Closing Usable Capital Receipts Reserve	1,064,005

Capital Grants Unapplied

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account reflecting its status as a capital resource available to finance expenditure.

2020/21 £	2021/22 £
387,640 Opening Capital Grants Unapplied	580,524
393,008 Amounts added to Capital Grants Unapplied	393,008
-200,124 Amounts taken from Capital Grants Unapplied	-314,661
580,524 Closing Capital Grants Unapplied	658,871

21 UNUSABLE RESERVES

31 March 2021 £	31 March 2022 £
8,671,245 Capital Adjustment Account	8,799,563
-3,264,848 Collection Fund Adjustment Account	-1,902,726
6,013,615 Revaluation Reserve	8,473,418
-21,042,000 Pension Reserve	-15,072,000
-222,328 Accumulated Absences Account	-179,207
-9,844,316 Total Unusable Reserves	119,048

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the 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 subsequent costs.

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

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

2020/21 £		2021/22 £
8,586,778	Balance at 1 April	8,671,245
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement	
-851,355	- Charges for depreciation and impairment of non-current assets	-863,192
16,580	- Revaluation losses on Property, Plant and Equipment	258,762
-16,054	- Amortisation of intangible assets	-20,841
-462,925	- Revenue expenditure funded from capital under statute	-377,938
-23,491	- 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	
-1,337,245		-1,003,209
118,141	Adjusting amounts written out of the Revaluation Reserve	130,969
-1,219,104	Net written out amount of the cost of non-current assets consumed in the year	-872,240
	Capital financing applied in the year	
45,997	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	47,377
200,124	- Application of grants to capital financing from the Capital Grants Unapplied Account	314,661
6,250	- Use of capital receipts reserve to finance new capital expenditure	74,854
115,495	- Statutory provision for the financing of capital investment charged against the General Fund	107,237
935,705	- Capital expenditure charged against the General Fund balance	456,429
1,303,571		1,000,558
8,671,245	Balance at 31 March	8,799,563

Notes to the Core Financial Statements

Collection Fund Adjustment Account

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

2020/21 £		2021/22 £
251,248	Balance at 1 April	-3,264,848
-23,525	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	73,942
-3,492,571	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	1,288,180
-3,264,848	Balance at 31 March	-1,902,726

Revaluation Reserve

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

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

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

2020/21 £		2021/22 £
6,034,168	Balance at 1 April	6,013,615
351,067	Upward revaluation of assets	2,758,040
-253,479	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-167,268
97,588	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	2,590,772
-118,141	Difference between fair value depreciation and historical cost depreciation	-130,969
-118,141	Amount written off to the Capital Adjustment Account	-130,969
6,013,615	Balance at 31 March	8,473,418

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £		2021/22 £
-14,971,000	Balance at 1 April	-21,042,000
-5,023,000	Remeasurements of the net defined benefit liability/(asset)	7,523,000
-1,982,000	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,520,000
934,000	Employer's pensions contributions and direct payments to pensioners payable in the year	967,000
-21,042,000	Balance at 31 March	-15,072,000

The main reasons for the above movement in the fund balance have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.
- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in liabilities

Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

The Pension deficit has fluctuated quite widely over the past few years and the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.

Notes to the Core Financial Statements

Accumulated Absences Account

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

Adjustments are only made through this account where the change in the level of compensated absences earned moves by more than 10%.

2020/21 £		2021/22 £
-85,684	Balance at 1 April	-222,328
85,684	Settlement or cancellation of accrual made at the end of the preceding year	222,328
-222,328	Amounts accrued at the year end of the current year	-179,207
-136,644	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	43,121
-222,328	Balance at 31 March	-179,207

The balance on the Accumulated Absences Account has started to fall as the impact of Covid-19 on the ability to take leave reduces.

22 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2020/21 £		2021/22 £
-44,254	Interest received	-14,726
6,020	Interest paid	5,513
-38,234	Net Interest	-9,213

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

2020/21 £		2021/22 £
-58,500	Proceeds from the sale of property, plant and equipment and intangible assets	0
-58,500		0

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

2020/21 £		2021/22 £
-851,355	Depreciation	-863,192
16,580	Impairment and downward valuations	258,762
-16,054	Amortisation	-20,841
-7,715,710	(Increase)/Decrease in creditors	2,900,896
3,821,377	Increase/(Decrease) in debtors	-2,552,611
-13,185	(Decrease)/Increase in inventories	22,053
-257,806	(Increase) in provisions	-70,329
-1,048,000	Movement in pension liability	-1,553,000
-23,491	Carrying amount of Property, Plant and Equipment sold	0
45,997	Capital Grants and Contributions Applied	47,377
-462,925	Revenue Expenditure Funded from Capital Under Statute	-377,938
935,705	Capital Expenditure Charged against General Fund Balances	456,429
393,008	Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement	393,008
-136,644	(Increase)/Decrease in Accumulated Absences	43,121
-5,312,503		-1,316,265

23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020/21 £		2021/22 £
1,215,432	Purchase of property, plant and equipment, investment property and intangible assets	892,964
0	Purchase of short-term and long-term investments	5,000,000
-58,500	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
-1,420,655	Other receipts from investing activities	-900,809
-263,723	Net cash flows from investing activities	4,992,155

24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020/21 £		2021/22 £
10,393	Repayments of short- and long-term borrowing	10,394
2,580,433	Other payments for financing activities	-4,933,207
2,590,826	Net cash flows from financing activities	-4,922,813

Notes to the Core Financial Statements

25 MEMBERS' ALLOWANCES

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

	2020/21	2021/22
	£	£
Basic Allowance	147,519	153,200
Special Responsibility Allowances	78,656	79,289
Expenses	725	1,615
	226,900	234,104

26 OFFICERS' EMOLUMENTS

Shown in the tables below are details of those officers where the **salary** element within officer remuneration is greater than £50,000.

Remuneration Disclosure (excluding Pension Contributions)

Post Holder Information	Salary, Fees and Allowances	Benefits in Kind	Total Remuneration excluding Pension Contributions	Salary, Fees and Allowances	Benefits in Kind	Total Remuneration excluding Pension Contributions
	2020/21 £	2020/21 £	2020/21 £	2021/22 £	2021/22 £	2021/22 £
Chief Executive ¹	109,763	6,223	115,986	117,518	5,425	122,943
Director of Community Services	86,526	1,297	87,823	88,220	1,416	89,636
Director of Resources	86,511	6,157	92,668	88,220	6,157	94,377
Director of Economic Development and Planning Services	82,785	14,739	97,524	86,350	10,351	96,701
Head of Financial Services	56,820	8,767	65,587	60,130	8,767	68,897
Head of Planning Services	56,770	7,682	64,452	57,935	8,143	66,078
Head of Legal and Democratic Services ²	43,409	159	43,568	57,273	3,463	60,736
Head of Engineering Services ³	50,501	5,663	56,164	50,231	4,454	54,685
Head of Human Resources ³	49,376	7,933	57,309	50,864	6,128	56,992
Head of Revenues and Benefits ³	49,416	3,212	52,628	51,331	3,212	54,543
Head of Regeneration and Housing ³	49,301	6,907	56,208	50,231	8,818	59,049
Head of Cultural and Leisure Services ³	50,551	7,954	58,505	50,921	6,112	57,033
	771,729	76,693	848,422	809,224	72,446	881,670

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 20 21/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

² The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

³ Disclosure requirements for these staff were only met in the 2021/22 financial year. Details for 2020/21 shown for comparison purposes only.

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

In both financial years there were no employees with a salary of more than £150,000.

Notes to the Core Financial Statements

Where an employee is a member of the Local Government Pension Scheme a contribution is made by the council to the pension scheme in addition to the employee's own contribution. The employee's contributions for all staff are made on a sliding scale dependent upon salary level as shown in the table below.

The table below shows the contribution rates that applied in the 2020/21 and 2021/22 financial years. The band that an employee falls within is determined by reference to the actual pensionable pay received, not the full time equivalent rate of pay.

Salary Banding 2020/21	Salary Banding 2021/22	Employee Contribution Rate
£0 - £14,600	£0 - £14,600	5.50%
£14,601 - £22,800	£14,601 - £22,900	5.80%
£22,801 - £37,100	£22,901 - £37,200	6.50%
£37,101 - £46,900	£37,201 - £47,100	6.80%
£46,901 - £65,600	£47,101 - £65,900	8.50%
£65,601 - £93,000	£65,901 - £93,400	9.90%
£93,001 - £109,500	£93,401 - £110,000	10.50%
£109,501 - £164,200	£110,001 - £165,000	11.40%
> £164,201	> £165,000	12.50%

For 2020/21 and 2021/22 the rate of employer contributions being 17.1%.

The table below sets out the remuneration disclosures for Senior Officers whose **salary** is less than £150,000 but equal to or more than £50,000 per year, together with the council's pension contributions. The pension contributions shown exclude those which were made by the employee and are based on the Percentage Contribution Rate shown above.

Remuneration Disclosure (including Pension Contributions)

Post Holder Information	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	2020/21 £	2020/21 £	2020/21 £	2021/22 £	2021/22 £	2021/22 £
Chief Executive ¹	115,986	18,674	134,660	122,943	19,442	142,385
Director of Community Services	87,823	14,704	102,527	89,636	14,924	104,560
Director of Resources	92,668	14,704	107,372	94,377	14,924	109,301
Director of Economic Development and Planning Services	97,524	14,072	111,596	96,701	14,608	111,309
Head of Financial Services	65,587	9,623	75,210	68,897	10,127	79,024
Head of Planning Services	64,452	9,623	74,075	66,078	9,751	75,829
Head of Legal and Democratic Services ²	43,568	7,350	50,918	60,736	9,640	70,376
Head of Engineering Services ³	56,164	8,548	64,712	54,685	8,454	63,139
Head of Human Resources ³	57,309	8,356	65,665	56,992	8,563	65,555
Head of Revenues and Benefits ³	52,628	8,356	60,984	54,543	8,643	63,186
Head of Regeneration and Housing ³	56,208	8,356	64,564	59,049	8,454	67,503
Head of Cultural and Leisure Services ³	58,505	8,548	67,053	57,033	8,572	65,605
	848,422	130,914	979,336	881,670	136,102	1,017,772

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2021/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

² The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

³ Disclosure requirements for these staff were only met in the 2021/22 financial year. Details for 2020/21 shown for comparison purposes only.

