

# Public Document Pack



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, 27 SEPTEMBER 2023** 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 - 6)
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 7 - 26)  
Report of the Director of Resources Deputy Chief Executive enclosed.
6. **AUDIT FINDINGS REPORT - GRANT THORNTON** (Pages 27 - 70)  
Report of the Director of Resources Deputy Chief Executive enclosed.
7. **LETTER OF REPRESENTATION** (Pages 71 - 74)  
Report of the Director of Resources Deputy Chief Executive enclosed.

8. **APPROVAL OF AUDITED STATEMENT OF ACCOUNTS 2022/23** (Pages 75 - 256)

Report of the Director of Resources Deputy Chief Executive enclosed.

**ITEMS FOR INFORMATION**

9. **INTERNAL AUDIT PROGRESS REPORT 2023/24** (Pages 257 - 264)

Report of the Director of Resources Deputy Chief Executive enclosed.

10. **REVIEW OF RISK MANAGEMENT POLICY** (Pages 265 - 266)

Report of the Director of Resources Deputy Chief Executive enclosed.

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

None.

12. **EXCLUSION OF PRESS AND PUBLIC**

None.

Electronic agendas sent to members of Accounts and Audit – Councillor Robin Walsh (Chair), Councillor Stuart Hirst (Vice-Chair), Councillor Anthony (Tony) Austin, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Richard Newmark, Councillor Gaye McCrum, Councillor Lee Street, Councillor Charles McFall, Councillor Karl Barnsley and Councillor Michael Graveston.

Contact: Democratic Services on 01200 414408 or [committee.services@ribblevalley.gov.uk](mailto:committee.services@ribblevalley.gov.uk)

## Minutes of Accounts and Audit

Meeting Date: Wednesday, 28 June 2023, starting at 6.30 pm  
Present: Councillor S Hirst (Vice Chair)

Councillors:

|            |           |
|------------|-----------|
| T Austin   | R Newmark |
| S Fletcher | McCrum    |
| J Hill     | Graveston |

In attendance: Chief Executive, Director of Resources & Deputy Chief Executive, Head of Financial Services, Internal Audit Manager and Georgia Jones

130 APOLOGIES FOR ABSENCE

Apologies for absence were received for the meeting from Councillors R Walsh (Chair), C McFall, and L Jameson.

131 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 12 April 2023 were approved as a correct record and signed by the Chairman.

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

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

133 PUBLIC PARTICIPATION

There was no public participation.

134 BRIEFING ON THE WORK OF ACCOUNTS AND AUDIT COMMITTEE

The Director of Resources & Deputy Chief Executive explained her role as the Section 151 Officer and introduced the Officers that regularly attend the Committee. The verbal presentation explained the remit of the Committee, the areas of which the Committee has oversight, and work that it will regularly come across. There was the possibility that Members may be required to sit on Sub-Committees, which would occur in the event of a complaint against a Member of the Council. It was noted that Code of Conduct Training was arranged for 4 July 2023 which Committee Members were encouraged to attend.

135 APPOINTMENT TO WORKING GROUPS

The Chief Executive submitted a report for Committee to consider the need for working groups under the remit of the Accounts and Audit Committee.

There were currently no active working groups.

RESOLVED THAT COMMITTEE:

Approve that there is currently no need for a working group under the remit of the Accounts and Audit Committee.

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## LOCAL CODE OF CORPORATE GOVERNANCE

The Director of Resources & Deputy Chief Executive submitted a report for Committee to consider the Local Code of Corporate Governance for 2023/24.

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.

The document clearly communicated the key Governance principles and the expected 'behaviours' or culture that the CIPFA/Solace publication 'Delivering Good Governance in Local Government' would expect, and there was clear linkage to how such 'behaviours' or culture could be evidenced within the Council, principle by principle.

RESOLVED THAT COMMITTEE:

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

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## AUDIT PLAN - YEAR ENDING 31 MARCH 2023

The Ribble Valley Borough Council audit plan for year ending 31 March 2023 was presented for information by Grant Thornton.

Georgia Jones highlighted the significant risks, materiality, value for money arrangements, new auditing standards, and audit logistics.

It was highlighted at the meeting that the Council's Statement of Accounts had been published and that Grant Thornton planned to undertake the audit schedule as usual.

Georgia Jones left the meeting,

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## DRAFT HEAD OF INTERNAL AUDIT OPINION 2022/23

The Director of Resources & Deputy Chief Executive submitted a report for information providing the committee with an independent opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control; including a summary of the internal audit work that supports the Opinion: any impairments or restrictions in scope of work undertaken; and the outcomes of the self-assessment that the audit work undertaken was in conformance with the Public Sector Internal Audit Standards (PSIAS).

The overall opinion of the Internal Audit Manager for the period 1 April 2023 to 31 March 2023 was "Substantial Assurance."

Committee looked forward to further updates in relation to reviews that were in progress, as noted in report, and would be reported to the Accounts and Audit Committee throughout the year.

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#### STATEMENT OF ACCOUNTS 2022/23 UPDATE

The Director of Resources & Deputy Chief Executive submitted a report providing Committee with an update on progress of the production, publication, and external audit of the Statement of Accounts for 2022/23 and the Annual Governance Statement.

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 2 June 2023. The audited documents would be presented to Committee at the end of September. Included in the report was a guide by Grant Thornton providing Members with a useful insight into the Statement of Accounts and Annual Governance Statement.

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#### INDUCTION TRAINING FOR MEMBERS OF ACCOUNTS AND AUDIT COMMITTEE

The Director of Resources & Deputy Chief Executive submitted a report informing Members of the need to arrange Induction training for Members on the role of the Accounts and Audit Committee.

Members were provided with guidance by the Chartered Institute of Public Finance and Accountancy, and CIPFA. The training was welcomed by Members and invitations would be sent out for a date in August.

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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 7.25 pm

If you have any queries on these minutes please contact the committee clerk, 01200 414408 [rebecca.tait@ribblevalley.gov.uk](mailto:rebecca.tait@ribblevalley.gov.uk).

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

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meeting date: 27 SEPTEMBER 2023  
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 2022/23 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 2021/22**

3.4 Actions recommended in the 2021/22 annual governance review, and progress with these is detailed in the attached statement and summarised below.

| Subject Area         | Details  | Action Taken  |
|----------------------|--|---|
| <b>Policy Review</b> | Due to the pandemic continuing into the 2021/22 financial year, and the impact this had on resources, a number of policies required formal review. | <b>Partially Implemented -</b><br>Several Council policies have been reviewed and ratified in 2022/23 however other reviews were still in progress at year-end. |

**Review of Significant Governance Issues for 2022/23**

3.5 The Annual Governance Statement for 2022/23 is attached in Annex A. 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.

3.6 Although progress has been made in the areas that have been carried forward, actions need to continue in to 2023/24 to fully address the issues raised.

| Subject Area                 | Details  | Action  |
|------------------------------|--|---|
| <b>Policy Review (c'fwd)</b> | Although a number of policies had been reviewed and updated, many policy documents still require formal review and ratification. | 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. |



| Subject Area  | Details   | Action  |
|---|---|---|
| <b>Embedding policies and procedures to sustain existing organisational culture</b> | Embedding organisational culture and ensuring continuity of knowledge following the retirements of a large number of senior staff throughout 2022/23. | To undertake training on key policies, practices and procedures for new and existing staff.   |
| <b>Performance Indicators</b>   | Staffing changes and resource constraints since Covid-19 have continued to impact the reporting of performance data to service committees.            | Performance data will be reported to the appropriate service committee in line with the council's Performance Management Framework. |
| <b>Performance Appraisals</b>   | Due to the Covid-19 pandemic, performance appraisals were delayed.  | To refresh the performance appraisal system and ensure all staff receive an appraisal within 2023/24.                               |

3.7 Progress in addressing the issues raised as part of this year's annual governance review has already commenced. A review will be undertaken at the time of next year's annual review to establish actions have been implemented as outlined in the above table.

3.8 The Draft Annual Governance Statement was published in May 2023 alongside the Council's Draft Statement of Accounts on the Council's website. The website will be updated to reflect the approval of the audited Statement of Accounts and the approval of the Annual Governance Statement.

#### 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

The Committee approve the 2022/23 Annual Governance Statement.

INTERNAL AUDITOR

DIRECTOR OF RESOURCES

AA17-23/RP/AC  
27 SEPTEMBER 2023

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# Annual Governance Statement

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2022/23

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Ribble Valley  
Borough Council

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## **Annual Governance Statement** **2022/23**

### **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 2022/23 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 2023 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. Included in the Constitution are the responsibilities for decision-making, terms of reference for Committees, and a protocol for Member/ Officer Relations. The Council has a Scheme of Delegation to Officers within its Constitution which 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.
- 3.4. 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.
- 3.5. All Councillors and staff must register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. Councillors must also declare any relevant such interests at meetings which they attend, this is minuted and published on the Council's website. There are procedures laid down for staff and Councillors relating to the receipt of gifts and hospitality, and the recording of such.
- 3.6. The procedures for the public to follow 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.
- 3.7. The Council is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment, a whistleblowing policy has been adopted to encourage employees and others with serious concerns to come forward in confidence. 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 and report as necessary to the Council's Accounts and Audit Committee, being the committee charged with oversight of the governance arrangements at the Council.
- 3.8. The Council has revised and adopted the Counter Fraud, Bribery and Corruption Policy Statement and Strategy and Anti-Money Laundering Policy within year, to reflect up to date principles. The policies of the Council help reinforce its zero-tolerance approach to unethical behaviour. At the heart of these policies are the requirements for all relevant parties to act with integrity.
- 3.9. Several policies have been reviewed and updated following previous delays due to the impact of the Covid-19 pandemic on resources. Many policy documents, although still applicable, still require formal review and ratification. As is the case with all policies, it is recognised that the decisions of Committees have primacy over any policy.

### ***Demonstrating Strong Commitment to Ethical Values***

- 3.10. 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.
- 3.11. 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. Following the recent local elections in May 2023, the Council has no overall controlling party. A robust training package and induction process for new and existing Councillors will be determined and undertaken throughout 2023/24.

3.12. 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.

3.13. Procurement activity is undertaken in line with the Council's Contract Procedure Rules and Financial Regulations, with any requirements to seek exemption 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. Section 151 of the Local Government Act 1972 requires local authorities make arrangements for the proper administration of their financial affairs and appoint a s151 Officer. The Director of Resources is the Council's appointed s151 Officer and Chief Financial Officer.

3.17. Committee reports include a section in respect of legal implications of committee decisions. Input from the legal team is sought in the completion of this section where relevant. Any legal advice provided by Officers would be retained on the relevant files for future reference.

### **Principle B - Ensuring openness and comprehensive stakeholder engagement**

#### ***Openness***

3.18. 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.

3.19. 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.

A review of committee report structures, training and timetables within Mod.gov will be undertaken in 2023/24.

- 3.20. 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.
- 3.21. 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.
- 3.22. The Council is committed to publishing information freely and to develop further our culture of openness and transparency. Information is published 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.
- 3.23. The information which residents use most, such as Council Tax and Planning, can be accessed quickly and easily from the main page. In March 2023, the Council introduced Council Tax Online, a digital service on the Council's website enabling residents to view and update their council tax information, check their balance, payment and bills and switch to paperless billing.

#### ***Engaging Comprehensively with Institutional Stakeholders***

- 3.24. Partnership working is important, and the Council has in place a wide range of arrangements with local groups, and works closely with other local authorities across Lancashire. The Council does not have any formal partnerships in place such as Public Finance Initiatives, Public/Private Partnerships or Joint Ventures.

#### ***Engaging Stakeholders Effectively, Including Individual Citizens and Service Users***

- 3.25. 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.
- 3.26. Where appropriate, the Council makes use of its social media platforms (Facebook, Twitter and Instagram) to communicate and engage with local residents.
- 3.27. In January 2023 the Council launched the 'People Survey – Life in Ribble Valley' to find out what matters to those living, working, studying, or visiting the borough. The survey included questions on a wide range of issues, ranging from council services, community safety, road and pavement repairs, recycling and refuse collection, and climate change. Survey feedback is expected to help shape the council's Corporate Strategy 2023 - 2027 and will create a plan to improve the lives of everyone in the borough, support businesses and deliver high quality services. The findings of the survey will be reported both internally and to Policy and Finance Committee following the May 2023 elections.
- 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 People's Survey which will feed into the development review, taking into account the public's preferences in terms of communication methods.
- 3.29. The Council is in the process of developing a new online 'People's Panel' that is representative of the population of the borough. The People's panel will be used to help inform the development of policies and strategies, inform decision-making and identify where service improvements may be required.

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

### ***Defining Outcomes***

- 3.30. The Corporate Strategy 2019 – 2023 sets out the strategic direction of the Council, providing a focus to ensure that the services the Council delivers meet the needs of its communities. The Council's vision, priorities and objectives are clearly set out in the Corporate Strategy. Underpinning the Council's Corporate Strategy are several 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 (2022-2025)
  - Procurement Strategy (2022/23-2024/25)
  - Climate Change Strategy (2021-2030)
  - Medium Term Financial Strategy and Plan
- 3.31. The Core Strategy 2008-28 sets out the long-term vision for the Borough and the strategic policies that will deliver that vision.
- 3.32. The Medium Term Financial Strategy and Plan outlines all known factors affecting the financial position and financial sustainability of the council over the medium term. It balances the financial implications of the Council's objectives and policies against the availability of our resources to support them. The Strategy and Plan aims to provide an assurance that spending plans are affordable over the medium term. In March 2023, the Council's Policy and Finance Committee approved the Medium Term Financial Strategy and Plan for 2023/24 to 2027/28.