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

Notes to the Core Financial Statements

The Council's employees receiving more than £50,000 **remuneration** for the year (excluding employer's pension contributions) were paid the following amounts. This table includes those officers listed in the previous tables, which showed officers where their **salary element** was more than £50,000:

	2020/21	2021/22
£50,000 - £54,999	**2	2
£55,000 - £59,999	4	3
£60,000 - £64,999	1	1
£65,000 - £69,999	1	2
£70,000 - £74,999		
£75,000 - £79,999		
£80,000 - £84,999		
£85,000 - £89,999	1	1
£90,000 - £94,999	1	1
£95,000 - £99,999	1	1
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999	*1	
£120,000 - £124,999		*1
£125,000 - £129,999		

* The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 20 21/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

** The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

There were no redundancy payments made in 2021/22 or 2020/21.

27 EXTERNAL AUDIT COSTS

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

	2020/21 £	2021/22 £
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2019/20	5,566	
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2020/21	52,606	
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2021/22		53,432
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2020/21 but relating to the 2019/20 financial year claims</i>	16,000	
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2021/22 but relating to the 2020/21 financial year claims</i>	19,200	
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2022/23 but relating to the 2021/22 financial year claims</i>		22,540
Public Sector Audit Appointments (PSAA) Rebate		-6,110
Total	93,372	69,862

28 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22 and 2020/21:

	2020/21 £	2021/22 £
<i>Credited to Taxation and Non Specific Grant Income</i>		
New Homes Bonus	-1,770,952	-1,515,848
Business Rates S31 Grant	-3,930,502	-2,906,362
Tax Income Guarantee Section 31 Funding - Business Rates	-119,388	0
Rural Services Delivery Grant	-107,921	-113,250
Lower Tier Services Grant		-57,696
Local Council Tax Support Additional Funding		-40,062
Covid-19 Emergency Local Authority Support Grant	-779,419	-242,180
Total Credited to Taxation and Non Specific Grant Income	-6,708,182	-4,875,398

Notes to the Core Financial Statements

	2020/21 £	2021/22 £
Credited to Services		
<i><u>Grants Received for Capital Purposes</u></i>		
Disabled Facilities Grant - Main Funding	-393,008	-393,008
Funding from Onward Homes towards Disabled Facilities Grant	-45,997	-47,377
Total Grants Received for Capital Purposes	-439,005	-440,385
<i><u>Grants Received for Revenue Purposes</u></i>		
Business Rates Administration	-90,775	-92,240
DWP - Rent Allowance and Rent Rebate Subsidy	-5,542,965	-5,246,147
DWP and MHCLG Local Council Tax Support and Housing Benefit Administration Grant	-110,728	-110,157
DWP LA Data Sharing IT Costs Funding	-8,897	-11,883
DWP - Discretionary Housing Payments Fund	-63,325	-51,425
LCC Weight Management Funding	-18,506	-28,996
East Lancashire CCG Cardiac Rehab Service	-11,000	-11,617
Sports England - Together an active future funding	-42,081	-64,608
MHCLG - Flexible Homelessness Support Grant	-40,000	
DWP - Universal Credit Service Funding	-2,882	
LCC - Recycling District Grant Fund	-13,000	
MHCLG - Flood Grant in respect of Council Tax Relief	-34,716	
MHCLG - Homelessness Reduction	-13,393	
Restoring Your Railways Ideas Fund	-50,000	
Community Rail Development Fund	-20,000	
Ribble Valley Community Safety Partnership		-17,198
MHCLG – Homelessness Prevention Grant		-67,912
DLUHC – Redmond Review Implementation		-15,958
DEFRA – Biodiversity Net Gain		-10,047
MHCLG – Domestic Abuse Support to Victims		-33,351
DWP – Kickstart Scheme		-13,108
MHCLG – Accommodation for Ex-Offenders		-10,000
DLUHC – HPG Winter 21 Rent Arrears		-14,240
<i><u>Covid-19 Grant Funding (for distribution)</u></i>		
Covid-19 Self-isolation Payments Funding (discretionary)	-31,250	24,750
MHCLG - Local Restrictions Support Grant	-1,437,526	-1,628,779
BEIS Business Support Grant (COVID19)	-867,000	
Sport England - National Leisure Recovery Fund	-83,434	
LCC – Household Support Fund Grant to Distribute		-70,855
<i><u>Covid-19 Grant Funding (service specific)</u></i>		
ERDF paid via DLUHC - Reopening High Streets Safely Fund	-25,458	-45,912

	2020/21 £	2021/22 £
Covid-19 Self-isolation Payments Funding Admin	-23,403	-29,406
MHCLG - Covid-19 Income Compensation Scheme	-579,699	-36,879
DHSC - S31 Contain Outbreak Management Fund	-296,283	-372,226
LCC - Covid-19 Test and Trace Support	-40,818	-54,107
MHCLG - Council Tax Hardship Fund (COVID19)	-222,053	
MHCLG - S31 Grant RHLG & Small Business Grnt Admin	-130,000	
MHCLG - Covid-19 LA Compliance and Enforcement	-21,956	
MHCLG - S31 New Burdens Funding (LADGF)	-58,500	
MHCLG - S31 LRSG CSP CB Lockdown Aug 20 - Mar 21	-166,800	
MHCLG LCC- Clinically Extremely Vulnerable Funding	-141,777	
LCC - Practical Support for Self-Isolation	-13,772	
MHCLG - Implementing Business rates reduction measures and council tax hardship fund	-18,908	
Cabinet Office – Local Elections Funding		-20,806
BEIS – Omicron Hospitality and Leisure Grant and the Additional Restrictions Grant		-39,080
BEIS – New Burdens 4 Restart and Additional Restrictions		-73,000
BEIS – New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Other Grants	-69,638	-72,458
Total Grants Received for Revenue Purposes	-10,290,543	-8,236,245
Total Credited to Services	-10,729,548	-8,676,630

Where the Council receives grants, contributions and donations which have conditions attached to them that will require the monies or property to be returned to the giver, such grants, contributions and donations are not recognised as income in the Comprehensive Income and Expenditure Statement.

There have been a number of grants included above which relate to funds that this Council has received in respect of Covid-19, where it acts in its capacity as Principal, having an element of discretion over how such funds are distributed and the granting policies that are to be followed.

There have been other substantial Covid-19 grants received and distributed to businesses in the 2020/21 and 2021/22 financial years, where this council has acted as Agent, with no discretion over how such funds are to be distributed. In line with accounting requirements, these are not included within the transactions for this council's Statement of Accounts and likewise are not included above as grants received. Such grants are only included as a net position at year end on this Council's Balance Sheet as either Short Term Debtors or Short Term Creditors, depending on the net position of each grant funding stream at 31 March.

Notes to the Core Financial Statements

29 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 operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. In this context, related parties include:

- Central Government
- Elected Members of the Council (including any organisation over which they or their close family may exert control or influence)
- Senior Officers of the Council (including any organisation over which they or their close family may exert control or influence)
- Other Public Bodies
- Entities controlled or significantly influenced by the Council.

Central Government

Central Government has effective control over the general operation of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 28 on grant income.

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown at Note 25.

Each year, Members declare interests by completing a 'Disclosable Pecuniary Interests' form (these are available for public inspection at the Council Offices, Clitheroe, and on the Council's website) and a 'Close Family Relationships Declaration of Interests' form.

In 2021/22 the Council paid out Covid-19 support grants to the following two organisations where members had declared an interest:

Organisation	Covid-19 Grant Support Received £	Number of Elected Members Declaring an Interest on 'Disclosable Pecuniary Interests' form
Chipping and District Memorial Hall Charity	12,000	1
Vareys of Clitheroe (Ken Vareys Ltd)	15,643	1

In 2020/21 the Council paid out Covid-19 support grants to the following six organisations where members had declared an interest:

Organisation	Covid-19 Grant Support Received £	Number of Elected Members Declaring an Interest on 'Disclosable Pecuniary Interests' form
Chipping and District Memorial Hall Charity	39,500	1
Ribble Valley Citizen's Advice	10,000	2
Clitheroe Town Council	10,000	6
Farmplus Constructions Ltd	10,000	1
Longridge Town Council	10,000	2
Ribble Valley Crossroads Care	5,000	1

In both 2020/21 and 2021/22, the members declaring an interest in the organisations receiving the grants had no involvement in assessing and approving the Covid-19 grant claims paid by the Council, but the payments are disclosed here for completeness.

Aside from Covid-19 grant payments, in the 2021/22 financial year the Council made a grant award to an organisation where the award was financially significant to that organisation and two members had declared an interest. This was in respect of a grant for £52,500 awarded to Ribble Valley Citizens Advice Bureau to cover core running costs. The members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

In the 2020/21 financial year Ribble Valley Citizens Advice Bureau had also received a grant of £52,500 from the Council, which was financially significant to that organisation, and two members had declared an interest. The members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

A number of members represent the views of the Council on various external bodies and organisations. Consequently, they have no personal controlling interests in those organisations. Please see 'Entities Controlled or Significantly Influenced by the Council' below.

Senior Officers

Senior officers (Directors and Heads of Service) may exert influence or control over the Council's financial and operating policies. Each year, senior officers declare interests by completing a 'Register of Officer Interests' form.

In the 2021/22 financial year there were no material transactions between the Council and organisations where senior officers had declared an interest, from the point of view of the Council.

Notes to the Core Financial Statements

In the 2020/21 financial year the Council paid out Covid-19 support grants to many different organisations in Ribble Valley, as referred to above. As part of this, the Council paid out Covid-19 support grants of £43,150 to Whalley Golf Club Ltd. One senior officer had declared an interest in that organisation. The senior officer declaring an interest in that organisation had no involvement in assessing and approving the Covid-19 grant claims paid by the Council, but the payment is disclosed here for completeness.

Aside from Covid-19 grant payments, in 2020/21 there were no other material transactions between the Council and organisations where senior officers had declared an interest, from the point of view of the Council.

Other Public Bodies

The main transactions that have taken place with other public bodies are:

- Payment of precepts to Lancashire County Council, the Police and Crime Commissioner for Lancashire, Lancashire Fire and Rescue Service and Precepting Parish and Town Councils – see Collection Fund page 139.
- Other standard business transactions between the Council and Lancashire County Council, such as superannuation payments to Lancashire Pension Fund - see Note 32.
- The Lancashire Business Rates Pool was operational during 2020/21 and 2021/22. Full details of the operation of the business rates pool and the role of this Council are included under Note 11.

The Council and other public bodies operate under the common control and law of UK Central Government, and do not exert influence or control over each other.

Entities Controlled or Significantly Influenced by the Council

The Council does not have any associated companies or joint venture partners.

A number of members represent the views of the Council on a number of external bodies and organisations:

- Children's Trust
- Lancashire Waste Partnership
- Langho Football Club
- Longridge Social Enterprise Company Limited
- Ribble Valley Sports and Recreation (Roefield Leisure Centre)
- Salesbury and Copster Green Commons Management Committee
- Carers Link
- Mersey Care NHS Foundation Trust
- Environment Agency Liaison Committee
- Hanson Cement Liaison Committee
- East Lancashire Health and Wellbeing Partnership

- Pendle Club, Clitheroe
- Tarmac Liaison Committee
- North West Employers' Organisation
- Forest of Bowland (Area of Outstanding Natural Beauty) Advisory Committee
- Rural Services Network
- Armed Forces Champion
- Clitheroe Royal Grammar School Foundation Trust
- Citizen's Advice Bureau
- Hyndburn and Ribble Valley Council for Voluntary Services
- Local Government Association General Assembly
- Police and Crime Panel
- Ribble Valley Community Safety Partnership
- Whalley Educational Foundation Trust.

The Council can exert some influence on these organisations but cannot determine the outcome of decisions made by these organisations. Consequently, the Council has no controlling interest over these organisations.

In 2022/23, the Council is undertaking a review of Council representatives on outside bodies. This may result in a lower number of Council representatives on outside bodies in future years.

Notes to the Core Financial Statements

30 CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2020/21 £	2021/22 £
<i>Opening Capital Financing Requirement</i>	3,355,600	3,248,269
<i>Capital Investment</i>		
Property, Plant and Equipment	733,316	515,383
Revenue Expenditure Funded from Capital Under Statute	462,925	377,938
<i>Sources of Finance:</i>		
Grants and Other Contributions	-246,121	-362,038
Usable Capital Receipts	-6,250	-74,854
Sums set aside from revenue:		
- Revenue Contributions	-935,705	-456,429
- Minimum Revenue Provision	-115,496	-107,237
Closing Capital Financing Requirement	3,248,269	3,141,032
<i>Explanation of Movements in Year</i>		
Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	-107,331	-107,237
Decrease in Capital Financing Requirement	-107,331	-107,237

31 LEASES***Operating Leases with the Council as Lessee***

The council holds a number of vehicles, land and buildings on operating leases. The future minimum lease payments due are:

	31 March 2021 £	31 March 2022 £
Not later than one year	111,878	99,731
Later than one year and not later than five years	119,835	101,359
Later than five years	389,510	382,866
	621,223	583,956

In 2021/22 expenditure charged to the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £120,100 (£116,114 in 2020/21).

Operating Leases with the Council as Lessor

The council leases out land and property under operating leases for services such as sports and leisure, economic development, commercial use and affordable housing.

The future minimum lease payments receivable are:

	31 March 2021 £	31 March 2022 £
Not later than one year	-103,929	-95,598
Later than one year and not later than five years	-285,353	-215,156
Later than five years	-468,136	-421,841
	-857,418	-732,595

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

In 2021/22 income included under the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £99,356 (£98,973 in 2020/21).

32 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme. The scheme is administered by Lancashire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Lancashire County Pension Fund is a multi-employer arrangement, under which each employer is responsible for the pension cost, liabilities and funding risks relating to its own employees and former employees. Each employer's contributions to the Fund are calculated in accordance with the LGPS Regulations, which require an actuarial valuation to be carried out every three years.

Notes to the Core Financial Statements

Transactions relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves statement during the year:

	Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
<i>Comprehensive Income and Expenditure Statement</i>		
Cost of Services		
- current service costs	1,605	2,058
- past service costs		
Other Operating Expenditure		
- administration expenses	30	31
Financing and Investment Income and Expenditure		
- net interest expense	347	431
Total Post employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,982	2,520
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising		
- return on plan assets (excluding the amount included in the net interest expenses)	-4,510	-7,102
- actuarial gains and losses arising on changes in financial assumptions	10,866	
- actuarial gains and losses arising on changes in experience	-1,333	198
- actuarial gains and losses arising on changes in demographic assumptions		-619
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	5,023	-7,523
<i>Movement in Reserves Statement</i>		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-1,048	-1,553
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers' contributions payable to the scheme	934	967

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2022 is a gain of £7,523,000 (31 March 2021 loss of £5,023,000).

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of defined benefit plans is as follows:

Local Government Pension Scheme	2020/21	2021/22
	£'000	£'000
Present value of the defined benefit obligation	79,476	81,368
Fair value of plan assets	-58,434	-66,296
Net liability arising from defined benefit obligation	21,042	15,072

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

Local Government Pension Scheme	2020/21	2021/22
	£'000	£'000
Opening fair value of scheme assets	53,323	58,434
Interest Income	1,272	1,223
Remeasurements gain/(loss):		
- the return on plan assets, excluding the amount included in the net interest expense	4,510	7,102
Administration Expenses	-30	-31
Contributions from employer	934	967
Contributions from employees into the scheme	326	339
Benefits/transfers paid	-1,901	-1,738
Closing fair value of scheme assets	58,434	66,296

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

Local Government Pension Scheme	2020/21	2021/22
	£'000	£'000
Opening balance at 1 April	68,294	79,476
Current service cost	1,605	2,058
Interest cost	1,619	1,654
Contributions from scheme participants	326	339
Remeasurement (gains) and losses:		
- Experience loss	-1,333	198
- Actuarial (gains)/losses arising from changes in financial assumptions	10,866	
- Actuarial gains arising from changes in demographic assumptions		-619
Benefits/transfers paid	-1,901	-1,738
Closing balance at 31 March	79,476	81,368

Notes to the Core Financial Statements

Local Government Pension Scheme Assets Comprised:

Local Government Pension Scheme Fair value of scheme assets	Quoted Y/N	31 March 2021 £'000	31 March 2022 £'000
<i>Equities</i>			
- Financials	Y	0	79
Subtotal Equities		0	79
<i>Cash</i>			
- Cash accounts	N	1,443	1,839
- Net Current Assets/(Liabilities)	N	-152	-171
Subtotal Cash		1,291	1,668
<i>Bonds</i>			
- UK corporate	Y	0	272
- Overseas corporate	N	0	245
Subtotal Bonds		0	517
<i>Property</i>			
- Offices	N	26	31
- Industrial/warehouse	N	487	494
- Shops	N	57	59
- Multi let commercial building	N	431	475
Subtotal Property		1,001	1,059
<i>Alternatives</i>			
- UK private equity	N	0	1,466
- Overseas private equity	N	4,688	3,997
- Infrastructure	N	7,008	7,552
- Credit funds	N	7,811	8,873
- Pooled fixed income	N	1,948	2,883
- Indirect property funds	N	7,321	5,781
- UK Pooled Equity Funds	N	598	624
- Overseas pooled equity funds	N	26,769	31,797
Subtotal Alternatives		56,143	62,973
Total		58,435	66,296

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	2020/21	2021/22
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	22.4 years	22.3 years
Women	25.1 years	25.0 years
Longevity at 65 for future pensioners:		
Men	23.9 years	23.7 years
Women	26.9 years	26.8 years
Rate of Consumer Price Index (CPI) Inflation	2.7%	3.4%
Rate of increase in salaries	4.2%	4.9%
Rate of increase in pensions	2.8%	3.5%
Rate for discounting scheme liabilities	2.1%	2.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Local Government Pension Scheme	Increase in Assumption
Impact on the Defined Benefit Obligation in the Scheme	£'000
Longevity (1 year increase in life expectancy)	2,427
Rate of inflation (+0.1% per annum)	1,111
Rate of increase in salaries (+0.1% per annum)	139
Rate of discounting scheme liabilities (+0.1% per annum)	-1,295
Change in 2020/21 Investment Returns (+1%)	-661
Change in 2020/21 Investment Returns (-1%)	661

Notes to the Core Financial Statements

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible.

An actuarial valuation of the Lancashire County Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023. On the basis of the assumptions adopted, the Fund's assets of £8,410m represented 100% of the Fund's past service liabilities of £8,398m (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £12 million.

The valuation also showed that a Primary contribution rate of 17.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is usually appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

It is projected that the council will pay £966,000 in employer contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 16 years based on later of 31 March 2019 and admission date.

Scheme History

Local Government Pension Scheme	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	63,426	68,377	68,294	79,476	81,368
Fair Value of Assets	-48,023	-52,964	-53,323	-58,434	-66,296
Deficit in the scheme	15,403	15,413	14,971	21,042	15,072

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £15.072m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

The main reasons for the above movements have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.

- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in liabilities

Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

The Pension deficit has fluctuated quite widely over the past few years and the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.

33 CONTINGENT LIABILITIES

Housing Stock Transfer Warranties

Collateral warranty by the Council in favour of Security Trustee (Prudential Trustee Company Ltd)

The Council has given a number of warranties for up to 30 years from 1 April 2008 in respect of title, encumbrances, planning matters, statutory obligations, adverse orders, leases, tenancies and information and statistics supplied.

In addition the following specific warranties have been given:

- Unlimited warranty for up to 30 years from 1 April 2008 in respect of environmental pollution.
- Unlimited warranty for up to 30 years from 1 April 2008 in respect of claims relating to asbestos pollution, except that this shall not apply in respect of the first £381,000 of costs and expenses incurred in aggregate by the Trustees and Ribble Valley Homes in relation to works.

Warranties by the Council in favour of Ribble Valley Homes

The Council has given a number of warranties for up to 22 years from 1 April 2008 in respect of title, encumbrances, planning matters, statutory obligations, adverse orders, leases, tenancies and information and statistics supplied.

In addition the following specific warranties have been given:

- Warranty not exceeding £27m for up to 25 years from 1 April 2008 in respect of environmental pollution.
- Unlimited warranty for up to 15 years from 1 April 2008 in respect of claims relating to asbestos pollution, except in respect of the first £381,000 of costs and expenses in aggregate incurred in relation to the removal and treatment works.
- Unlimited warranty for an unlimited period in respect of claims relating to exposure to asbestos.
- Unlimited warranty for an unlimited period in respect of vires claims.

Notes to the Core Financial Statements

- Warranty for any losses arising as a result of incorrect application of the 2012 rent convergence.

34 CONTINGENT ASSETS

VAT Sharing Arrangement

As part of the Voluntary Stock Transfer an agreement has been reached with Ribble Valley Homes Ltd to share the Value Added Tax that they can claim from HM Revenue and Customs. This arrangement is unique to Councils and Registered Social Landlords upon transfer. The agreement was planned to run for 15 years, starting in 2008/09 and will end on 31 March 2023. The Council's share of total reclaimable VAT received each year will depend on the actual amount of qualifying capital expenditure incurred by Ribble Valley Homes Ltd each year.