### ***Sustainable Economic, Social and Environmental Benefits***

- 3.33. The Council is committed to achieving social value and ensuring value for money through its procurement decisions. The Council's Procurement Strategy for 2022/23 to 2024/25 sets out the Council's approach to procurement and communicates how the Council foresees the development of its procurement activities over the medium term. The strategy covers the same themes as the National Procurement Strategy for Local Government and outlines how the Council expects to demonstrate leadership, behave commercially, and achieve community benefits through our procurement activities.
- 3.34. In looking solely at its own operations, the Council's Corporate Strategy 2019 – 2023 aims 'to aspire to be a carbon neutral borough by 2030' and includes a priority action 'to develop 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 its Climate Change Strategy to raise awareness of the issues surrounding climate change. The strategy is based on an understanding of our carbon emissions, our carbon footprint, and addresses how the Council intends to reduce its own carbon emissions as an organisation and through its service delivery. The Climate change Working Group was established in 2019, with the remit of meeting the challenge of climate change both in relation to how the council provides its own services and how it provides wider support to the community.
- 3.35. 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. Consideration is given to economic, social and environmental benefits in the assessing of bids for the Council's capital programme.
- 3.36. All committee 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.

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

### ***Determining Interventions***

- 3.37. The Council demonstrates sound financial management 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).
- 3.38. 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.
- 3.39. 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.

### ***Planning Interventions***

- 3.40. 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.
- 3.41. 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.
- 3.42. There are clear timetables in place for the various service committee meetings. These are published on the Council's website. A timetable detailing key dates is set by the Accounts and Audit Committee for the closure of accounts process.
- 3.43. 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.
- 3.44. Administrator and user training was undertaken throughout the year to ensure corporate performance data for the current and previous financial year is input and reported timely. Performance data for 2021/22 and 2022/23 will be updated and reported to the appropriate service committees.

### ***Optimising Achievement of Intended Outcomes***

- 3.45. 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.

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

***Developing the Entity’s Capacity***

- 3.46. The Council’s first strategic objective is to “*ensure a well-managed Council, providing efficient services based on identified customer needs.*” To ensure we are suitably placed to deliver priorities for the Ribble Valley and its residents, the Council employs 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.
- 3.47. 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. The Council’s performance appraisal system will be reviewed and undertaken within 2023/24.
- 3.48. There have been several senior management changes within year, predominantly due to planned retirements, however there has been no indication that this has impacted on service delivery.
- 3.49. Recruitment and retention continues to impact local government as a whole. The Council are in the process of reviewing the Workforce Plan based on current data capture, and will be reported in due course.
- 3.50. 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.

***Developing the Capability of the Entity’s Leadership and Other Individuals***

- 3.51. 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). 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. 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.
- 3.52. 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.
- 3.53. 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.
- 3.54. 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.

- 3.55. The Council has a Staff Handbook which is published on its Intranet, ensuring that all policies are available to staff.
- 3.56. The Council takes a proactive approach to deliver accessible and responsive services to meet the needs of its communities. Following a recent case referral to the Local Government Ombudsman, the Council introduced the Reasonable Adjustments Policy in 2022/23 to highlight its commitment to improving equality of opportunity for all and ensuring that those with disabilities are not at a disadvantage when accessing the Council's services. Procedures relating to Equality and Diversity are being developed in line with the LGA framework.
- 3.57. Equalities training was delivered to CMT and Heads of Services by an external training provider in two workshops. A series of internal training sessions were further delivered in November 2022 for officers in each directorate. Training focused on the Equality Act 2010 and the Council's reasonable adjustment policy. The Council's Policy and Finance committee agreed that training on the Equality Act 2010 should be included in future induction training programmes for new officers and members.
- 3.58. With regards to the physical and mental wellbeing of staff, the Council offers its employees access to Employee Assistance Programme (EAP), a professional independent service that offers support, guidance and counselling for a wide range of issues and concerns that employees may have. The service is confidential, available 24/7 and free for all.

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

***Managing Risk***

- 3.59. The Council has embedded a structure and system for identifying, evaluating and monitoring all significant risks at a strategic and operational level.
- 3.60. The Council has a Risk Management Policy which was reviewed and updated in year. The policy outlines the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling them or responding to them. The Policy Statement sets out the Council's approach for the systematic management of risk, and roles and responsibilities of all managers and decision makers to achieve this. All decisions made on behalf of the organisation are taken with consideration to the effective management of risk.
- 3.61. Following the implementation of the policy, risk management training was delivered internally to all Heads of Services. Heads of Services and CMT agreed the strategic risks for inclusion in the Council's Strategic Risk Register for 2022/23. Heads of Service are now in the process of reviewing the Operational Risk Register and will report to CMT in line with the Risk Management Policy.

***Managing Performance***

- 3.62. 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. Council performance is managed using the Pentana Risk – Performance Management System. Administrator and User training was undertaken in year. Performance data is expected to be reviewed, updated and reported to the appropriate committees within 2023/24.
- 3.63. 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.
- 3.64. 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.

3.65. 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.

3.66. 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.

***Robust Internal Control***

3.67. Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. The Council complies 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.

3.68. 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.

3.69. 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.

3.70. The Accounts and Audit Committee met five times within 2022/23 and have an up-to-date terms of reference outlining roles and responsibilities of all members.

3.71. Eighteen scheduled audits were completed in the year. All high risk and key financial systems were audited, and the Internal Audit Service continue to work with management to address any weaknesses identified as part of all reports, with progress reported to Accounts and Audit Committee.

3.72. The Draft Internal Audit Opinion presented for 2022/23 provided for Substantial Assurance – *'There is a good system of internal control which has been designed to meet the system objectives, and controls are generally operating effectively.'*

3.73. As per the Public Sector Internal Audit Standards (PSIAS), an external assessment was undertaken to provide assurance over conformance. The assessors agreed with the self-assessment undertaken by the Internal Audit Manager in June 2022. The Internal Audit Service was rated overall as Partially Compliant. Significant progress was made in year to implement the actions raised following the assessment. No areas of non-conformance were highlighted in the review.

3.74. CIPFA recommends as best practice that the Accounts & Audit Committee include at least two co-opted independent members to provide appropriate technical expertise. In line with CIPFA's recommendation, the Council is currently considering the co-option of an independent member. The co-opted member would have no voting rights but will support the Council's governance arrangements in helping to bring additional knowledge, expertise and scrutiny to the Accounts and Audit Committee.

3.75. 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.

- 3.76. 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.
- 3.77. 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 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.

### ***Managing Data***

- 3.78. 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 the 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.
- 3.79. 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***

- 3.80. 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 Strategy and Plan
  - 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.

- 3.81. 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.
- 3.82. 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, there are plans in place for further training in the coming financial year.

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

***Implementing Good Practice in Transparency***

- 3.83. 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 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.
- 3.84. 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***

- 3.85. 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.
- 3.86. Financial performance is also reported throughout the year to all service committees. Such documents are openly available on the Council's website.

***Assurance and Effective Accountability***

- 3.87. The Council's external auditors, Grant Thornton, attend the meetings of the Accounts and Audit Committee and provide regular reports including the Auditor's Annual Report and briefings to 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.
- 3.88. 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 February 2023 and identified no material errors in the accounts for 2021/22 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.
- 3.89. 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).
- 3.90. The Council welcomes peer challenge reviews and inspections from regulatory bodies and 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.
- 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 were 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. No significant areas of concern have been raised.

### ***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 with the responsibility of monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework. Committee members will take part in a self-assessment of effectiveness within 2023/24 in line with CIPFA's recent Position Statement, including a formal review of the committee's terms of reference.

### ***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. The Council has reviewed its financial management arrangements for 2022/23 in line with the CIPFA Financial Management Code.

#### **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 2021/22

6.1 The status of the issue/s raised as part of the Annual Governance Review 2021/22 is provided in the table below:

| Subject Area         | Details  | Action Taken  | Action                |
|----------------------|--|---|-----------------------|
| <b>Policy Review</b> | Due to the pandemic continuing into the 2021/22 financial year, and the impact this had on resources, a number of policies required formal review. | Several Council policies have been reviewed and ratified in 2022/23 however other reviews were still in progress at year-end. | Partially implemented |

7. REVIEW OF SIGNIFICANT GOVERNANCE ISSUES 2022/23

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 2022/23.

7.2 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  |
|---|---|---|
| <b>Policy Review (c'fwd)</b>  | Although a number of policies had been reviewed and updated, many policy documents still require formal review and ratification.                      | 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. |
| <b>Embedding policies and procedures to sustain existing organisational culture</b> | Embedding organisational culture and ensuring continuity of knowledge following the retirements of a large number of senior staff throughout 2022/23. | To undertake training on key policies, practices and procedures for new and existing staff.   |
| <b>Performance Indicators</b>   | Staffing changes and resource constraints since Covid-19 have continued to impact the reporting of performance data to service committees.            | Performance data will be reported to the appropriate service committee in line with the council's Performance Management Framework.   |
| <b>Performance Appraisals</b>   | Due to the Covid-19 pandemic, performance appraisals were delayed.  | To refresh the performance appraisal system and ensure all staff receive an appraisal within 2023/24.   |

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

# The Audit Findings for Ribble Valley Borough Council

Year ended 31 March 2023

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Agenda Item 6

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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.

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: September 2023

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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 2023 for the attention of those charged with governance.

## 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 and remotely during July-September. Our findings are summarised on pages 6 to 20. We have not identified any adjustments to the financial statements. Audit adjustments are detailed in Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

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

- completion of our queries on land and buildings revaluations;
- finalising our testing queries on, debtors, creditors, income and expenditure;
- completion of our work on pensions;
- completion of our review on the narrative report;
- finalising our testing on NDR and housing benefits;
- receipt of management representation letter {see appendix G}; 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 financial statements audit report opinion will be unqualified. Our work on the Council's value for money (VFM) arrangements is not yet complete. The outcome of our VFM work will be reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). We are satisfied this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

# 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 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 I to this report. We expect to issue our Auditor's Annual Report by December 2023. 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.

## 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 Authority's VFM arrangements, which will be reported in our Annual Auditor's report in December 2023.

## Significant matters

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

# 1. Headlines

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## National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Council, especially the finance team, for their support in working with us to meet the deadlines. The team have worked with us to ensure the audit is completed to the timescales required.

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## National context – level of borrowing

All councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Ribble Valley Borough Council has been able to pay off its PWLB debt early and so has no borrowings.

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# 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;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

## Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unmodified audit opinion following the Accounts and Audit Committee meeting on 27 September 2023, as detailed in Appendix H. These outstanding items include:

- completion of our queries on land and building revaluations;
- finalising our testing queries on, debtors, creditors, income and expenditure;
- completion of our work on pensions;
- finalising our testing on NDR and housing benefits;
- completion of our review of the narrative report;
- receipt of management representation letter {see appendix G}; 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 levels remain the same as reported in our audit plan on 28 June 2023.

We set out in this table our determination of materiality for Ribble Valley Borough Council.

### Council Amount (£) Qualitative factors considered

|   |                       |   |
|---|-----------------------|---|
| Materiality for the financial statements    | 476,751               | We have used planning materiality which equates to 2% of your gross operating expenditure for 2021/22 year and 1.99% of your gross expenditure for 2022/23. On receipt of the draft financial statements for 2022/23 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                     | 357,563               | 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 | See comment alongside | Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures and have not set a materiality level. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors would alter the bandings reported for any individual. |



## 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  |
|--|---|
| <p><b>Management override of controls</b></p> <p>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 Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Council, which was one of the most significant assessed risks of material misstatement.</p> | <p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of management controls over journals</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals</li> <li>identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness</li> </ul> <p>Our audit work to date has not identified any issues in respect of management override of controls.</p> |

# 2. Financial Statements: Significant risks

## Risks identified in our Audit Plan

### 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.

## Commentary

As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal to still remain appropriate. Notwithstanding that we have rebutted these risks we have undertaken the following:

- reviewed and tested, on a sample basis, revenue and expenditure transactions
- obtained a listing from the cash book of non-pay payments made and received in April and May 2023 to ensure they have been charged to the appropriate year
- obtained a listing from the ledger of invoices received and paid in April and May 2023 to ensure they have been charged to the appropriate year
- substantively tested a sample of year-end accounts payable and accrual balances.

Our audit work in this area is ongoing and we have not identified any significant issues from the work completed to date.

## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of land and buildings

The Council revalue its land and buildings on a five yearly basis, with a desktop valuation in intervening years. This valuation (£15m in 2022/23) represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

### Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's valuation of land and buildings are not materially misstated and evaluate the design of the associated controls
- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register.

Our audit work is ongoing in respect of valuation of land and buildings, from the work completed to date we have not identified any significant issues.

## 2. Financial Statements: Significant risks

### Risks identified in our Audit Plan

#### Valuation of 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 surplus is considered a significant estimate due to the size of the numbers involved (£11m 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). However, for the first time since IFRS have been adopted the Council has had to consider the potential impact of IFRIC 14 - IAS 19 - the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

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 1.5% effect on the surplus. 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.