35 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit Risk – the possibility that 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.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out within the Council's Financial Services team, under policies approved by the Council in the annual treasury management strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Overall Procedures for Managing Risk

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;

- Its maximum annual exposures to investments maturing beyond a year.
- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

The Prudential Indicators are required to be reported and approved at or before the Council's annual Council Tax setting meeting in early March. These items are also 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 quarterly to Members.

Treasury Management activity is monitored by the Financial Services team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria as detailed in the Council's treasury management practices. The Council maintains strict credit criteria for investment counterparties and monitors activity against these criteria. As a result of this high credit criteria there has been no experience of defaults.

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

- Investments to Building Societies limited to top 8 based on total assets (provided they are included in Fitch Ratings).
- Institutions must have a short term Fitch IBCA rating of F2 or above
- Institutions are UK based

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its sundry debtors. The sundry debtors outstanding which are past their due date for payment at 31 March 2021 can be analysed by age as shown in the table below. Note 16 to the accounts shows a total provision for the impairment of debts of £402,748 of which £18,738 relates to sundry debts (or £145,058 when including impairment for total Housing Benefit recovery impairment). The balance of £257,690 is in respect of this Council's share of the Council Tax and Business Rates impairment of debts.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies at the 31 March was nil, based on past and current experience. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2022 that this was likely.

Notes to the Core Financial Statements

The following analysis summarises the council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. Shown in the table is a provision for 'bad and doubtful debts' which the council is confident is more than adequate to cover for future losses due to default.

	Amount at 31 March 2022	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default and uncollectability at 31 March 2022	Estimated maximum exposure at 31 March 2021
	£ A	% B	% C	£ (A x C)	£
Deposits with banks and building societies	21,000,000	0.00%	0.00%	0	0
Customers (Sundry Debt including overpaid Housing Benefits recovered from ongoing benefit)	1,259,096	0.14%	11.52%	145,058	167,860

The council expects settlement terms from debtors of no greater than 14 days. On this basis £416,662 of the sundry debtor balance as at 31 March 2022 is past its due date for payment (£613,694 at 31 March 2021); However, a proportion of this is being paid on an agreed alternative payment plan. The full sundry debtor balance due but not impaired can be analysed by age as follows:

Aged Sundry Debt	As at 31 March 2021 £'000	As at 31 March 2022 £'000
Less than 30 days	75	780
30 days to 59 days	29	29
60 days to 89 days	8	0
90 days to 119 days	10	4
120 days +	529	368
	651	1,181

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has ready access to borrowings from the money markets, the Public Works Loans Board and through the UK Municipal Bonds Agency plc (Local Capital Finance Company). There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures, such as the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, as well as through cash flow management procedures required by the Code of Practice.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategy addresses the main risks and the Financial Services team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

Financial Liabilities by Maturity Risk	31 March 2021	31 March 2022
	£'000	£'000
Less than one year	10	10
Between 1 and 2 years	10	10
Between 2 and 5 years	30	30
Between 5 and 10 years	50	50
More than 10 years	15	5
	115	105

Market Risk**Interest Rate Risk**

The Council has limited exposure to interest rate movements on its borrowings and investments, particularly as its long term borrowing is on fixed rates.

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. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

Notes to the Core Financial Statements

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Financial Services team monitors market and forecast interest rates within the year to adjust exposures appropriately.

If all lending interest rates had been 1% higher with all other variables held constant the financial effect would impact on the interest receivable on variable rate investments by approximately an additional £223,610. All other interest payable and receivable are fixed.

Price risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

Foreign exchange risk

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

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

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

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Ribble Valley Borough Council, the Council Tax precepting bodies are Lancashire County Council, Police and Crime Commissioner (PCC) for Lancashire and Lancashire Combined Fire Authority.

In 2013/14, the local government finance regime was revised with the introduction of the Business Rates Retention Scheme (BRRS). The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Forecast surpluses declared earlier in the calendar year by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

STATEMENT OF ACCOUNTS 2021/22

Collection Fund

2020/21 Total £'000	2021/22 Council Tax £'000	2021/22 Business Rates £'000	2021/22 Total £'000	Notes
<i>Income</i>				
44,446	47,503		47,503	
35			0	
8	11		11	
226			0	
8,757		11,971	11,971	1
13			0	
Share of Estimated Deficit:				
0		3,346	3,346	
0		620	620	
0		2,726	2,726	
0		68	68	
53,485	47,514	18,731	66,245	
<i>Expenditure</i>				
Precepts and Demands:				
33,080	34,959		34,959	3
4,185	4,241		4,241	
4,995	5,436		5,436	
1,674	1,735		1,735	
Business Rates				
7,641		7,557	7,557	
1,375		1,361	1,361	
6,113		6,046	6,046	
153		151	151	
Share of Estimated Surplus:				
118			0	
727	198		198	
335	25		25	
41	10		10	
97	30		30	
3	4		4	
	3		3	
		12	12	
91		92	92	
94		97	97	
362	52	-50	2	4
123		123	123	
1070		176	176	5
62,277	46,693	15,565	62,258	
-8,792	821	3,166	3,987	
1,103	546	-8,235	-7,689	
-7,689	1,367	-5,069	-3,702	
<i>Allocated to</i>				
-4,083		-2,534	-2,534	6
-342	1031	-456	575	
-3,265	125	-2,028	-1,903	
63	160		160	
-62	51	-51	0	
-7,689	1367	-5,069	-3,702	

1 BUSINESS RATES

In 2013/14, the administration of Business Rates changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectable rates due.

In 2016/17, 2017/18 and 2018/19 this Council was a member of the Lancashire Business Rates Pool. In a Business Rate Pool, tariffs, top-ups, levies and safety nets are combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The business rates income allocations in 2020/21 and 2021/22 are shown in the table below:

Lancashire Business Rates Pool - Income Allocations for 2020/21 and 2021/22	
District Authorities	40%
Lancashire County Council	9%
Lancashire Combined Fire Authority	1%
	50%
Central Government	50%
Total	100%

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £7.557m to Central Government, £1.361m to Lancashire County Council, £0.151m to Lancashire Combined Fire Authority and £6.046m to Ribble Valley Borough Council. These sums have been paid in 2021/22 and charged to the collection fund in year.

When the business rates retention scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Ribble Valley Borough Council paid a tariff of £4.311m from the general fund.

The total income from business rate payers collected in 2021/22 was £11.971m (£8.757m in 2020/21). The substantial difference in the amounts received in 2021/22 and 2020/21 compared to previous years (i.e. 2019/20 was £15.632m) is due to the reliefs that were given by the Government to businesses due to Covid-19, notably the retail discount and nursery discounts. This council and other precepting bodies under business rates were compensated for the resulting lost income through Section 31 grants, but this is received under the General Fund rather than the Collection Fund.

Collection Fund

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and hence business rates outstanding as at 31 March 2022. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision at 31 March 2022 has been calculated at £2.308m (31 March 2021 £2.132m)

The total non-domestic rateable value at 31 March 2022 was £39,212,942 compared to £39,242,942 at 31 March 2021 based on the 2010 listing. The non-domestic rateable value at 31 March 2022 on the 2017 listing was £43,434,845 compared to £43,081,355 at 31 March 2021.

The national non-domestic multiplier (rate in the pound) for the year 2021/22 was 51.2 pence, the same as in the 2020/21 financial year.

The income collectable from business ratepayers differs from the yield; based on the total rateable value due to the award of transitional adjustments, empty property relief and mandatory relief.

2 COUNCIL TAX BASE

The gross amount of council tax payable for a property is determined by reference to a band that is allocated to the property by the Listing Officer who is an official of the Inland Revenue. There are eight property bands, A to H, each of which attracts a different level of council tax based upon the charge at band D.

In 2021/22 the Council set a band D council tax of £1,910.60 which was calculated by dividing the aggregate of the Council's expenditure to be met from the council tax and the Lancashire County Council, Police and Crime Commissioner (PCC) for Lancashire and Lancashire Combined Fire Authority precept by the council tax base. The council tax base is the number of band D equivalent properties in the Council's area and it represents the amount of income that would be raised from a council tax levy of £1.00 at band D level. The council tax base has been calculated as follows:

Band	Ratio to Band D	Total No of Properties	Total Equivalent No After Discounts	Band D Equivalents
A (entitled to disabled relief)	5/9	13	11.8	6.5
A	6/9	3,661	3,036.4	2,024.3
B	7/9	5,229	4,591.4	3,571.1
C	8/9	5,245	4,719.2	4,194.8
D	1	4,728	4,354.0	4,354.0
E	11/9	3,892	3,654.7	4,466.9
F	13/9	2,391	2,266.8	3,274.3
G	15/9	1,928	1,837.0	3,061.7
H	18/9	204	194.4	388.7
Totals		27,291	24,665.7	25,342.3
			Adjustments	-1,153.9
			Adjustment for Collection Rate	-181.4
			Council Tax Base	24,007

Collection Fund

3 BAND D COUNCIL TAX

The band D council tax set by the Council has been calculated as follows:

	2020/21 £	2021/22 £
Lancashire County Council Precept	33,079,759	34,958,753
Police and Crime Commissioner (PCC) for Lancashire Precept	4,995,083	5,436,385
Lancashire Combined Fire Authority Precept	1,673,926	1,734,986
Ribble Valley Borough Council Demand (excluding Parishes)	3,677,865	3,737,650
Total to be Met From Council Tax	43,426,633	45,867,774
Divided by Council Tax Base (Band D Equivalent Dwellings)	23,623	24,007
Band D Council Tax (Average excluding Parishes)	£1,838.32	£1,910.60

4 PROVISION FOR LOSSES

An analysis of the collection fund bad debt provision is set out below:

	Council Tax £	NDR £	Total £
Opening Balance 1 April 2021	870,000	590,000	1,460,000
Write Offs in Year	-32,323	-96,729	-129,052
Increase/(Decrease) to Provision	52,323	-50,271	2,052
Closing Balance 31 March 2022	890,000	443,000	1,333,000

5 PROVISION FOR BUSINESS RATES APPEALS

An analysis of the collection fund provision for appeals is set out below:

	2020/21 £	2021/22 £
Balance at 1 April	1,062,477	2,131,983
Amounts Charged to the Provision	-297,081	-441,625
Change in Provision	1,366,587	617,447
Balance at 31 March	2,131,983	2,307,805

6 PRECEPTS AND DEMANDS ON THE COLLECTION FUND

For both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year must be the accrued income for the year. The table below shows the precept for each major precepting body for the year and the accrued deficit at the 31 March.

2020/21			2021/22	
Precept	Share of 31 March (Deficit) or Surplus		Precept	Share of 31 March (Deficit) or Surplus
£'000	£'000		£'000	£'000
33,080	411	Lancashire County Council	34,959	1,031
4,995	63	Police and Crime Commissioner for Lancashire	5,436	160
1,674	21	Lancashire Combined Fire Authority	1,735	51
4,185	51	Ribble Valley Borough Council	4,241	125
43,934	546	Total	46,371	1,367

The business rates shares as at the 31 March are shown in the table below. As with Council Tax, the income included in the Income and Expenditure Account for the year must be the accrued income for the year.

2020/21			2021/22	
Business Rates Share Paid	Share of 31 March (Deficit) or Surplus		Business Rates Share Paid	Share of 31 March (Deficit) or Surplus
£'000	£'000		£'000	£'000
7,641	-4,083	Central Government	7,557	-2,534
1,375	-753	Lancashire County Council	1,361	-456
153	-83	Lancashire Combined Fire Authority	151	-51
6,113	-3,316	Ribble Valley Borough Council	6,046	-2,028
15,282	-8,235	Total	15,115	-5,069

Collection Fund

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. The total forecast surplus/deficit on the collection fund for council tax and business rates at January 2021 and January 2022 are shown in the table below.

(Deficit) or Surplus Declared January 2021			(Deficit) or Surplus Declared January 2022		
Business Rates £'000	Council Tax £'000	Total £'000	Business Rates £'000	Council Tax £'000	Total £'000
-3,346		-3,346	-2,187		-2,187
-620	197	-423	-394	951	557
	30	30		148	148
-68	10	-58	-44	47	3
-2,726	25	-2,701	-1,749	115	-1,634
-6,760	262	-6,498	-4,374	1,261	-3,113

7 COLLECTION RATES

The Council's collection rates are detailed in the table below:

	2020/21 %	2021/22 %
Council Tax	97.6%	99.0%
Business Rates	95.9%	99.1%

Glossary of Terms

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1st April for local authorities.

Accounting Policies

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

- I. recognising,
- II. selecting measurement bases for, and
- III. presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

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

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Accruals Basis

An accounting concept which requires that income and expenditure are accrued (i.e. recognised as they are earned or incurred, not as they are received or paid). Under this concept therefore, inclusion or exclusion of an item of income or expenditure will depend on the period to which it relates, not the period in which it was received or performed.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- I. events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- II. the actuarial assumptions have changed.

Amortisation

The loss in value of an intangible asset due to its use by the organisation.

Glossary of Terms

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. Grant Thornton is the council's Appointed Auditor

Auditor's Opinion

This is the opinion required by statute from the Council's external auditors, indicating whether the statement of accounts give a true and fair view of the financial position of the Council.

Authorised Limit

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

Balances

The total level of funds the council has accumulated over the years, available to support revenue expenditure within the year (also known as reserves)

Business Rates Retention Scheme (BRRS)

Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their NDR, giving them scope to generate additional growth through collaborative effort and reduce levy payments.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing Costs

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

Capital Grants Unapplied

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This reserve holds the balance of grants unapplied at year-end.

Capital Receipt

Income from the sale of capital assets such as land or buildings.

Carrying Amount

The amount at which an asset is recognised in the balance sheet after deducting accumulated depreciation and accumulated impairment losses.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

Collection Fund

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

Community Assets

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

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability

A contingent liability is either:

- I. a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control, or
- II. a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax Base

The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

Glossary of Terms

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General fund Balances, grants and any funding from reserves.

Creditors

Amounts owed by the Council at 31st March for goods received or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

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.

Debtor

Amounts owed to the Council, which are collectable or outstanding at 31st March.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

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.

Fair Value

The fair value of an asset is the price at which it 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 finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all (normally 90% or more) of the fair value of the leased asset.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Fixed Asset

Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

General Fund

This is the main revenue fund of the council and includes the net cost of all services financed by local taxpayers and Government Grants.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment

A reduction in the value of a fixed asset to a value below its carrying amount on the Balance Sheet.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Asset

This is a non-physical fixed asset. Intangible fixed assets include patents, brands, etc.

Glossary of Terms

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

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Leasing

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Liabilities

Are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority

Medium Term Financial Strategy

This is a financial planning document that sets out the future years financial forecast for the council. It considers local and national policy influences and projects their impact on the general fund revenue account and capital programme. For this council it usually covers the current year and future three years.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to a council's revenue account each year to provide for the repayment of debt, as required by the Local Government and Housing act 1989

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical 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 in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference is made to net funds rather than net debt.

Net Realisable Value

The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Current Assets

Assets that can be expected to be consumed or realised over a period greater than the next accounting period.

Non Domestic Rates (NDR)

With effect from April 1990 all non-domestic properties were revalued and the Government determines a national non-domestic rating multiplier every year which is applicable to all local authorities. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 5 years. The proceeds of the business rates are partly retained by the Council and the balance is redistributed to the Government, Lancashire County Council and Lancashire Combined Fire Authority.

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Past Service Cost

For a defined benefit 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.

Precepts

The amount which local authorities which cannot levy a council tax directly on the public (i.e. County Council, Fire Authority, Police Authority or Parish Council) requires to be collected on its behalf.

Prepayment

The payment of a debt obligation before it is due

Provision

A liability of uncertain timing or amount

Prudence

Accounts should be prepared in accordance with the concept of prudence. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

Glossary of Terms

Public Works Loan Board (PWLB)

A body, now part of the Debt Management Office (a Government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

Related Parties

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

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

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Remuneration

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

Reserves

Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure

Spending on day-to-day items including employees' pay, premises costs and supplies and services.

Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset. The expenditure is charged to the Comprehensive Income and Expenditure Statement

Revenue Support Grant

A grant paid by Central Government, currently paid to every Local Authority to help to finance its expenditure generally and not specific services. It is based on the Government's assessment of how much the Council needs to spend in order to provide a standard level of service.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.

Abbreviations used within the Statement of Accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
DRC	Depreciated Replacement Cost
DVS	District Valuer Services
DWP	Department for Work and Pensions
EUV	Existing Use Value
FRS	Financial Reporting Standard
GAAP	Generally Accepted Accounting Principles
MHCLG	Ministry of Housing, Communities and Local Government
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LASAAC	Local Authority Accounts Advisory Committee
LGPS	Local Government Pension Scheme
NDR	Non-Domestic Rates
PSAA	Public Sector Audit Appointments
PWLB	Public Works Loan Board
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice

Glossary of Terms

SIC	Standing Interpretations Committee
SSAP	Statements of Standard Accounting Practice
TMPs	Treasury Management Practices
UITF	Urgent Issues Task Force
VOA	Valuation Office Agency



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understanding local authority financial statements

2016

\ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

The introduction of the new expenditure and funding analysis

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
Net Cost of Services	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
Surplus or Deficit	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
Closing General Fund and HRA Balance at 31 March 20x1*	(25,203)		

*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
Cost of Services	168,167	(79,902)	88,265
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
(Surplus) or Deficit on Provision of Services			14,588
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
Other Comprehensive Income and Expenditure			(45,142)
Total Comprehensive Income and Expenditure			(30,554)

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
Movement in reserves during 20X0/X1								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
Increase or (decrease) in 20X0/X1	(148)	104	(750)	–	–	(794)	31,348	30,554
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

* Capital Fund Scotland

** Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1	
			£000
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	
Long-term debtors	17	3,798	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term assets		1,670,478	
Short-term investments	17	24,060	
Assets held for sale	22	1,409	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Inventories	18	1,769	
Short-term debtors	20	15,351	
Current assets		42,589	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	
Short-term creditors	23	(21,960)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Current liabilities		(45,227)	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term liabilities		(249,357)	
Net assets		1,418,483	Total assets less total liabilities

\ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

cash flows

The final statement required by the Code is the cash flow statement.¹ The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

¹ Note the format of the cash flow statement shown is produced under the indirect method.

a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?
Balance Sheet	
15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy? (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?
Cash Flow Statement	
23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

The pension deficit is meaningless – why do we have to show it?

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

The accounts are too long!

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

further reading

Financial Statements: A Good Practice Guide for Local Authorities (CIPFA, 2013)

Clear out the Clutter (Public Finance, April 2014)

Simplified Accounts: Small Isn't Always Beautiful (Public Finance, September 2015)

Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA, issued annually)

Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners
(CIPFA, issued annually)



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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 23 NOVEMBER 2022
title: CONSULTATION ON AUDIT APPOINTMENT FROM 2023/24
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

- 1.1 To inform members of the latest stage in the PSAA work on appointing auditors from 2023/24 and to inform members of the response that has been made to the associated consultation, which closed 14 November 2022.
- 1.2 Relevance to the Council's ambitions and priorities:
 - Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.

2 BACKGROUND

- 2.1 The current auditor appointment arrangements cover the period up to and including the audit of the 2022/23 accounts. The Council opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period covering the accounts for 2018/19 to 2022/23. Under this arrangement Grant Thornton were appointed as our external auditors.
- 2.2 All local government bodies have had to make a decision about their external audit arrangements from 2023/24 onwards. They had options to arrange their own procurement and make the appointment themselves or in conjunction with other bodies, or they could join and take advantage of the national collective scheme administered by PSAA.
- 2.3 At your meeting on 2 February 2022 members agreed that the council should join the national collective scheme administered by PSAA.

3 LATEST INFORMATION

- 3.1 The council has since been notified of the outcome of the PSAA procurement, as shown at Annex 1. It has been confirmed that Grant Thornton was successful in winning a contract in the procurement and that it is proposed that they be appointed as the auditor for Ribble Valley Borough Council for five years from 2023/24.
- 3.2 In developing appointment proposals PSAA have considered information provided to them by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:
 - auditor independence;
 - joint/shared working arrangements and information from bodies, where PSAA have prioritised those requests that are most relevant to the auditor's responsibilities;
 - PSAA's commitments to the firms under the audit contracts;
 - bodies' main offices and firms' geographical preferences;
 - the status of prior years' audits; and
 - continuity of auditor where appropriate.

3.3 The council has been required to respond to the proposals by Monday 14 November accepting the appointment, or otherwise explaining why the council think the proposed appointment should not be made.