At the time of completing the Audit Plan the Council had, in previous years, had a net liability. The latest triennial review has been completed on the pension fund and for 2023-23 the fund is now in surplus.

### Commentary

The risk identified in our plan has been updated to reflect the pension fund surplus held in the accounts. As part of this we will also confirm the Council has completed a management assessment on the impact of IFRIC 14.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net surplus 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 managements assessment of IFRIC 14 and completed our own audit procedures
- 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 is ongoing in respect of valuation of the pension fund surplus, from the work completed to date we have not identified any significant issues.

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 in line with the enhanced requirements for auditors.

| Significant judgement or estimate              | Summary of management's approach  | Audit Comments   | Assessment          |
|--|---|--|---------------------|
| <p>Land and Building valuations – £15.570m</p> | <p>Other land and buildings comprises £9.508m of specialised assets such as leisure centres, 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 (£6.602m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Lea Hough to complete the valuation of properties as at 31 March 2023 on a five yearly cyclical basis. A desktop valuation was completed on all the assets.</p> <p>The assets were valued based on estimates and assumptions at a point in time, but market conditions can fluctuate. The Council has disclosed the effect if actual results differ from assumptions on Note 7 of the accounts.</p> <p>The total year end valuation of land and buildings was £15.570m, a net increase/decrease of £0.029m from 2021/22 (£15.541m).</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"> <li>revised ISA540 requirements in guidance note;</li> <li>assessment of management's expert, your external valuer;</li> <li>completeness and accuracy of the underlying information used to determine the estimate</li> <li>appropriateness of any alternative site assumptions</li> <li>impact of any changes to valuation method</li> <li>consistency of estimate against near neighbours/ Montague Evens report and BCIS.</li> <li>reasonableness of increase/decrease in estimate</li> <li>adequacy of disclosure of estimate in the financial statements</li> </ul> <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>Our testing completed to date has not identified any significant issues in relation to the estimation of land and buildings.</p> | <p>Light Purple</p> |

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### 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 |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
|--|---|---|------------|---------------|-----------|------------|---------------|------|---------------|---|---------------|------|------|---|---------------------------------------|------|-------|---|---------------|------|------------|---|--|-----------------|----------------------|---|--|-----------------|----------------------|---|--------------|
| <p><b>Net pension surplus – £10.994m</b></p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p> | <p>The Council's total net pension surplus at 31 March 2023 is £11.784m and a pension liability for the unfunded element of £0.790m (PY deficit in total of £15.072m) comprising the Lancashire Pension Fund Local Government. The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2023. Given the significant value of the net pension fund surplus, small changes in assumptions can result in significant valuation movements. There has been a £26.066m net actuarial gain during 2022/23.</p> | <p>We have:</p> <ul style="list-style-type: none"> <li>assessed management's expert</li> <li>assessment of actuary's approach taken, detail work undertaken to confirm reasonableness of approach</li> </ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Authority.</p> <p>We have used the work of PwC, as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</p> <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.8%</td> <td>4.70% - 4.90%</td> <td>●</td> </tr> <tr> <td>CPI Inflation</td> <td>2.7%</td> <td>2.7%</td> <td>●</td> </tr> <tr> <td>Increase in pension payment/deferment</td> <td>2.8%</td> <td>2.7%*</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.2%</td> <td>3.95-4.25%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>22.8/21.5 Years</td> <td>22.4-24.3/ 21.0-22.6</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.6/23.8 Years</td> <td>25.3-26.6/ 23.5-24.7</td> <td>●</td> </tr> </tbody> </table> <p>*For the pensions increases, as per PWC report, Mercer used a slightly lower rate for pensions increases in payment to allow for an inflation risk premium. This was deemed a reasonable approach as per PWC..</p> <p>At the time of writing we are awaiting the letter of assurance from the Pension Fund auditor.</p> | Assumption | Actuary Value | PwC range | Assessment | Discount rate | 4.8% | 4.70% - 4.90% | ● | CPI Inflation | 2.7% | 2.7% | ● | Increase in pension payment/deferment | 2.8% | 2.7%* | ● | Salary growth | 4.2% | 3.95-4.25% | ● | Life expectancy – Males currently aged 45/65 | 22.8/21.5 Years | 22.4-24.3/ 21.0-22.6 | ● | Life expectancy – Females currently aged 45/65 | 25.6/23.8 Years | 25.3-26.6/ 23.5-24.7 | ● | Light Purple |
| Assumption   | Actuary Value   | PwC range   | Assessment |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| Discount rate  | 4.8%  | 4.70% - 4.90%   | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| CPI Inflation  | 2.7%  | 2.7%  | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| Increase in pension payment/deferment  | 2.8%  | 2.7%*   | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| Salary growth  | 4.2%  | 3.95-4.25%  | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| Life expectancy – Males currently aged 45/65   | 22.8/21.5 Years   | 22.4-24.3/ 21.0-22.6  | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |
| Life expectancy – Females currently aged 45/65   | 25.6/23.8 Years   | 25.3-26.6/ 23.5-24.7  | ●          |               |           |            |               |      |               |   |               |      |      |   |                                       |      |       |   |               |      |            |   |  |                 |                      |   |  |                 |                      |   |              |

### 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 - £0.916m            | 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. The provision has decreased by £0.007 million in 2022/23.  | <p>To review the estimate, we have;</p> <ul style="list-style-type: none"> <li>assessed the impact of the cost-of-living crisis on the collection of debt and adequacy of provisions.</li> <li>reviewed the appropriateness of the underlying information used to determine the estimate</li> <li>reviewed the Impact of any changes to valuation method</li> <li>assessed the reasonableness of the estimate</li> <li>reviewed the adequacy of disclosure of estimate in the financial statements</li> </ul> <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"> <li>reviewed the accounting policy;</li> <li>recalculated the depreciation charge based on the useful economic lives as provided by the valuer as well as an overall recalculation of depreciation;</li> <li>assessed the reasonableness of the useful economic life for a sample of assets; and</li> <li>assessed the appropriateness of the policy in line with the financial reporting framework.</li> </ul> <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: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

| IT application    | Level of assessment performed  | Overall ITGC rating   | ITGC control area rating  |   |   | Related significant risks/other risks | Additional procedures carried out to address risks arising from our findings |
|-------------------|--|---|---|---|---|---------------------------------------|--|
|                   |  |   | Security management   | Technology acquisition, development and maintenance                                   | Technology infrastructure   |                                       |  |
| Civica Financials | ITGC assessment (design and implementation effectiveness only)       |    |    |    |    | None                                  | N/A  |
| NEC               | ITGC assessment (design, implementation and operating effectiveness) |    |    |    |    | None                                  | N/A  |
| Frontier          | ITGC assessment (design and implementation effectiveness only)       |  |  |  |  | None                                  | N/A  |

### Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

## 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 set out at Appendix G.  |

## 2. Financial Statements: other communication requirements



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| Issue  | Commentary  |
|--|---|
| Confirmation requests from third parties                     | We requested from management permission to send confirmation requests to bank and investment bodies. This permission was granted and the requests were sent. All these requests were returned with positive confirmation with the exception of one. We have undertaken alternative procedures by obtaining the fixed deposit agreement confirming the amount and terms of the investment. |
| 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/<br>significant difficulties | All information and explanations requested from management was provided.  |

## 2. Financial Statements: other communication requirements



### Our responsibility

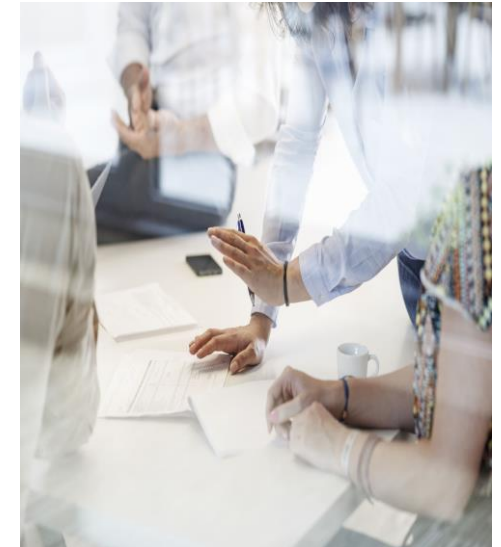
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability 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"> <li>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</li> <li>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.</li> </ul> <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"> <li>the nature of the Council and the environment in which it operates</li> <li>the Council's financial reporting framework</li> <li>the Council's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <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"> <li>a material uncertainty related to going concern has not been identified</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul> |

## 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>Work on the narrative statement remains ongoing. From the work completed to date no issues have been identified and we plan to issue an unmodified opinion in this respect – refer to Appendix H.</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"> <li>• 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,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters</p> |



## 2. Financial Statements: other responsibilities under the Code

| Issue  | Commentary   |
|--|--|
| <b>Specified procedures for Whole of Government Accounts</b> | <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 guidance for 2022/23 has not yet been issued by the NAO however in previous years the Council did not exceed the threshold required for the work and we expect this to be the case in 2022/23.</p> |
| Certification of the closure of the audit                    | We intend to delay the certification of the closure of the 2022/23 audit of Ribble Valley Borough Council in the audit report, as detailed in Appendix H, due to incomplete VFM work and WGA.  |

# 3. Value for Money arrangements (VFM)

## Approach to Value for Money work for 2022/23

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.



### 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

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## 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 I to this report.

We expect to issue our Auditor's Annual Report by December 2023. 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.



# 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 and consider that an objective reasonable and informed third party would take the same view. 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 E.

## 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 [Grant Thornton International Transparency report 2023](#).

# 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.

| Service                                | Fees £ | Threats identified                               | Safeguards   |
|--|--------|--|--|
| <b>Audit related</b>                   |        |  |  |
| Certification of Housing Benefit Claim | 33,810 | 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 £33,810 in comparison to the total fee for the audit of £55,384 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.   |

# 4. Independence and ethics

As part of our assessment of our independence we note the following matters:

| Matter  | Conclusion  |
|---|---|
| Relationships with Grant Thornton                 | We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.   |
| Relationships and Investments held by individuals | We have not identified any potential issues in respect of personal relationships with the Council held by individuals   |
| Employment of Grant Thornton staff                | We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas. |
| Business relationships                            | We have not identified any business relationships between Grant Thornton and the Council  |
| Contingent fees in relation to non-audit services | No contingent fee arrangements are in place for non-audit services provided   |
| Gifts and hospitality                             | We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff.   |

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 and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments
- G. Management Letter of Representation
- H. Audit opinion
- I. Audit letter in respect of delayed VFM work

# A. Communication of audit matters to those charged with governance

| Our communication plan  | Audit Plan | Audit Findings |
|---|------------|----------------|
| Respective responsibilities of auditor and management/those charged with governance   | •          |                |
| Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks  | •          |                |
| Confirmation of independence and objectivity  | •          | •              |
| A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence | •          | •              |
| Significant findings from the audit   |            | •              |
| Significant matters and issue arising during the audit and written representations that have been sought  |            | •              |
| Significant difficulties encountered during the audit   |            | •              |
| Significant deficiencies in internal control identified during the audit  |            | •              |
| Significant matters arising in connection with related parties  |            | •              |
| Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements   |            | •              |
| Non-compliance with laws and regulations  |            | •              |
| Unadjusted misstatements and material disclosure omissions  |            | •              |
| Expected modifications to the auditor's report, or emphasis of matter   |            | •              |

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

## B. Action Plan – Audit of Financial Statements

We have identified 1 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of the 2023/24 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   | Recommendation  |
|------------|--|---|
| ●<br>Low   | <b>Note 29 Related Party Transactions</b><br>Our audit work noted a gift was received and no value was stated on the declaration. A value should be provided and all gifts reported to Accounts and Audit Committee for completeness and transparency. | The Council should ensure an estimate value is noted for all gifts and these should be reported to the Audit Committee.<br><b>Management response</b><br>Agree with the recommendation made. The council is currently in the process of updating guidance on Gifts and Hospitality in respect of staff. |

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### Controls

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

# C. Follow up of prior year recommendations

We identified the following issues in the audit of Ribble Valley Borough Council's 2021/22 financial statements, which resulted in 4 recommendations being reported in our 2021/22 Audit Findings report. We have followed up on the implementation of our recommendations and note 2 are still to be completed.

| Assessment | Issue and risk previously communicated   | Update on actions taken to address the issue  |
|------------|--|---|
| ✓          | <p><b>Useful Asset Lives</b></p> <p>Our audit work on the useful economic lives of equipment identified an asset which will not last its useful economic life and a further asset where the asset will last beyond its useful economic life.</p>   | The Council included a review of useful asset lives for assets that are not assessed by the external valuer as part of the close down process. No issues were identified in our testing for 2022/23   |
| ✓          | <p><b>Aged Debtors</b></p> <p>Our audit work identified one debtor balance which was pre 1995 and a further balance which was from the year 2000.</p>  | The Council have raised a number of aged debt write offs during 2022/23. No issues were identified in our testing for 2022/23   |
| X          | <p><b>Gifts and hospitality policy</b></p> <p>Our audit work on gift and hospitality noted the policy did not include any specific amounts.</p>  | The policy has yet to be reviewed. However, the Council intend to completed this imminently.  |
| X          | <p><b>Internal Control</b></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> | The Council has accepted this recommendation however, given the size of the Council and the visibility of postings within the finance team as well as the presence of compensating controls as mentioned, these were not deemed practical. Therefore, this recommendation remains in place. |

## Assessment

- ✓ Action completed
- X Not yet addressed

# D. 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.

## Impact of adjusted misstatements

From the work completed to date no adjustments have been identified which will impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

## 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/issue/Omission   | Auditor recommendations  | Adjusted? |
|-----------------------------|--|-----------|
| Note 27 External Audit Fee  | Fees payable for the external audit fee have been amended by £265 to agree to the audit plan | ✓         |
| Annual Governance Statement | Minor amendment was made to reference the Auditors Annual Report.                            | ✓         |



## D. Audit Adjustments (continued)



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### Impact of unadjusted misstatements

To date we have not identified any non trivial amendments which have not been amended.