3.4 PSAA were emailed on 14 November to say that the council were satisfied with the proposed appointment.

4 SCALES FEES FROM 2023/24

4.1 Within the notification about the appointment of Grant Thornton as our auditor from 2023/24, we were also notified that there will be a further consultation about the associated scale fees from 2023/24.

4.2 It was explained that this consultation will be undertaken by 30 November 2023. When this information is known, a report will be brought back to committee for consideration

5 CONCLUSION

5.1 The Council have been notified by PSAA that it is proposed to appoint Grant Thornton as auditor for the five years from 2023/24. The council's acceptance of this proposal has been emailed to PSAA. The deadline for this was 14 November 2022.

5.2 There will be a further consultation on Scale Fees by the end of November 2023.

LAWSON ODDIE
HEAD OF FINANCIAL SERVICES

JANE PEARSON
DIRECTOR OF RESOURCES

AA26-22/LO/AC
14 November 2022

From: Appointing Person 2023 <AP2@psaa.co.uk>

Sent: Monday, October 17, 2022 12:52 pm

Subject: Ribble Valley Borough Council – consultation on auditor appointment from 2023/24

Dear Ms Pearson,

Formal communication to the chief finance officer of Ribble Valley Borough Council consulting on the body's proposed auditor appointment from 2023/24

Background

PSAA is responsible for appointing an auditor to eligible bodies that have chosen to opt into our national auditor appointment arrangements.

About the proposed appointment

Under regulation 13 of the Appointing Persons Regulations we must appoint an external auditor to each opted-in body having consulted on our proposal.

On 3 October 2022 we wrote to inform you of the outcome of our procurement to let audit contracts from 2023/24. **Grant Thornton** was successful in winning a contract in the procurement, and we propose appointing this firm as the auditor of Ribble Valley Borough Council for five years from 2023/24.

Grant Thornton UK is delighted to have been reappointed as the largest supplier of local government audit. The public sector has played a significant role within the firm for over 30 years and we remain committed to the success of the sector. Our UK Public Sector Assurance team employs 440 people, including 29 Key Audit Partners and specialists in financial reporting, audit quality, and Value for Money. The team is dedicated to public audit work in local government and the NHS, with contracts with PSAA, Audit Scotland and over 100 health bodies. The Public Sector Assurance team is a regular commentator on issues facing the sector and oversees the firm's thought leadership, such as its series of publications on grants and public interest reports.

In developing appointment proposals we have considered information provided to us by both opted-in bodies and audit firms, and have had regard to and sought to balance a range of factors including:

- auditor independence, the most critical of all the factors;
- joint/shared working arrangements and information from bodies, where we have prioritised those requests that are most relevant to the auditor's responsibilities;
- our commitments to the firms under the audit contracts;
- bodies' main offices and firms' geographical preferences;
- the status of prior years' audits; and
- continuity of auditor where appropriate.

We have sought to accommodate as many requests as we can but that has not been possible in all cases - another consequence of the current, challenging local audit market.

Further information on the [auditor appointment process](#) is available on our website.

Responding to this consultation

The consultation will close at **midnight on Monday 14 November 2022**. If you are satisfied with the proposed appointment, please confirm this by [email to ap2@psaa.co.uk](mailto:ap2@psaa.co.uk).

Process for objecting to the proposed auditor appointment

If you wish to make representations to us about the proposed auditor appointment, please send them by [email to ap2@psaa.co.uk](mailto:ap2@psaa.co.uk) to arrive by **midnight on Monday 14 November 2022**.

Your email should set out the reasons why you think the proposed appointment should not be made, for example:

1. there is an independence issue in relation to the firm proposed as the auditor, which had not previously been notified to us; or
2. there are formal and joint working arrangements relevant to the auditor's responsibilities which had not previously been notified to us.

We will consider all representations in detail and will respond by Tuesday 22 November 2022. If we accept your representation, we will consult you on an alternative auditor appointment.

Confirmation of Auditor Appointment from 2023/24

Our plan is to write to all bodies to confirm the Board's final decision on the appointment of the auditor on or before 31 December 2022.

Please note: we will assume Ribble Valley Borough Council is satisfied with the proposed appointment if we do not receive a response to this email.

Contract changes from 2023/24

Our contracts for audit services from 2023/24 have several differences to those in place for the audits of 2018/19 to 2022/23. Key changes made in response to client feedback include payment terms linked to delivery stages of an audit and additional contract management measures within those permissible with the local audit context. [Our webinar of 16 March 2022](#) provides more information about the new arrangements.

The new contract also includes new limits on supplier liabilities as follows:

- loss of or damage to property £2,000,000 per claim;
- loss in relation to a failure to perform the services in accordance with the Contract or any other loss caused directly by any act or omission of the supplier £10,000,000 per claim; and
- any loss incurred arising from non-compliance with the Data Protection Legislation £5,000,000 per claim.

If you would like more information about the new liability provisions, please contact us.

Scale fees for 2023/24

We will consult formally on scale fees for 2023/24 in Autumn 2023, and will publish confirmed scale fees for 2023/24 for opted-in bodies on our website by 30 November 2023. As indicated in our recent press release which announced the procurement outcome our advice to bodies is to anticipate an increase of the order of 150% on the total fees for 2022/23 (so a £100k 2022/23 total audit fee (scale fee plus fee variations) could become £250k 2023/24 total audit fee - noting that the actual total fees will depend on the amount of work required).

We issue a [Statement of Responsibilities](#) (SOR) that sets out the responsibilities of both auditors and audited bodies. This document serves as the formal terms of engagement between auditors appointed by us and audited bodies. It summarises where the different responsibilities of auditors and of the audited body begin and end.

Further information

If you have any questions about our consultation process, please email us at ap2@psaa.co.uk.

Yours sincerely
Tony Crawley, Chief Executive, PSAA

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 23 NOVEMBER 2022
title: CIPFA POSITION STATEMENT: AUDIT COMMITTEE CO-OPTED MEMBERS
submitted by: DIRECTOR OF RESOURCES
principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

- 1.1 To provide members with further information relating to the role and function of co-opted members.

2 BACKGROUND

- 2.1 The Internal Audit Manager presented a summary of the Chartered Institute of Public Finance & Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022 to the Committee in September 2022 for review. Several actions were accepted which will enhance the effectiveness of the committee in line with CIPFA expectations
- 2.2 The Committee requested further information in relation to Action 2 (to appoint two co-opted independent members). The purpose of this report is to set out the role and function of co-opted members and their proposed responsibilities in relation to this committee.
- 2.3 CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022 ('the Position Statement') sets out their view of the role and functions of an audit committee. It replaces the previous 2018 Position Statement and includes all principal local authorities in the UK.
- 2.4 The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt and has been prepared in consultation with sector representatives. CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.
- 2.5 The results of the assessment of the current arrangements in place for the Accounts & Audit Committee against the principles and practices were presented to the previous meeting of this committee.
- 2.6 CIPFA outline that "*the Audit Committee should provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre*". Although there is no legislative direction to include co-opted independent members, CIPFA recommends that the Accounts & Audit Committee include at least two co-opted independent members to provide appropriate technical expertise. Further to this, both the Redmond Review 2019 and consultation response from the Audit & Reporting and Governance Authority (ARGA) recommend that such members are appointed to further demonstrate independence.

3 ISSUES

- 3.1 The Accounts & Audit Committee is a key element of the Council's arrangements to support good governance. It provides challenge and focus on the Council's governance, risk management and control frameworks and oversees the financial reporting processes. It also promotes and maintains high standards of ethical behaviour. Co-opted independent

members would assist elected members to observe the Code of Conduct for Members and monitoring the operation of the committee.

- 3.2 The co-option of an independent member to the Committee would help to bring additional knowledge and expertise. The **Co-opted members will not have any voting right**. They would instead be consulted during committee meetings and their views taken into account by voting members of the committee.
- 3.3 If the Council were to move to introduce Independent Members to the Account and Audit Committee then the governance arrangement within the Constitution would need to be reviewed. The following table outlines the purpose of co-opted members, their key responsibilities and commitments.

Purpose of Co-Opted Independent Member
Review the Council's corporate governance arrangements, including its ethical framework, against recognised best practice and consider annual governance reports and assurances.
Consider and make recommendations to the Council regarding changes to the Constitution.
Monitor and comment on the effective development and operation of risk management policies in the Council.
Consider and comment on reports from the External Auditor, including the annual plan and Annual Audit Letter.
Consider and comment on the Annual Internal Audit Plan.
Consider and comment on reports from internal audit reviews undertaken in accordance with the Annual Audit Plan.
Consider any significant issues arising from external or internal audit work.
Consider and comment on the Head of Internal Audit Annual Report and Opinion including a summary of internal audit activity, together with the level of assurance it can give over the Council's governance, risk management and control arrangements.
Monitor and comment on arrangements to protect the Council from fraud and corruption, including the Counter Fraud, Bribery & Corruption Policy and the Whistle Blowing Policy.
Review and approve the Annual Statement of Accounts, including the Annual Governance Statement.

Key Responsibilities and Commitments
The independent members would need to have appropriate skills, experiences and competencies to meet the key responsibilities and commitments below:
Committing to attend and constructively participate in meetings.
Committing to personal development in the role.

Key Responsibilities and Commitments (cont'd)
Committing to attend training sessions in accordance with agreed development.
Conforming to the Nolan principles of public life as set out in the Council's Code of Conduct for members.
Adopting the highest levels of personal integrity, openness and honesty
Thorough preparation for meetings through careful consideration of all agenda reports and documents.
Questioning senior management on issues arising from committee papers with due regard to the role of the committee.
Adopting and demonstrating a politically neutral perspective in questions asked and the general contribution to the work of the committee.
Applying relevant skills and experiences to add value and depth to the work of the committee.
Good advocacy skills: able to present relevant and well-reasoned arguments and provide effective and constructive challenge.
Ability to effectively analyse and interpret complex issues arising from written and verbal reports on finance, audit, risk management and governance matters.
Good understanding of the importance of accountability and probity in public life.
Ability to demonstrate objectivity, integrity and discretion and ability to maintain confidentiality of sensitive information.
Good communication and interpersonal skills; a confident public speaker.
Previous experience of audit committees.
Understanding of local government and the role of officers and members.
The Council's objectives, key activities and the key challenges it faces.
Financial management/ accountancy/ risk management/ governance within the public or private sector.
Understanding of the roles and purpose of Internal and External Audit.