### Impact of prior year unadjusted misstatements

To date we have not identified any amendments which impact the prior period.

# E. Fees and non-audit services

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

| Audit fees   | Proposed fee   | Final fee  |
|--|----------------|------------|
| Scale fee  | £36,769        | TBC        |
| Value for Money audit – new NAO requirements                   | £9,000         | TBC        |
| ISA 540  | £2,100         | TBC        |
| Additional journals testing                                    | £3,000         | TBC        |
| Enhanced audit procedures for Payroll                          | £500           | TBC        |
| Enhanced audit procedures for Collection Fund- reliefs testing | £750           | TBC        |
| Increased audit requirements of revised ISAs 315/ 240          | £3,000         | TBC        |
| Local risk factors   | £265           | TBC        |
| <b>Total audit fees (excluding VAT)</b>                        | <b>£55,384</b> | <b>TBC</b> |

## E. Fees and non-audit services

| <b>Non-audit fees for other services</b>                                       | <b>Proposed fee</b> | <b>Final fee</b> |
|--|---------------------|------------------|
| <b>Audit Related Services</b> - Certification of Housing Benefit Subsidy Claim | 33,810              | TBC              |
| <b>Total non-audit fees (excluding VAT)</b>                                    | <b>£33,810</b>      | <b>£TBC</b>      |

The fees reconcile to the financial statements.

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None of the above services were provided on a contingent fee.

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard (ES 1.69))

# F. Auditing developments

## Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

**This impacts audits of financial statement for periods commencing on or after 15 December 2021.**

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

| Area of change                                      | Impact of changes  |
|---|--|
| Risk assessment                                     | The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> <li>the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures</li> <li>the identification and extent of work effort needed for indirect and direct controls in the system of internal control</li> <li>the controls for which design and implementation needs to be assess and how that impacts sampling</li> <li>the considerations for using automated tools and techniques.</li> </ul> |
| Direction, supervision and review of the engagement | Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.  |
| Professional scepticism                             | The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> <li>increased emphasis on the exercise of professional judgement and professional scepticism</li> <li>an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence</li> <li>increased guidance on management and auditor bias</li> <li>additional focus on the authenticity of information used as audit evidence</li> <li>a focus on response to inquiries that appear implausible</li> </ul>  |
| Definition of engagement team                       | The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> <li>Consideration is also being given to the potential impacts on confidentiality and independence.</li> </ul>                              |
| Fraud   | The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> <li>clarification of the requirements relating to understanding fraud risk factors</li> <li>additional communications with management or those charged with governance</li> </ul>   |
| Documentation                                       | The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.  |

# G. 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 Grant Thornton UK LLP

### **Ribble Valley Borough Council** **Financial Statements for the year ended 31 March 2023**

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 2023 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2022/23 ("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 land and building valuations and pensions asset and liability valuations. 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. 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.

# G. Management Letter of Representation (cont.)

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- 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. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 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.

# G. Management Letter of Representation (cont.)

- xxi. 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.
- xxii. 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.
- xxiii. 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 27 September 2023.

Yours faithfully

|           |           |
|-----------|-----------|
| Name..... | Name..... |
|-----------|-----------|

|               |               |
|---------------|---------------|
| Position..... | Position..... |
|---------------|---------------|

|           |           |
|-----------|-----------|
| Date..... | Date..... |
|-----------|-----------|

**Signed on behalf of the Council**

# H. 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 Valley 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 2023, which comprise the Comprehensive Income and Expenditure Statement, 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 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 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 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 2022/23; 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 & Deputy Chief Executive's 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 & Deputy Chief Executive's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2022) 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.

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

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.

Our responsibilities and the responsibilities of the Director of Resources & Deputy Chief Executive with respect to going concern are described in the relevant sections of this report.



# H. Audit opinion (continued)

## Other information

The other information comprises the information included in the Statement of Accounts and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. The Director of Resources & Deputy Chief Executive is responsible for the other information. 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this 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, 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 and the Director of Resources & Deputy Chief Executive

As explained more fully in the Statement of Responsibilities set out on page 44, 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 & Deputy Chief Executive. The Director of Resources & Deputy Chief Executive 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 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources & Deputy Chief Executive determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources & Deputy Chief Executive 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 they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

# H. Audit opinion (continued)

## 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003) and Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012)).

We enquired of management 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 management including internal audit and the Monitoring Officer 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 management's 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 processing of inappropriate journals, in this regard we tested journals posted to accrual codes post year end over performance materiality, unusual manual creditor and debtor journals, material post year end transactions and a random selection of journals throughout the period. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on material year end manual journals with high risk characteristics,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building and defined pension asset valuations, and
- 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.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including significant accounting estimates related to property, plant and equipment and accruals. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

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:

# H. Audit opinion (continued)

- 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 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 2023.

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 2023.

### 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.

### 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 January 2023. 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.

# H. Audit opinion (continued)

## 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 2023 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
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

### 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 44 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:

# I. Audit letter in respect of delayed VFM work

Cllr Robin Walsh  
Chair of Accounts and Audit Committee  
Ribble Valley Borough Council  
27 September 2023

Dear Cllr Walsh

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies we are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

Page 69 As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their 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.

As a result, we have therefore not yet issued our Auditor's Annual Report for 2022-23, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 31 December 2023.

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



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

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meeting date: 27 SEPTEMBER 2023  
title: LETTER OF REPRESENTATION  
submitted by: DIRECTOR OF RESOURCES  
principal author: JANE PEARSON

### 1 PURPOSE

- 1.1 To approve the Letter of Representation for 2022/23 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 2022/23.

### 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 2022/23.

DIRECTOR OF RESOURCES

AA21-23/JP/AC  
21 September 2023



# RIBBLE VALLEY BOROUGH COUNCIL

Please ask for: Mrs J Pearson  
Our ref: JP13-23/AC  
Email: jane.pearson@ribblevalley.gov.uk

Council Offices  
Church Walk, Clitheroe  
BB7 2RA

Tel: 01200 425111

28 September 2023

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

Dear Sirs

## **Ribble Valley Borough Council Financial Statements for the year ended 31 March 2023**

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 2023 for the purpose of expressing an opinion as to whether the Council financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 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 2022/23 ("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 land and building valuations and pensions asset and liability valuations. 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. 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. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
  - xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
  - xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
  - xiv. The prior period adjustments disclosed in Note 35 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
  - xv. 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
- xvi. 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**

- xvii. 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.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. 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.
- xxi. 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.
- xxii. 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.
- xxiii. 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.
- xxiv. 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.
- xxv. 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**

- xxvi. 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**

- xxvii. 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 27 September 2023.

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

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meeting date: 27 SEPTEMBER 2023  
title: APPROVAL OF AUDITED STATEMENT OF ACCOUNTS  
submitted by: DIRECTOR OF RESOURCES AND DEPUTY CHIEF EXECUTIVE  
principal author: LAWSON ODDIE

### 1 PURPOSE

1.1 To seek Member approval of the Statement of Accounts for 2022/23, 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 taxpayers 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 Statement of Accounts (Subject to Audit) were made available on our website on 2 June 2023.

2.3 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. The various means of assurance given to members will help in this process.

2.4 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 2022/23 will help in the budget setting process for the 2024/25 financial year, and also in revising the estimate for the current financial year.

### 3 STATEMENT OF ACCOUNTS FOR 2022/23

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 2022/23 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.

3.4 The training that members of this committee attended on the 17 August will also help members in their role in approving the statement of accounts. It is recommended that members review these training papers again prior to the meeting.

#### 4 GENERAL FUND OUTTURN POSITION 2022/23

4.1 Shown below is the final position for the 2022/23 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   | 4,564             | 4,989            | 4,850        | 286                                  | -139                                |
| Economic Development   | 358               | 349              | 322          | -36                                  | -27                                 |
| Health & Housing   | 1,146             | 1,062            | 718          | -428                                 | -344                                |
| Planning & Development   | 598               | 879              | 598          | 0                                    | -281                                |
| Policy & Finance   | 2,431             | 2,449            | 2,183        | -248                                 | -266                                |
| <b>Committee Expenditure</b>   | <b>9,097</b>      | <b>9,728</b>     | <b>8,671</b> | <b>-426</b>                          | <b>-1,057</b>                       |
| Interest Payable   | 5                 | 3                | 3            | -2                                   | 0                                   |
| Payment of Premium on External Borrowing - Early Repayment           | 0                 | 7                | 7            | 7                                    | 0                                   |
| Parish Precepts  | 517               | 517              | 517          | 0                                    | 0                                   |
| Interest Received  | -50               | -570             | -597         | -547                                 | -27                                 |
| <b>Net Operating Expenditure</b>                                     | <b>9,569</b>      | <b>9,685</b>     | <b>8,601</b> | <b>-968</b>                          | <b>-1,084</b>                       |
| Impairment Losses/(Gains) on Outstanding Debts                       | 0                 | 0                | 1            | 1                                    | 1                                   |
| Contingency - Feasibility Study Edisford Car Park                    | 10                | 0                | 0            | -10                                  | 0                                   |
| Contingency - Potential Uncompensated Loss of Income due to Covid    | 50                | 0                | 0            | -50                                  | 0                                   |
| Contingency - Further Inflationary Increases Above Those Allowed For | 140               | 0                | 0            | -140                                 | 0                                   |
| Precept from Collection Fund (including parish precepts)             | -4,463            | -4,463           | -4,463       | 0                                    | 0                                   |
| Collection Fund Surplus - Council Tax                                | -115              | -115             | -115         | 0                                    | 0                                   |
| Rural Services Delivery Grant  | -113              | -113             | -113         | 0                                    | 0                                   |
| New Homes Bonus  | -1,206            | -1,206           | -1,206       | 0                                    | 0                                   |
| Lower Tier Services Grant  | -62               | -62              | -62          | 0                                    | 0                                   |
| Services Grant   | -93               | -93              | -93          | 0                                    | 0                                   |
| Levy Account Surplus   | 0                 | 0                | -11          | -11                                  | -11                                 |
| Business Rates Baseline Funding                                      | -1,354            | -1,354           | -1,354       | 0                                    | 0                                   |
| Business Rates Retention   | 503               | 503              | 503          | 0                                    | 0                                   |
| S31 Grant  | -2,478            | -2,470           | -2,478       | 0                                    | -8                                  |
| Retained Rates - Renewable Energy                                    | -96               | -97              | -25          | 71                                   | 72                                  |

| Committee   | Original Estimate | Revised Estimate | Actual       | Original Estimate Compared to Actual | Revised Estimate Compared to Actual |
|---|-------------------|------------------|--------------|--------------------------------------|-------------------------------------|
|   | £'000             | £'000            | £'000        | £'000                                | £'000                               |
| 10% of Retained Levy - Payable to LCC under Pooling Arrangements  | 82                | 90               | 92           | 10                                   | 2                                   |
| Collection Fund Deficit - Business Rates  | 1,749             | 1,749            | 1,749        | 0                                    | 0                                   |
| <b>Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves</b> | <b>2,123</b>      | <b>2,054</b>     | <b>1,026</b> | <b>-1,097</b>                        | <b>-1,028</b>                       |
| Depreciation  | -951              | -972             | -973         | -22                                  | -1                                  |
| Minimum Revenue Provision   | 105               | 105              | 105          | 0                                    | 0                                   |
| Net Transfer to earmarked reserves  | -865              | -650             | 84           | 949                                  | 734                                 |
| <b>Deficit for Year</b>   | <b>412</b>        | <b>537</b>       | <b>242</b>   | <b>-170</b>                          | <b>-295</b>                         |

4.2 You will see we have made a deficit of £242,000 during the year, compared with the Revised Estimate which showed a deficit of £537,000, and the Original Estimate which showed a deficit of £412,000.

#### **Variations and earmarked reserves**

4.3 The outturn position on service committees can be greatly impacted by further transactions that either add resources to our earmarked reserves or release them.

4.4 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies;
- A means of building up funds or accounting for funds we are committed to spend, such as grant income we have received in year but not yet spent in full. This is done through our earmarked reserves to meet known or predicted requirements; our earmarked reserves are accounted for separately but remain legally part of the General Fund.

4.5 The table below aims to give an alternative presentation to that reported at 3.1 above. This shows how the earmarked reserve movements impact the variances to give a better perspective on the variances. The bottom line £295K is the difference between what we forecast the deficit to be at revised estimate, and what the actual outturn position was at 31 March 2023.

| Revised Estimate to Actual Variance Adjusted for Earmarked Reserves Variance | Revised Estimate to Actual Variance 2022/23 | Associated Earmarked Reserve Variance 2022/23 | Net Variance 2022/23 |
|--|---|---|----------------------|
|  | £'000                                       | £'000   | £'000                |
| Community Services   | -139  | 130   | -9                   |
| Economic Development   | -27   | 0   | -27                  |

| <b>Revised Estimate to Actual Variance Adjusted for Earmarked Reserves Variance</b>                     | <b>Revised Estimate to Actual Variance 2022/23</b> | <b>Associated Earmarked Reserve Variance 2022/23</b> | <b>Net Variance 2022/23</b> |
|---|--|--|-----------------------------|
|   | <b>£'000</b>                                       | <b>£'000</b>   | <b>£'000</b>                |
| Health & Housing  | -344   | 274  | -70                         |
| Planning & Development  | -281   | 203  | -78                         |
| Policy & Finance  | -266   | 193  | -73                         |
| <b>Committee Expenditure</b>  | <b>-1,057</b>                                      | <b>798</b>   | <b>-257</b>                 |
| Interest Received   | -27  | 0  | -27                         |
| <b>Net Operating Expenditure</b>  | <b>-1,084</b>                                      | <b>798</b>   | <b>-284</b>                 |
| Impairment Losses/(Gains) on Outstanding Debts  | 1  | 0  | 1                           |
| Levy Account Surplus  | -11  | 0  | -11                         |
| S31 Grant   | -8   | 8  | 0                           |
| Retained Rates - Renewable Energy   | 72   | -72  | 0                           |
| 10% of Retained Levy - Payable to LCC under Pooling Arrangements  | 2  | -2   | 0                           |
| <b>Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves</b> | <b>-1,028</b>                                      | <b>732</b>   | <b>-294</b>                 |
| Depreciation  | -1   | 0  | -1                          |
| <b>Deficit for Year Variance</b>  | <b>-1,029</b>                                      | <b>732</b>   | <b>-295</b>                 |

4.6 A high level of detail on the committee level variances is being reported in the current cycle of committee meetings.

#### **General Fund Balances**

4.7 As mentioned earlier in the report, we had originally planned to take £412,000 from general fund balances to help finance the 2022/23 spending plans. However, this was revised later in the year to taking £537,000 to general fund balances. The final position shows that the council has taken £242,000 from general fund balances.

| <b>General Fund Balance</b>                                    | <b>£'000</b>     |
|--|------------------|
| <b>General Fund Balances: Brought forward at 1 April 2022</b>  | <b>2,961,136</b> |
| Deficit in 2022/23 taken from General Fund Balances            | <b>-241,738</b>  |
| <b>General Fund Balances: Carried forward at 31 March 2023</b> | <b>2,719,398</b> |

### **Earmarked Reserves**

- 4.8 With regard to earmarked reserves movements in support of the revenue account (so excluding capital transactions), we had originally planned to take £864,568. However, this was revised later in the year to taking £649,476 from earmarked reserves. The final position shows that the council has added £83,959 to earmarked reserves for revenue purposes. Some of the main reasons for this are:

|   | £              |
|---|----------------|
| Less taken from reserves to fund the Local Plan                       | 182,086        |
| Homes for Ukraine Funding set aside for distribution in 2023/24       | 202,648        |
| Government Funding for Affordable Warmth set aside for use in 2023/24 | 34,203         |
| Domestic Abuse Support Grant Funding                                  | 24,695         |
| Council Tax Energy Rebates Funding New Burdens                        | 51,916         |
| UK Shared Prosperity Revenue Funding                                  | 39,247         |
| Air Quality New Burden Grant  | 11,710         |
| Business Rates Reliefs New Burdens Grant                              | 22,089         |
|   | <b>568,594</b> |

- 4.9 For capital purposes we took £459,709 from earmarked reserves to fund the capital programme. The overall net movement was £375,750 taken from earmarked reserves.

| <b>Earmarked Reserves</b>                                   | <b>£</b>          |
|---|-------------------|
| <b>Earmarked Reserves: Brought forward at 1 April 2022</b>  | <b>15,081,909</b> |
| Net added to Earmarked Reserves for revenue purposes        | <b>83,959</b>     |
| Net taken from Earmarked Reserves for capital purposes      | <b>-459,709</b>   |
| <b>Earmarked Reserves: Carried forward at 31 March 2023</b> | <b>14,706,159</b> |

### **Business Rates in 2022/23**

- 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 should this be needed. At the 31 March 2023 this reserve stood at £1.682m, but will be increased in 2023/24 to £2m to reflect the reliance that is placed on the use of business rates in the 2023/24 budget.
- 4.11 We use retained business rates at a baseline level set by the government net of adjustments. 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.

| <b>Business Rates Element</b>                    | <b>£'000</b> |
|--|--------------|
| Total Business Rates Income Forecast for 2022/23 | -12,907      |
| Less Payable to Central Government               | 6,454        |

| <b>Business Rates Element</b>   | <b>£'000</b>  |
|---|---------------|
| Less Payable to Lancashire County Council   | 1,162         |
| Less Payable to Lancashire Combined Fire Authority  | 129           |
| <b>Balance Retained by Ribble Valley Borough Council</b>  | <b>-5,162</b> |
| Less Tariff Payable to Central Government   | 4,311         |
| <b>Baseline Business Rates Income of £1,354,393 less £503,075</b>   | <b>-851</b>   |
| Business Rates retained on Renewable Energy Schemes   | -25           |
| Section 31 Grants   | -2,478        |
| Less 10% Retained Levy payment to Lancashire County Council   | 92            |
| Business Rates Collection Fund Deficit  | 1,749         |
| <b>Overall Net Retained Business Rates Related Income</b>   | <b>-1,513</b> |
| <b>Business Rates Income Used In-Year</b>   |               |
| Baseline Business Rates Income  | 1,354         |
| Use of other Business Rates Related Income, Including Growth<br><i>(£812,549 plus £306,160 for review of pay and conditions)</i>                              | 1,119         |
| <b>Total Business Rates Income Used In-Year</b>   | <b>2,473</b>  |
| <b>Resulting Movements in Earmarked Reserves</b>  |               |
| Net Balance Set Aside in the Business Rates Growth Earmarked Reserve  | 681           |
| Balance Released from the Business Rates S31 Grant Adjustment Reserve<br><i>Set aside in 2020/21 to mitigate impact of collection fund deficit in 2021/22</i> | -1,641        |
| <b>Net Balance Taken From Earmarked Reserves</b>  | <b>-960</b>   |

### **Collection Fund**

- 4.12 As billing authority, the council maintains a separate Collection Fund for the collection of and distribution of council tax and business rates.
- 4.13 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.
- 4.14 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.
- 4.15 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 Authority.
- 4.16 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.



4.17 Full details of the Collection Fund position can be seen at Annex 1, but in summary the overall opening balance on the collection fund at 1 April 2022 was an overall deficit of £3.702m and the overall closing balance at 31 March 2023 was a surplus of £697K.

|                                  | <b>Council Tax<br/>£'000</b> | <b>Business<br/>Rates<br/>£'000</b> | <b>Total<br/>Collection<br/>Fund<br/>£'000</b> |
|----------------------------------|------------------------------|-------------------------------------|--|
| <b>Opening (Surplus)/Deficit</b> | <b>-1,367</b>                | <b>5,069</b>                        | <b>3,702</b>                                   |
| Income                           | -50,170                      | -18,151                             | -68,321  |
| Expenditure                      | 50,656                       | 13,266                              | 63,922   |
| <b>Closing (Surplus)/Deficit</b> | <b>-881</b>                  | <b>184</b>                          | <b>-697</b>                                    |

### Capital

4.18 During the year the Council spent £1,157,457 on capital schemes. The main areas of expenditure included:

- Replacement Vehicles and Plant.
- Car Park Machines
- Play Area Improvements.
- Reroofing of the Homelessness Unit
- Ribblesdale Pool Filter and Tiling Works
- Dewhurst Road, Langho improvements
- Mardale Playing Field Changing Rooms
- Payment of Housing Related Grants.

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

| <b>Committee</b>                     | <b>Original<br/>Estimate<br/>£</b> | <b>Revised<br/>Estimate<br/>£</b> | <b>Actual<br/>£</b> | <b>Original<br/>Estimate<br/>Compared<br/>to Actual<br/>£</b> | <b>Revised<br/>Estimate<br/>Compared<br/>to Actual<br/>£</b> |
|--------------------------------------|------------------------------------|-----------------------------------|---------------------|---|--|
| Community Services                   | 2,280,500                          | 844,060                           | 677,184             | -1,603,316  | -166,876   |
| Economic Development                 | 51,750                             | 55,000                            | 0                   | -51,750   | -55,000  |
| Planning and Development             | 26,420                             | 0                                 | 0                   | -26,420   | 0  |
| Policy and Finance                   | 335,480                            | 88,920                            | 88,859              | -246,621  | -61  |
| Health and Housing                   | 782,540                            | 1,397,630                         | 391,414             | -391,126  | -1,006,216   |
| <b>Total Capital<br/>Expenditure</b> | <b>3,476,690</b>                   | <b>2,385,610</b>                  | <b>1,157,457</b>    | <b>-2,319,233</b>   | <b>-1,228,153</b>  |
| Grants and Contributions             | -473,900                           | -1,412,810                        | -381,080            | 92,820  | 1,031,730  |
| Borrowing                            | -1,293,600                         | -6,000                            | 0                   | 1,293,600   | 6,000  |
| Usable Capital Receipts              | -356,250                           | -328,542                          | -316,668            | 39,582  | 11,874   |
| Earmarked Reserves                   | -1,352,940                         | -638,258                          | -459,709            | 893,231   | 178,549  |
| <b>Total Resources</b>               | <b>-3,476,690</b>                  | <b>-2,385,610</b>                 | <b>-1,157,457</b>   | <b>2,319,233</b>  | <b>1,228,153</b>   |

4.20 As shown in the table above, comparing spend to budget, there is a variance of £1,228,153 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 £1,228,153 variance, £1,226,690 is accounted for as slippage in to the 2023/24 financial year, and is summarised below

| Scheme Name  | Slippage in to the<br>2023/24 Financial<br>Year<br>£ |
|--|--|
| Play Area Improvements                               | 29,680   |
| Castle Keep Lime Repointing Works and Repairs        | 19,170   |
| Salthill Depot Garage Shutter Doors and Rewire       | 3,650  |
| Mardale Pitches Drainage                             | -590   |
| Refurbishment of Bowling Green Café - Castle Grounds | 2,040  |
| Mardale Playing Pitches Changing Rooms               | 64,880   |
| Mardale Car Park Resurfacing                         | 46,670   |
| Disabled Facilities Grants                           | 773,750  |
| Landlord/Tenant Grants                               | 117,130  |
| Replacement of Pest Control Van PK13 FJP             | 4,100  |
| Replacement of Dog Warden Van PE64 EYC               | 4,100  |
| Joiners Arms Roof Renewal                            | 6,410  |
| First Time Buyers Grants                             | 92,330   |
| Clitheroe Affordable Housing Scheme                  | 8,370  |
| Clitheroe Townscape Scheme                           | 55,000   |
| <b>Total Capital Slippage</b>                        | <b>1,226,690</b>                                     |

## 5 KEY MOVEMENTS AND DIFFERENCES BETWEEN 2021/22 AND 2022/23 POSITION

5.1 Listed below are explanations of the main variances and movements between the outturn position for 2021/22 and 2022/23, as shown in the Statement of Accounts. These are items that have previously been covered in the Accounts and Audit Committee member training event held on 17 August. The movements on general fund balances and earmarked reserves have been detailed in earlier paragraphs.

### **Comprehensive Income and Expenditure Statement**

- **Investment Interest Income** – large movements due to higher interest rates in 2022/23 (-£15K in 2021/22 and -£596K in 2022/23).
- **Other Non-Specific Grants** – large fall in grant income in 2022/23 compared with 2021/22, mainly due to less Covid grants and less New Homes Bonus (-£4.875m in 2021/22 and -£3.964m in 2022/23).
- **Revaluation of Property Plant and Equipment** – impact of Covid on some valuations in 2021/22 i.e. car parks lower income levels. Lower level of changes seen in 2022/23 (-£2.591m in 2021/22 and -£622K in 2022/23).
- **Actuarial Gains on Pensions Assets/Liabilities** – pension fund revaluation, increase in discount rate assumptions and decrease in allowed for CPI (-£7.523m in 2021/22 and -£27.705m in 2022/23).

## **Balance Sheet**

- **Net Pensions Asset/Liability** - Most material movement is the Pension fund - £15.072m deficit 31 March 2022 to £10.994m surplus 31 March 2023 – see note 32 Defined Benefit Pension schemes. See also impact on Unusable Reserves.
- **Short Term Debtors and Short Term Creditors** - Large movements on Short Term Debtors and Short Term Creditors largely in respect of Collection Fund position and movements on some funding in respect of Covid – now repaid to the Government, or paid to businesses and individuals.