3.4 If members were to agree to the appointment of co-opted independent member(s), the following would also need to be considered:

- Remuneration - whether co-opted independent members would be entitled to an allowance or travelling/ subsistence expenses in undertaking their role.
- Length of contract – to determine the term served.
- Recruitment process – aligned to current Council process.

4 CONCLUSION

4.1 Committee should note the contents of this report.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA29-22/ RP/AC
23 November 2022

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 23 NOVEMBER 2022
title: INTERNAL AUDIT PROGRESS REPORT – NOVEMBER 2022
submitted by: DIRECTOR OF RESOURCES
principal author: INTERNAL AUDIT MANAGER

1 PURPOSE

1.1 The purpose of this report is to provide an update to the Accounts and Audit Committee in respect of progress made in delivery against 2022/23 Internal Audit Plan. It brings to your attention, matters relevant as members of the Committee and provides a summary of internal audit activity which is a requirement of the Public Sector Internal Audit Standards (PSIAS).

1.2 Detailed reports and relevant findings, recommendations and agreed actions have been provided to lead officers within the Council and are available to committee members upon request. This report covers the period September 2022 to October 2022.

1.3 Relevance to the Council's ambitions and priorities:

Corporate priorities – the Council seeks to maintain critical financial management and controls and provide efficient and effective services.

Other considerations – As defined in the Public Sector Internal Audit Standards (PSIAS) and the Accounts & Audit Regulations 2015, the Council “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards”.

2 KEY MESSAGES & ISSUES

2.1 Since the last meeting of the Accounts and Audit Committee, the following area for 2022/23 have been a key focus:

- Amenity Cleansing (Substantial Assurance)

2.2 The following reviews are in progress; the findings of which will be reported as per the suggested delivery:

- Inventory (draft report)
- Civic Suite (draft report)
- Cash & Receipting (draft report)
- Managing Conflicts of Interest (draft briefing note)
- Disabled Facilities Grant (draft report)
- Procurement (draft report)
- Insurance (draft report)
- Cyber Security (fieldwork in progress)

- Corporate Strategy (fieldwork in progress)
 - Section 106 Agreements (fieldwork in progress)
 - Commercial Waste Management (fieldwork in progress)
 - Electoral Registration (fieldwork in progress)
 - Key Financial Controls (planning)
 - Data Protection Impact Assessments (planning)
 - Overtime Payments (planning)
- 2.3 The Council is implementing a programme of improvement with regards to risk management. A baseline assessment has been undertaken by internal audit, the revised Risk Management Policy reviewed and ratified, and a programme of training rolled out across key stakeholders. The Pentana system has now replaced GRACE, with training again being undertaken throughout November to key stakeholders.
- 2.4 Annex A further sets out the overview of delivery for the Internal Audit Plan as agreed by Accounts and Audit Committee; the outputs of which will contribute to the 2022/23 Annual Internal Audit Opinion. If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.
- 2.5 There have been no further proposed changes to the plan.
- 2.6 The Annual Internal Audit Opinion is driven by outputs from the work undertaken. The Internal Audit Team strive to deliver an effective and efficient service which should be underpinned by several key performance indicators. Annex B illustrates performance within the period.
- 2.7 The Quality Assurance & Improvement Programme (QAIP) was presented to Members at the July 2022 meeting, covering all aspects of the internal audit activity. Its intention was to assist in raising standards across the service and ensuring consistency in improvement. This involved an annual self-review of conformance with the Public Sector Internal Audit Standards (PSIAS).
- 2.8 As per the PSAIS requirement, an external assessment was commissioned and is nearing completion. The focus of this assessment was to review the self-assessment undertaken by the Internal Audit Manager and agree/ disagree with the QAIP. The outcomes of the assessment will be shared with this committee once finalised.
- 2.9 There have been no referrals made within the period, and there are no open investigations.

3 LIMITATIONS

- 3.1 The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein.
- 3.2 Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of

fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity.

3.3 Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. Reports are prepared for your sole use and no responsibility is taken by the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – there are no resource implications arising as a result of this report.
- Technical, Environmental and Legal – This report fulfills the statutory requirements placed upon by the council by the Accounts & Audit (England) Regulations 2015 and Public Sector Internal Audit Standards (PSIAS). This report is a key contributor to the Annual Governance Statement, which assesses the effectiveness of the Council's own management of its objectives.
- Political – There are no political implications arising from this report.
- Reputation – There are no reputational implications arising from this report.
- Equality and Diversity – There are no equality or diversity implications arising as a result of this report.

5 CONCLUSION

5.1 The Accounts and Audit Committee is asked to consider the report.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA28-22/RP/AC
23 NOVEMBER 2022

Review	Status	Assurance Level
2021/22 c'fwd reviews (contributing to the 2022/23 Opinion)		
Payroll	Final Report	Substantial Assurance
Inventory	Draft Report	
Housing Benefits	Final Report	High Assurance
Amenity Cleansing	Final Report	Substantial Assurance
Procurement	Draft Report	
Cash & Receipting	Draft Report	
2022/23 reviews		
Chief Executive's		
Civic Centre	Draft Report	
Management of Conflicts of Interest	Draft Briefing Note	
Corporate Strategy	Fieldwork in progress	
Corporate Health & Safety	Q4	
Section 106 Agreements	Fieldwork in progress	
Data Protection Impact Assessments (DPIA)	Planning	
Electoral Registration	Fieldwork in progress	
Land Charges	Q4	
Community Services		
Commercial Waste Management	Fieldwork in progress	
Resources		
Key Financial Controls	Planning	
Housing Benefits	Q4	
Council Tax & NNDR	Q4	
Insurance	Draft Report	
Contain Outbreak Management Fund (COMF)	Final Briefing Note	Conditions met
Test & Trace Support Payments (TTSP)	Final Briefing Note	Conditions met
Disabled Facilities Grant (DFG)	Draft Report	
Overtime Payments	Planning	
Payroll	Q4	
Cyber Security	Fieldwork in progress	
ICT Asset Management	Q4	

Review	Status	Assurance Level
Economic Development & Planning		
Tourism & Events	Q4	
Risk Management, Follow Up & Contingency		
Risk Management	Stage 1: Final Report Stage 2: In progress	Limited Assurance -
Follow Up	Q2 - Completed	N/A
	Q4 - In progress	
Contingency	As required	
Planning & Reporting		
PSIAS self-assessment	Completed	Action Plan in place
Investigations	As required – no referrals in the period.	

Internal Audit - Performance Indicators

ANNEX B

Indicator	Target	Actual
Post Audit Evaluation Questionnaire issued following completion of every audit assignment.	100%	100%
Post Audit Evaluation Questionnaire responses receiving either a good, very good or excellent rating.	100%	N/A**
Recommendations raised and agreed by management (in the period).	100%	100%
Recommendations which are implemented within agreed timescales.*	90%	N/A
Management responses received within 10 workings days of the Draft Report (for reports finalised within the period).	90%	100%
Final Reports issued within 5 working days from receiving management responses (in the period).	90%	100%
Audits completed within budget (in the period).	75%	100%

*follow ups next scheduled to take place in Q4.

**no responses received in the period.

PSIAS Quality Assurance Improvement Plan

ANNEX C

Standard	Conformance		
	Compliant	Partially Compliant	Non-Compliant
1000 – Purpose, Authority and Responsibility	✓		
1100 – Independence and Objectivity	✓		
1200 – Proficiency and Due Professional Care		✓	
1300 – Quality Assurance and Improvement Programme		✓	
2000 – Managing the Internal Audit Activity	✓		
2100 – Nature of Work	✓		
2200 – Engagement Planning	✓		
2300 – Performing the Engagement		✓	
2400 – Communicating Results	✓		
2500 – Monitoring Progress	✓		
2600 – Communicating the Acceptance of risks	✓		

Progress is being made to implement the recommendations raised as part of the self-assessment. The QAIP will continue to be reported until full conformance is achieved. The service is no longer rated as non-compliant with regards to Standard 1300.

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

meeting date: WEDNESDAY 23 NOVEMBER 2022
title: WHISTLEBLOWING POLICY
submitted by: CHIEF EXECUTIVE
principal author: HEAD OF LEGAL AND DEMOCRATIC SERVICES

1 PURPOSE

1.1 To inform Committee of the Council's review of its Whistleblowing Policy 2022.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – An effective whistleblowing policy forms part of the Council's risk management procedures and contributes to the Council objective of being a well-managed Council.
- Corporate Priorities – to seek to continually improve, ensuring that council services are fit for purpose and customer focused.
- Other Considerations – none identified.

2 BACKGROUND

2.1 CIPFA recommend that "leaders in public sector organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management".

2.2 To support this, it is recommended that a counter fraud strategy is required setting out our approach to managing risks and defining responsibilities for action. As a result, the Council has a Counter Fraud, Bribery and Corruption Policy and Whistleblowing Policy.

ISSUES

2.3 As part of the Public Sector Internal Audit Standard (PSIAS) self-assessment undertaken by the Internal audit Manager, it was agreed that the Council update the Whistleblowing Policy to reflect up to date practices. A review has now taken place and the revised policy is enclosed as Appendix 1. The amendments are shown in track changes.

2.4 The amendments are intended to ensure that the Policy reflects best practice, and that there is clear oversight and recording by the Monitoring Officer. This ensures an additional level of oversight to ensure that investigations are undertaken correctly and in a timely way. The policy will be reviewed and approved annually going forward to ensure that it remains current and reflective of any changes to best practice.

2.5 The Monitoring Officer will report to Accounts and Audit Committee, details of any complaints received and the outcomes in accordance with the Council's obligations and best practice.

2.6 On 8 November 2022, Policy and Finance Committee considered, approved and recommended adoption of the revised policy to Council. This will be considered at the next meeting of Council.

3 CONCLUSION

3.1 Committee note the content of this report

MAIR HILL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

MARSHAL SCOTT
CHIEF EXECUTIVE

For further information please ask for Mair Hill, extension 4418

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Ribble Valley
Borough Council

www.ribblevalley.gov.uk

WHISTLEBLOWING POLICY

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1 PREAMBLE/INTRODUCTION

1.1. The council has a whistleblowing policy that provides the facility to come forward and voice serious concerns about aspects of the council's work. This policy also supports the council's Counter Fraud, Bribery and Corruption Policy Statement and Strategy

1.2. You can get advice on how matters of concern can be pursued from the:

- Head of Legal and Democratic Services
- Chief Executive
- Director of Resources
- Internal Audit Manager
- Chair of Accounts and Audit Committee

4.1.1.3. Employees are often the first to realise that there may be something seriously wrong within ~~the a~~ Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. They may also fear harassment or victimisation. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

4.2.1.4. The Council is committed to the highest possible standards of openness, probity and accountability. In line with that ~~commitment~~commitment, we encourage employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns.