### 6 ADJUSTMENTS MADE TO THE PREVIOUSLY PUBLISHED DRAFT STATEMENTS

- 6.1 A presentation adjustment has been needed to the Draft Statement of Accounts that were previously published as subject to audit. The accounts presented for approval now includes a prior period adjustment, and in addition the Gross Expenditure and Gross Income for the current year has been adjusted. This has no impact on the presentation of the rest of the Statement of Accounts, or the Net Expenditure position.
- 6.2 It has been identified that a number of internal recharges had been included in the figures reported in the Comprehensive Income and Expenditure Statement. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, these internal recharges should have been excluded. Most recharges had already been excluded from the accounts, but a number of further recharges were identified as still remaining.
- 6.3 Such recharges net to nil and have no impact on the reported financial position for the Council but it did have the effect of inflating both the gross income and gross expenditure figures reported for the council's Community Services Committee and Policy and Finance Committee in the Statement of Accounts. The net position reported for the committees remains unchanged following restatement.
- 6.4 The correct treatment for these internal recharges has now been applied for the 2022/23 financial statements. The impact on the 2021/22 financial statements is demonstrated below, and the accounts for 2021/22 have been restated for these adjustments:

| 2021/22                |                   |                      |  |
|------------------------|-------------------|----------------------|--|
| Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ |  |
| 9,179,598              | -4,676,069        | 4,503,529            | Community Services Committee - Originally Reported |
| -2,276,732             | 2,276,732         | 0                    | Adjustment made                                    |
| 6,902,866              | -2,399,337        | 4,503,529            | Community Services Committee - Restated            |

| 2021/22                |                   |                      |  |
|------------------------|-------------------|----------------------|--|
| Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ |  |
| 5,842,977              | -3,587,344        | 2,255,633            | Policy and Finance Committee - Originally Reported |
| -381,860               | 381,860           | 0                    | Adjustment made                                    |
| 5,461,117              | -3,205,484        | 2,255,633            | Policy and Finance Committee - Restated            |

- 6.5 As can be seen, the presentation adjustments net to nil and the Net Expenditure position remains unchanged.

### 7 CONCLUSION

- 7.1 The final outturn on the general fund revenue account was a **deficit of £241,738** rather than the £537k deficit forecast at the revised estimate.

- 7.2 There has also been £83,959 (revenue only) added to earmarked reserves at year end rather than the forecast of £649,476 to be taken from earmarked reserves. This is largely explained by the items listed at paragraph 3.8.
- 7.3 After allowing for capital transactions the overall net movement taken from earmarked reserves was £375,750.
- 7.4 The Collection Fund shows an overall net surplus of £697K.
- 7.5 A presentational adjustment has been needed to the accounts due to the previous inclusion of a number of internal recharges. This has resulted in the need for a prior period adjustment for the restating of the figures used in 2021/22.

## 8 RISK ASSESSMENT

- 8.1 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 Accounts
  - 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 as a direct result of this report

## 9 RECOMMENDED THAT COMMITTEE

- 9.1 Approve the audited Statement of Accounts for 2022/23.

HEAD OF FINANCIAL SERVICES

AA20-23/LO/AC  
20 September 2023

DIRECTOR OF RESOURCES AND  
DEPUTY CHIEF EXECUTIVE




# Statement of Accounts

[Audited]


2022/2023

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](mailto: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

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### *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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**

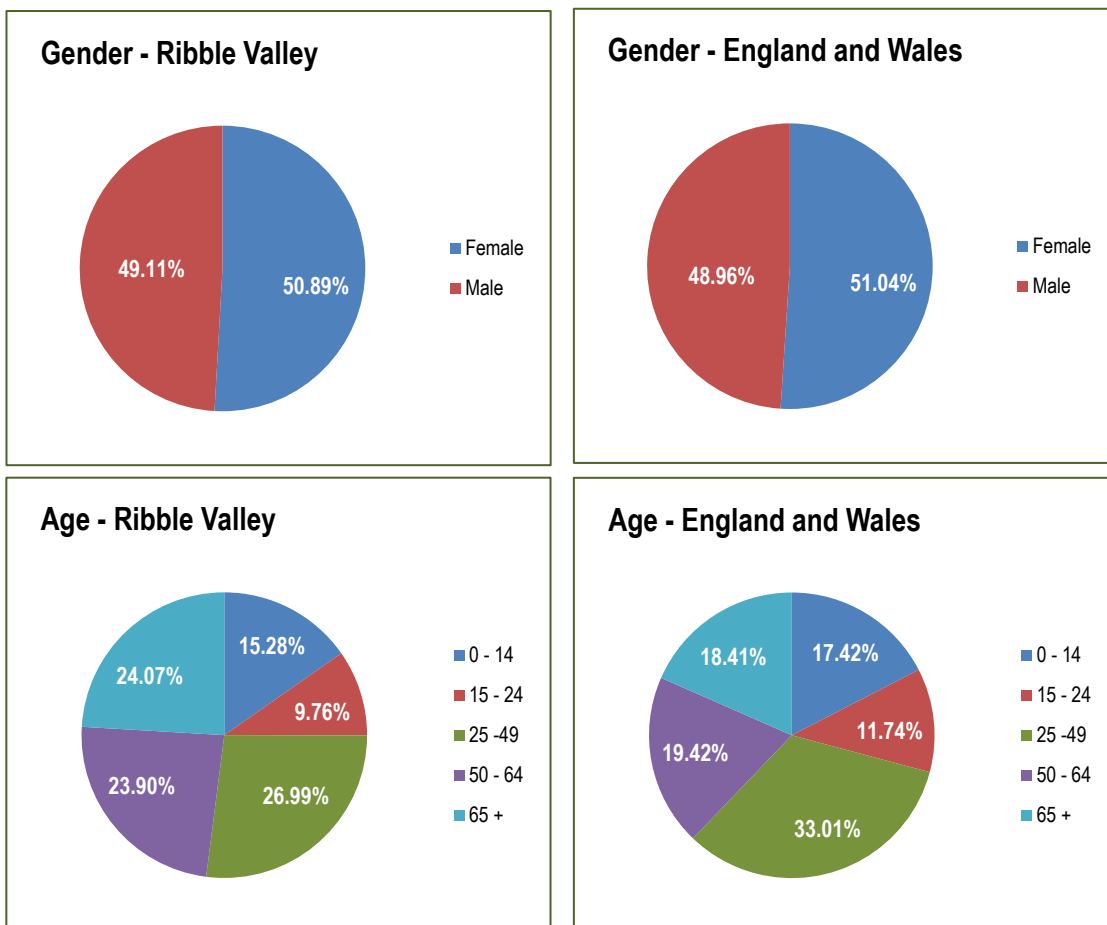
**Locality**

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.

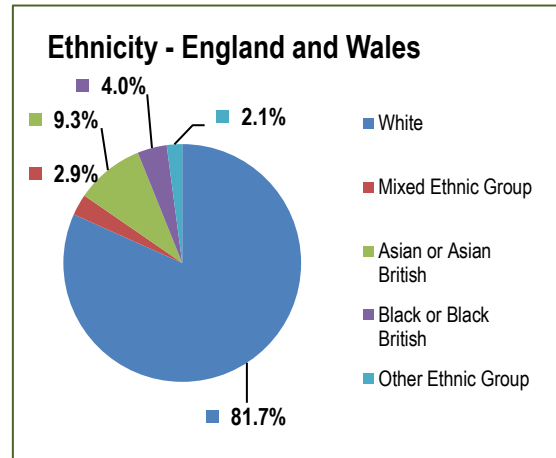
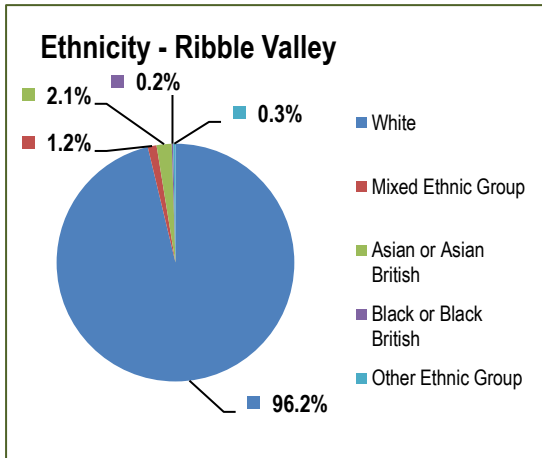
The remaining area is mainly rural, ranging from large villages to small hamlets. Some settlements are accessible along the A59 corridor; others are more remote from services and public transport. Along with ancient woodland, biological heritage sites, conservation areas and sites of special scientific 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). The total population for the borough, based on these statistics, is 61,500. The statistics for Ribble Valley are shown alongside those for England and Wales as a whole for comparison.





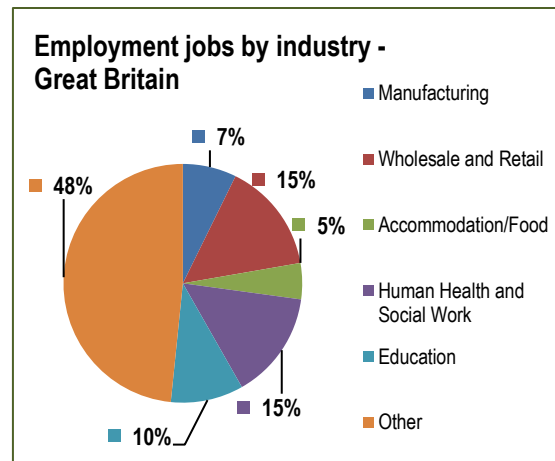
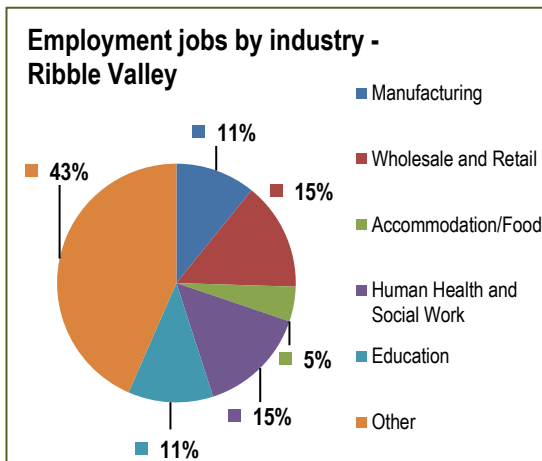


**Local Economy and Business Information**

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.

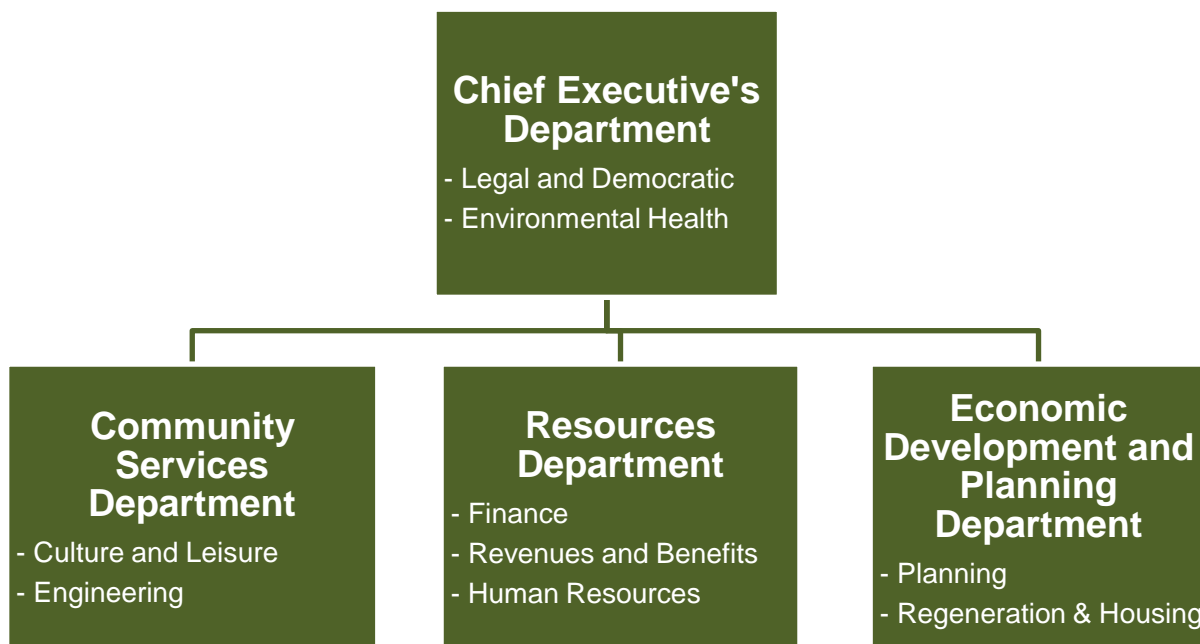
The area also has a strong agricultural association, with high value meat and milk products as well as farm holdings in dairy and grazing categories. In addition, several farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions. 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 2021).



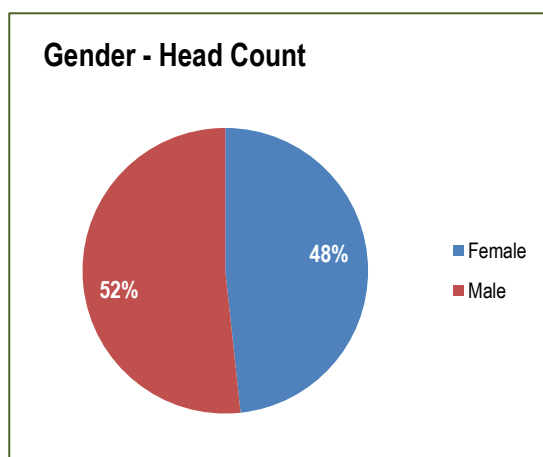
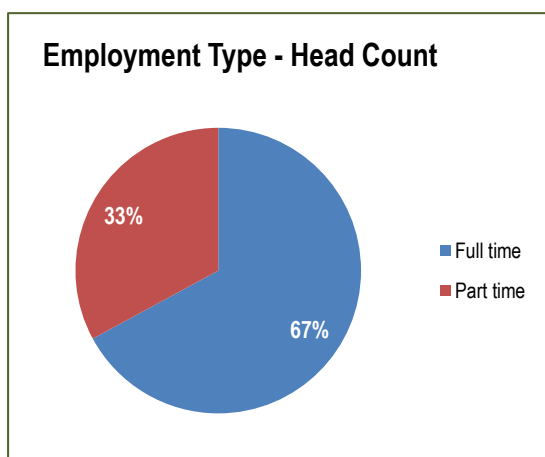
**Narrative Report**

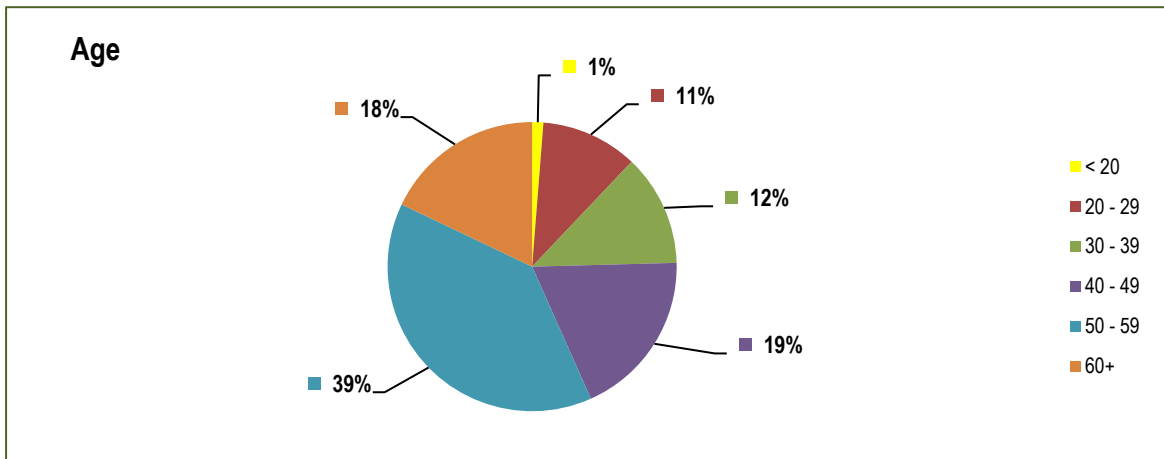
**3 OUR EMPLOYEES**

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 & Deputy Chief Executive 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 2023 the council employed 234 permanent members of staff (head count). The overall establishment consisted of 240 posts, of which 18 were vacant posts on 31 March. The tables below provide some information on the profile of our permanent employees as at the end of the 2022/23 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 were 39 Councillors and 1 vacant seat as at the 31 March. The last full election for Ribble Valley Councillors was on 2 May 2019 and the next was due to take place on 4 May 2023.

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 2023, our Councillors represented the parties shown in the table below. Shown alongside this is the representation following the elections that took place on the 4 May 2023:

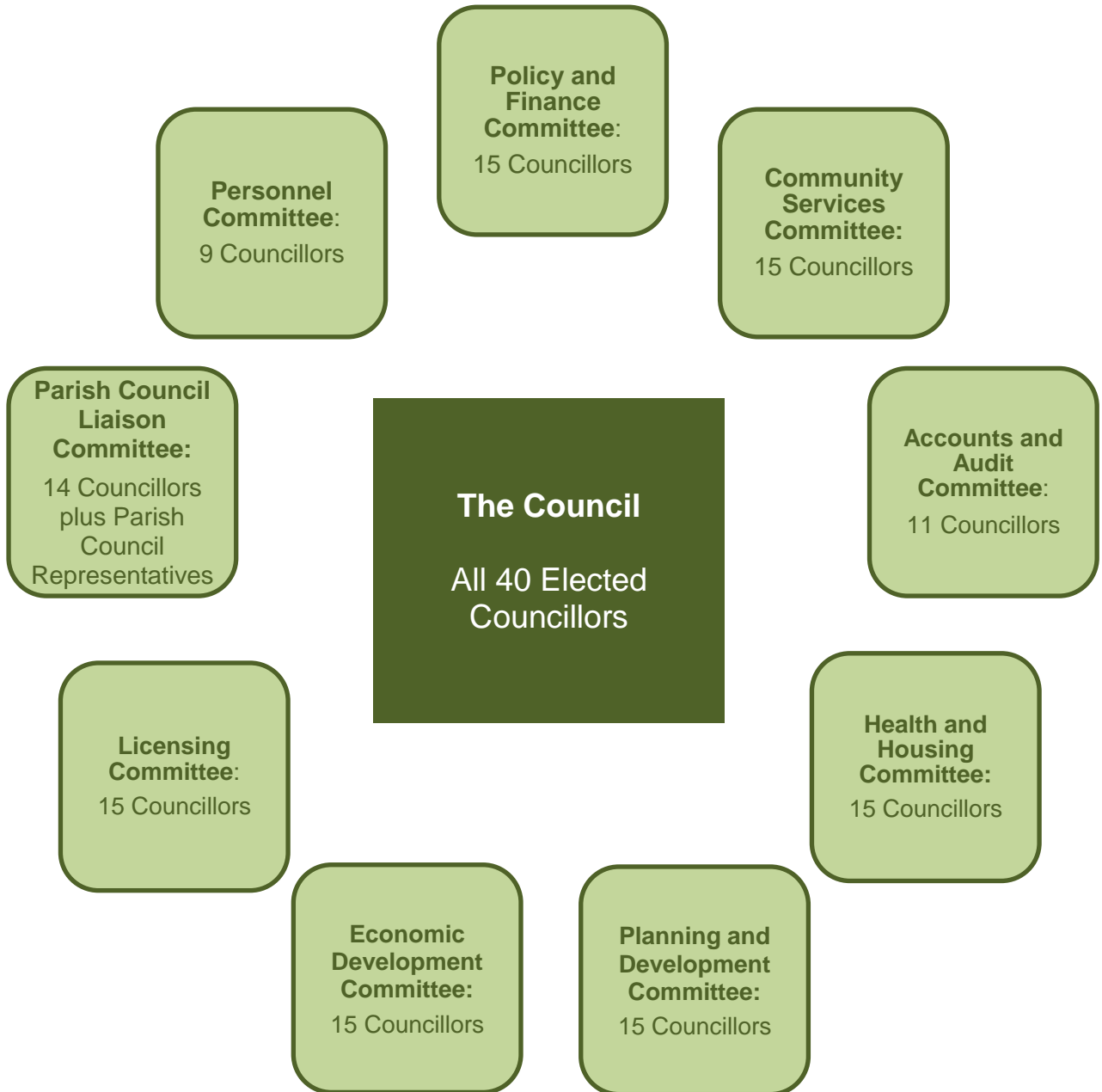
|                        | Numbers as at<br>31 March 2023 | Numbers<br>Following<br>Elections on 4<br>May 2023 |
|------------------------|--------------------------------|--|
| Conservative Party     | 25                             | 18   |
| Liberal Democrat Party | 10                             | 8  |
| Labour                 | 0                              | 7  |
| Other                  | 4                              | 5  |
| Green                  | 0                              | 2  |
| Vacant Seat            | 1                              | 0  |
| <b>Total</b>           | <b>40</b>                      | <b>40</b>  |

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

**Narrative Report**

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The diagram below shows the committee structure as at the 31 March 2023, and which operated throughout the 2022/23 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   | 4,564             | 4,989            | 4,850        | 286                                  | -139                                |
| Economic Development   | 358               | 349              | 322          | -36                                  | -27                                 |
| Health & Housing   | 1,146             | 1,062            | 718          | -428                                 | -344                                |
| Planning & Development   | 598               | 879              | 598          | 0                                    | -281                                |
| Policy & Finance   | 2,431             | 2,449            | 2,183        | -248                                 | -266                                |
| <b>Committee Expenditure</b>   | <b>9,097</b>      | <b>9,728</b>     | <b>8,671</b> | <b>-426</b>                          | <b>-1,057</b>                       |
| Interest Payable   | 5                 | 3                | 3            | -2                                   | 0                                   |
| Payment of Premium on External Borrowing - Early Repayment                           | 0                 | 7                | 7            | 7                                    | 0                                   |
| Parish Precepts  | 517               | 517              | 517          | 0                                    | 0                                   |
| Interest Received  | -50               | -570             | -597         | -547                                 | -27                                 |
| <b>Net Operating Expenditure</b>   | <b>9,569</b>      | <b>9,685</b>     | <b>8,601</b> | <b>-968</b>                          | <b>-1,084</b>                       |
| Impairment Losses/(Gains) on Outstanding Debts                                       | 0                 | 0                | 1            | 1                                    | 1                                   |
| Contingency - Feasibility Study Edisford Car Park                                    | 10                | 0                | 0            | -10                                  | 0                                   |
| Contingency - Potential Uncompensated Loss of Income due to Covid                    | 50                | 0                | 0            | -50                                  | 0                                   |
| Contingency - Further Inflationary Increases Above Those Allowed For                 | 140               | 0                | 0            | -140                                 | 0                                   |
| Precept from Collection Fund (including parish precepts)                             | -4,463            | -4,463           | -4,463       | 0                                    | 0                                   |
| Collection Fund Surplus - Council Tax  | -115              | -115             | -115         | 0                                    | 0                                   |
| Rural Services Delivery Grant  | -113              | -113             | -113         | 0                                    | 0                                   |
| New Homes Bonus  | -1,206            | -1,206           | -1,206       | 0                                    | 0                                   |
| Lower Tier Services Grant  | -62               | -62              | -62          | 0                                    | 0                                   |
| Services Grant   | -93               | -93              | -93          | 0                                    | 0                                   |
| Levy Account Surplus   | 0                 | 0                | -11          | -11                                  | -11                                 |
| Business Rates Baseline Funding  | -1,354            | -1,354           | -1,354       | 0                                    | 0                                   |
| Business Rates Retention   | 503               | 503              | 503          | 0                                    | 0                                   |
| S31 Grant  | -2,478            | -2,470           | -2,478       | 0                                    | -8                                  |
| Retained Rates - Renewable Energy  | -96               | -97              | -25          | 71                                   | 72                                  |
| 10% of Retained Levy - Payable to LCC under Pooling Arrangements                     | 82                | 90               | 92           | 10                                   | 2                                   |
| Collection Fund Deficit - Business Rates   | 1,749             | 1,749            | 1,749        | 0                                    | 0                                   |
| <b>Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from)</b> | <b>2,123</b>      | <b>2,054</b>     | <b>1,026</b> | <b>-1,097</b>                        | <b>-1,028</b>                       |
| <b>Earmarked Reserves</b>  |                   |                  |              |                                      |                                     |
| Depreciation   | -951              | -972             | -973         | -22                                  | -1                                  |
| Minimum Revenue Provision  | 105               | 105              | 105          | 0                                    | 0                                   |
| Net Transfer to earmarked reserves   | -865              | -650             | 84           | 949                                  | 734                                 |
| <b>Deficit (Surplus) for Year</b>  | <b>412</b>        | <b>537</b>       | <b>242</b>   | <b>-170</b>                          | <b>-295</b>                         |

**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           | 4,564             | 4,989            | 4,850        | 286                                  | -139                                |
| Economic Development         | 358               | 349              | 322          | -36                                  | -27                                 |
| Health & Housing             | 1,146             | 1,062            | 718          | -428                                 | -344                                |
| Planning & Development       | 598               | 879              | 598          | 0                                    | -281                                |
| Policy & Finance             | 2,431             | 2,449            | 2,183        | -248                                 | -266                                |
| <b>Committee Expenditure</b> | <b>9,097</b>      | <b>9,728</b>     | <b>8,671</b> | <b>-426</b>                          | <b>-1,057</b>                       |

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               | 7,700             | 7,897            | 7,883          | 183                                  | -14                                 |
| Premises Related               | 1,990             | 2,410            | 2,364          | 374                                  | -46                                 |
| Transport Related              | 2,163             | 2,238            | 2,121          | -42                                  | -117                                |
| Supplies & Services            | 2,024             | 2,345            | 2,157          | 133                                  | -188                                |
| Third Party Payments           | 385               | 422              | 425            | 40                                   | 3                                   |
| Transfer Payments              | 5,441             | 5,881            | 5,753          | 312                                  | -128                                |
| Support Services               | 7,618             | 7,883            | 7,726          | 108                                  | -157                                |
| Depreciation and Impairment    | 951               | 972              | 973            | 22                                   | 1                                   |
| <b>Total Expenditure</b>       | <b>28,272</b>     | <b>30,048</b>    | <b>29,402</b>  | <b>1,130</b>                         | <b>-646</b>                         |
| Government Grants              | -5,462            | -5,913           | -6,346         | -884                                 | -433                                |
| Other Grants and Contributions | -188              | -724             | -850           | -662                                 | -126                                |
| Customer and Client Receipts   | -3,423            | -3,228           | -3,284         | 139                                  | -56                                 |
| Recharges and Oncosts          | -10,102           | -10,455          | -10,251        | -149                                 | 204                                 |
| <b>Total Income</b>            | <b>-19,175</b>    | <b>-20,320</b>   | <b>-20,731</b> | <b>-1,556</b>                        | <b>-411</b>                         |
| <b>Net Expenditure</b>         | <b>9,097</b>      | <b>9,728</b>     | <b>8,671</b>   | <b>-426</b>                          | <b>-1,057</b>                       |