4.3.1.5. Although in the large majority of cases staff with concerns should share those concerns with their immediate manager, it is recognised that in certain cases staff will have may wish to proceed on a confidential basis. This policy document makes it clear that staff can do so without fear of reprisals and that the policy shall apply to all employees including those designated as temporary, agency, contractors, suppliers, and casuals.

1.6. This whistleblowing policy is intended to encourage and enable staff and staff of companies or other organisations providing goods and services to the council to raise serious concerns within to the council rather than overlooking a problem or blowing the whistle outside.

4.4.1.7. The Head of Legal and Democratic Services in their capacity as Monitoring Officer has overall responsibility for the maintenance and operation of this policy. They maintain a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.

4.5.1.8. This policy has been discussed with the relevant trade unions ~~and professional organisations~~ and has their support.

2. AIMS AND SCOPE OF THIS POLICY

2.1. This policy aims to:

- provide avenues for you to raise concerns and receive feedback on any action taken;
- allow you to take the matter further if you are dissatisfied with the Council's response; and
- reassure you that you will be protected from a possible detriment if you have a reasonable belief that you have made a qualifying disclosure in the public interest. ~~reprisals or victimisation for whistleblowing in good faith.~~

~~2.2 There are existing procedures in place to enable you to lodge a grievance relating to your own employment. This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures.~~

~~2.32.2~~ That concern may be about something that:

- ~~is unlawful;~~~~or~~
- is unethical conduct
- is against the Council's Standing Orders, Financial Regulations~~Regulations~~, or other policies;~~or~~
- falls below established standards or practice;~~or~~
- amounts to impropriety (for example, where a decision is proposed to be taken on the basis of personal friendship rather than on merit)
- ~~places the health or safety of any person at risk~~ (this may be to the public as well as employees)
- is damage to the environment

~~2.3 For employees of the council there are existing procedures in place to enable you to lodge a grievance relating to your own employment. This Whistleblowing Policy is intended to cover concerns that fall outside the scope of other procedures and is not intended to replace the Council's complaints or grievance procedures.~~

3 SAFEGUARDS

Harassment or victimisation

- 3.1 The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation and will take action to protect you when you raise a concern in good faith.
- 3.2 This does not mean that if you are already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of your whistleblowing.

Confidentiality

- 3.3 The Council will do its best to protect your identity when you raise a concern and do not want your name to be disclosed. It must be appreciated that ~~their an~~ investigation is conducted as a result of whistleblowing, the investigation process may reveal the source of the information and a statement by you may be required as part of the evidence. Your identity would not be disclosed without your consent or unless we are required to do so.

Anonymous Allegations

3.4 This policy encourages you to put your name to your allegation. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the Council.

3.5 In exercising the discretion, the factors to be taken into account would include the:

- seriousness of the issues raised;
- credibility of the concern; and
- likelihood of confirming the allegation from attributable sources.

3.6 Allegations which do not appear to be motivated by personal animosity and which, if true, would have serious implications for the council are more likely to be considered, even though made anonymously.

Unfounded or Untrue Allegations

3.7 If you make an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against you. If, however you make malicious or vexatious allegations, or make allegations for your own personal gain, disciplinary action may be taken against you and you may also leave yourself open to an action for defamation.

Public Interest Disclosure Act

3.8 The Public Interest Disclosure Act 1998 (PIDA) protects whistle-blowers from detrimental treatment by their employer (amending the Employment Rights Act 1996) as a result of making a public interest disclosure.

4 HOW TO RAISE A CONCERN

~~4.1 If you are an employee, as a first step, you should normally raise concerns with your immediate manager or their superior. This depends, however, on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice.~~

~~4.2 For example, if you believe that management is involved, you should approach the Chief Executive, Director of Resources, Head of Legal and Democratic Services (who is the council's "Monitoring Officer") or the Internal Audit Manager, or any Director or a member of the internal audit section.~~

~~4.34.1 Concerns should in general be raised with the Head of Legal and Democratic Services using the details set out below, are better raised in writing, but if you do not feel able to put your concern in writing you may put forward a complaint by telephone or, in person at a meeting, through the Head of Legal and Democratic Services.~~

Head of Legal and Democratic Services (Monitoring Officer)

Ribble Valley Borough Council, Council Offices, Church Walk, Clitheroe, BB7 2RA

Email: whistleblowing@ribblevalley.gov.uk

Telephone: 01200 425111 (Please ask for the Head of Legal and Democratic Services)

~~4.2 Where it is thought not to be appropriate to raise the concern with the Head of Legal and Democratic Services, a complaint may be raised with the Chief Executive, or any Director. Their contact details are as follows:~~

4.3 Chief Executive (Head of Paid Service) – [insert]

4.4 Director of Resources (Section 151 Officer) – [insert]

4.5 Director of Economic Development and Planning – [insert]

4.6 Director of Community Services – [insert]

4.7 ~~If the concern is expressed in writing, you should~~ ~~you are invited to~~ ~~set out the background and history of the concern, giving names, dates and places (if known) when it would be helpful to do so to establish the truth of the complaint, and where possible~~ ~~and the reason why you are particularly concerned about the situation.~~ ~~If you do not feel able to put your concern in writing, you can telephone or meet the appropriate officer.~~ Complaints, can be made in writing, by telephone or in person. You should set out the background and history of the concern, giving names, dates and places (if known) when it would be helpful to do so to establish the truth of the complaint, and where possible and the reason why you are particularly concerned about the situation.

4.8 ~~In order to ensure the confidentiality of your expression of concern it is suggested that you send your letter or written note in a sealed envelope addressed to the Head of Legal and Democratic Services and clearly mark it "Strictly Private and Confidential – To be Opened by Addressee Only".~~

4.9 ~~You do not have to sign or give your name although, as advised in the section above on "Anonymous Allegations". However, if you do so the Head of Legal and Democratic Services may exercise their discretion not to investigate an anonymous complaint (i.e. due to the level of seriousness of the issues raised or due to likelihood of being able to confirm the allegation).~~

4.44.10 ~~It is a serious disciplinary offence for any person to seek to prevent a communication of concern reaching the Head of Legal and Democratic Services or to impede any investigation which they or anyone on their behalf may make.~~

4.54.11 ~~The earlier you express the concern, the easier it is to take action.~~

4.64.12 ~~Although you are not expected to prove the truth of an allegation, you will need to demonstrate to the person contacted~~ ~~Head of Legal and Democratic Services or the person they appoint to investigate the matter~~ that there are sufficient grounds for your concern.

4.7 ~~Advice and guidance on how matters of concern may be pursued can be obtained from:~~

- ~~Head of Legal and Democratic Services~~
- ~~Chief Executive~~
- ~~Director of Community Services~~
- ~~Director of Resources~~
- ~~Principal Auditor~~ Internal Audit Manager
- ~~Chairman of Accounts and Audit Committee~~

4.84.13 ~~You may invite your trade union or professional association to raise a matter on your behalf.~~

5 HOW THE COUNCIL WILL RESPOND

5.1 The action taken by the Council will depend on the nature of the concern. The matters raised may:

- be investigated internally;
- be referred to the Police;
- be referred to the External Auditor;
- form the subject of an independent inquiry.

5.2 In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Should the need for an investigation be progressed, the Head of Legal and Democratic Services will discuss this with the Director of Resources. The Director of Resources will then designate the Head of Financial Services, the Head of HR, the Internal Audit Manager or such other appropriate officer to make initial enquiries and to conduct subsequent investigation (unless it is inappropriate for them to do so).

5.3 Concerns or allegations which fall within the scope of specific procedures (for example, child protection/safeguarding or discrimination issues) will normally be referred for consideration under those procedures.

5.4 Some concerns may be resolved by agreed action without the need for investigation.

5.5 The Head of Legal and Democratic Services or the person they have designated to investigate the complaint will write to you (save where the disclosure is submitted anonymously) wherever practicable. Within ten working days of the concern being received, the Council will write to you:

- acknowledging that the concern has been received;
- indicating how it proposes to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- telling you whether any initial enquiries have been made; and
- telling you whether further investigations will take place, and if not, why not.
- Asking you for further information if required

~~5.6~~ The amount of contact between the officers considering the issues and will depend on the nature of the matters raised, the potential difficulties ~~involved and the clarity of the information provided.~~ If necessary, further information will be sought from you.

~~5.85.6~~ When any meeting is arranged, you have the right, if you so wish, to be accompanied by a union or professional association representative or a friend who is not involved in the area of work to which the concern relates.

~~5.95.7~~ The council will take steps to minimise any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, the Council will advise you about the procedure.

The Council accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, you will receive information about the outcomes of any investigations.

5.8 We will aim to keep you informed of the progress of the investigation and its likely timescale. However, sometimes the need for confidentiality may prevent us giving you specific details of the investigation, an outcome or any disciplinary action taken as a result. You should treat any information about the investigation as confidential.

5.9 Where any whistleblowing allegation/complaint is upheld, such matters, if appropriate, would be reported to the Council's Accounts and Audit Committee and would also be reported as part of the Annual Governance Statement review.

6 HOW THE MATTER CAN BE TAKEN FURTHER

6.1 This policy is intended to provide you with an avenue to raise concerns within the Council. The Council hopes you will be satisfied that the Whistleblowing Procedure is a satisfactory way of dealing with concerns. If you are not, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- the External Auditor
- relevant professional bodies or regulatory organisations (including the Ombudsman)
- your solicitor
- the Police (if there is a belief that a criminal offence has been committed)
- Trade Union

6.2 The disclosure of confidential information will be taken seriously and may result in disciplinary action leading to dismissal. ~~would normally constitute a grave disciplinary offence which would result in dismissal or other disciplinary action.~~ Accordingly, if you do take the matter outside the Council, you need to ensure that ~~you do not disclose either no confidential information is disclosed or that there are wholly exceptional circumstances which the council would consider justified the disclosure. or that disclosure would be privileged.~~ Check with the contact point about that.

6.26.3 Due regard should be given to the Data Protection Act 2018 and the Council's Codes of Conduct if you propose to disclose any information outside of the Council.

~~7 THE RESPONSIBLE OFFICER~~

~~7.1 The Council's Monitoring Officer has overall responsibility for the maintenance and operation of this policy. That officer maintains a record of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Council.~~

Signatures:

..... Chief Executive

..... Head of HR

..... Unison Branch Secretary

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