## Narrative Report

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### 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 increase in Service Committee Costs                                   | 631        |
| Increase in Forecast Interest Received                                    | -520       |
| Increase in Interest Payable and Premiums on Early Repayment of Borrowing | 5          |
| Decrease in Contingencies   | -200       |
| Decrease in S31 Grants Receivable   | 8          |
| Increase in Retained Rates - Renewable Energy                             | -1         |
| Increase in 10% Retained Levy Payable to LCC under Pooling Arrangements   | 8          |
| Increase in amount to be removed for Depreciation                         | -21        |
| Decrease in amount to set aside in Earmarked Reserves                     | 215        |
| <b>Net increase in amount to take from balances for the year</b>          | <b>125</b> |

### How our revenue services are financed

As shown earlier our total actual net expenditure for committees was £8.671m. 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 £7.297m 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 | -3,946        |
| Precept relating to all Parishes      | -517          |
| Collection Fund Surplus               | -115          |
| <b>Total Net Council Tax Income</b>   | <b>-4,578</b> |

### 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 2022/23                  | -12,907       |
| Less Payable to Central Government                                | 6,454         |
| Less Payable to Lancashire County Council                         | 1,162         |
| Less Payable to Lancashire Combined Fire Authority                | 129           |
| <b>Balance Retained by Ribble Valley Borough Council</b>          | <b>-5,162</b> |
| Less Tariff Payable to Central Government                         | 4,311         |
| <b>Baseline Business Rates Income of £1,354,393 less £503,075</b> | <b>-851</b>   |
| Business Rates retained on Renewable Energy Schemes               | -25           |
| Section 31 Grants   | -2,478        |
| Less 10% Retained Levy payment to Lancashire County Council       | 92            |
| Business Rates Collection Fund Deficit                            | 1,749         |
| <b>Overall Net Retained Business Rates Related Income</b>         | <b>-1,513</b> |

In 2022/23 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

The Government have further delayed key reforms to local government funding, notably in this area of funding in respect of:

- Review of local authorities' relative needs and resources (Fair Funding Review)
- Business Rates Retention Reform

### New Homes Bonus

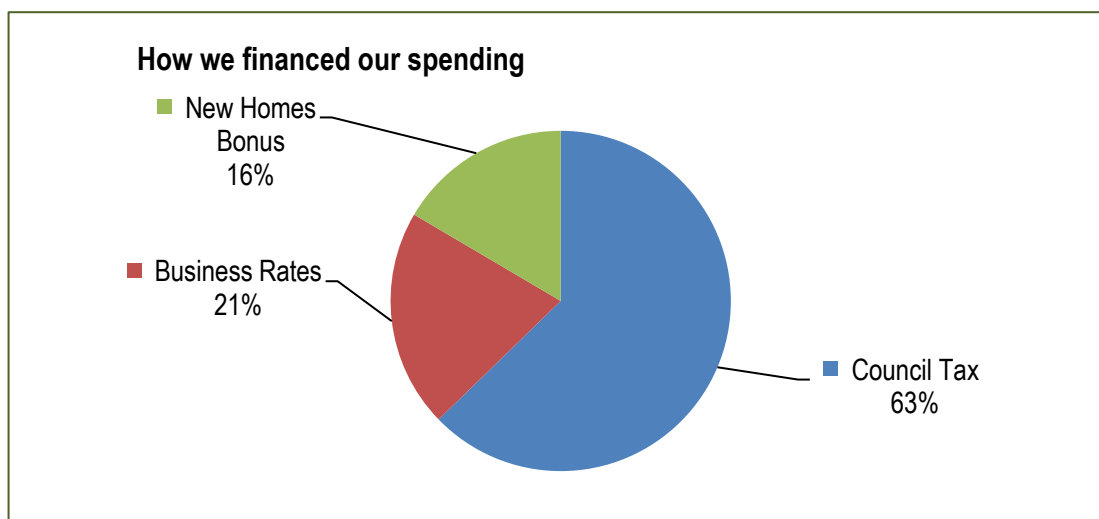
The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property. The amount is also supplemented with an additional amount for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

Significant changes were announced in the tapering of the grant with effect from 2017/18 onwards, through to the 2023/24 financial year where a single year's grant payment will be made.

Our allocation for 2022/23 was £1,205,836 and is shown in the table below (2021/22 £1,515,848).

| New Homes Bonus                                    | £'000         |
|--|---------------|
| 2019/20 Allocation ( <i>Final Legacy Payment</i> ) | -464          |
| 2020/21 Allocation ( <i>No Legacy Payment</i> )    | 0             |
| 2021/22 Allocation ( <i>No Legacy Payment</i> )    | 0             |
| 2022/23 Allocation                                 | -742          |
| <b>Total New Homes Bonus received in 2022/23</b>   | <b>-1,206</b> |

Reforms around New Homes Bonus have been repeatedly delayed despite several consultations. In the Local Government Settlement for 2023/24 the Government have said that they will consult in the summer of 2024 in respect of proposals for the New Homes Bonus Scheme going forward.



### Revenue Support Grant

The council also received a minimal amount of financial support through the Revenue Support Grant of £215 in 2022/23 (2021/22 £nil)

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

During 2022/23 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       |
|--|-------------|
| <b><u>Expenditure Variations</u></b>                                     |             |
| Direct Employee Costs  | -4          |
| Tuition and Training   | -14         |
| Energy Costs   | -50         |
| Water Services   | 4           |
| Repairs to Paths and Grounds   | -10         |
| Mileage Allowances   | -5          |
| Hire of Plant (Street Cleansing)   | -27         |
| Car Leasing  | -20         |
| Vehicle Repairs and Maintenance  | 17          |
| Vehicle Running Costs  | -32         |
| Purchase and Repairs of Equipment and Materials                          | -31         |
| Communications and Computing   | -24         |
| Domestic Abuse Support   | -25         |
| Asylum Seekers Dispersal Support   | -21         |
| Advertising and Promotional Activities                                   | -29         |
| Bank and Card Charges (Car Parking)                                      | 10          |
| Consultants  | 70          |
| UK Shared Prosperity Fund Revenue Schemes                                | 31          |
| Local Plan   | -171        |
| Legal Fees   | -6          |
| Rent Allowance Payments including Discretionary Payments                 | 14          |
| Council Tax Energy Rebate Admin Costs (including Citizen's Access Costs) | 24          |
| Homes For Ukraine Grants   | -192        |
| Affordable Warmth Grants   | -35         |
| Other Grant Schemes  | -17         |
| <b>Total Expenditure Variances</b>                                       | <b>-543</b> |
| <b><u>Income Variations</u></b>  |             |
| Transparency Grant   | -8          |
| DLUHC Redmond Review implementation grant                                | -16         |
| Biodiversity Net Gain Grant  | -27         |

## Narrative Report

| Variation   | £'000         |
|---|---------------|
| Council Tax Energy Rebate Grant Funding (New Burdens)   | -76           |
| Homes For Ukraine Funding   | -7            |
| UK Shared Prosperity Grant Funding  | -70           |
| COVID Post Assurance  | -31           |
| Various Business Rates Reliefs New Burdens Grant Funding  | -22           |
| Air Quality New Burden Funding  | -12           |
| Contain Outbreak Management Fund  | -50           |
| Release of Commuted Sums for Capital Use  | -60           |
| Building Control Fee Income   | 5             |
| Clitheroe Cemetery Income   | -9            |
| Car Parks Income  | -11           |
| Edisford All Weather Facility Income  | -22           |
| Castle Museum Income  | 6             |
| Waste Paper and Card Income   | -7            |
| Planning Fee Income   | -9            |
| Ribblesdale Pool Income   | 13            |
| Street Nameplates and Signs   | 7             |
| <b>Total Income Variances</b>   | <b>-406</b>   |
| Other variations  | -108          |
| <b>Net Variation on Committee Expenditure</b>   | <b>-1,057</b> |
| Increased Interest Received   | -27           |
| Depreciation  | -1            |
| <b>Variation on Net Operating Expenditure</b>   | <b>-1,085</b> |
| Impairment Losses/Gains on Outstanding debts  | 2             |
| Levy Account Surplus Funding  | -11           |
| Retained Rates - Renewable Energy   | 72            |
| Increased Business Rates S31 Grants   | -8            |
| Reduced 10% of Retained Levy payable to LCC   | 2             |
| <b>Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves</b>  | <b>-1,028</b> |
| Extra Transfers to Earmarked Reserves (for Revenue)   | 699           |
| <b>Difference Between the Amount to Add to Balances at the Outturn Position and the Amount Forecast to Take from Balances at the Revised Estimate</b> | <b>-329</b>   |

**General Fund Balances and Earmarked Reserves**

We had originally planned to take £412,422 from general fund balances to help finance the 2022/23 spending plans. However, this was revised later in the year to take £537,406 from general fund balances. The final position shows that the council has taken £241,738 from general fund balances.

| General Fund Balance   | £                |
|--|------------------|
| <b>General Fund Balances: Brought forward at 1 April 2022</b>  | <b>2,961,136</b> |
| Shortfall 2022/23 taken from General Fund Balances             | -241,738         |
| <b>General Fund Balances: Carried forward at 31 March 2023</b> | <b>2,719,398</b> |

With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to take £864,568. However, this was revised later in the year to taking £649,476 from earmarked reserves.

The final position shows that the council has added £83,959 to earmarked reserves for revenue purposes. For capital purposes we took £459,709 from earmarked reserves to fund the capital programme. The overall net movement was £375,750 taken from earmarked reserves.

| Earmarked Reserves  | £                 |
|---|-------------------|
| <b>Earmarked Reserves: Brought forward at 1 April 2022</b>  | <b>15,081,909</b> |
| Net added to Earmarked Reserves for revenue purposes        | 83,959            |
| Net taken from Earmarked Reserves for capital purposes      | -459,709          |
| <b>Earmarked Reserves: Carried forward at 31 March 2023</b> | <b>14,706,159</b> |

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 going forward.

There have also been a number of other grant balances added to earmarked reserves which will be spent in the next, or coming years, such as New Burdens funding and grant income for onward distribution, i.e., Affordable Warmth, Homes for Ukraine and revenue UK Shared Prosperity funding.

## Narrative Report

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### 6 OUR FINANCIAL PERFORMANCE - CAPITAL

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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 £1,157,457 on capital schemes. The main areas of expenditure included:

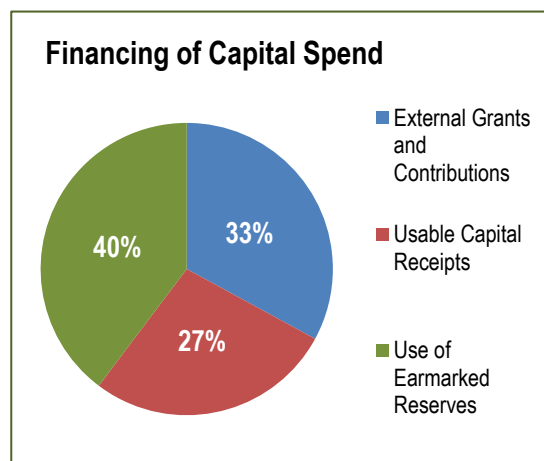
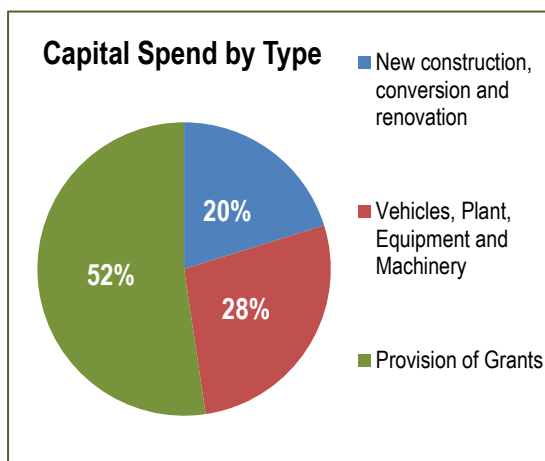
- Replacement Vehicles and Plant.
- Car Park Machines
- Play Area Improvements.
- Reroofing of the Homelessness Unit
- Ribblesdale Pool Filter and Tiling Works
- Dewhurst Road, Langho improvements
- Mardale Playing Field Changing Rooms
- Payment of Housing Related Grants.

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

## Narrative Report

| Capital Programme                  | Original Estimate<br>£ | Revised Estimate<br>£ | Actual<br>£       | Original Estimate Compared to Actual<br>£ | Revised Estimate Compared to Actual<br>£ |
|------------------------------------|------------------------|-----------------------|-------------------|---|--|
| Community Services Committee       | 2,280,500              | 844,060               | 677,184           | -1,603,316                                | -166,876                                 |
| Economic Development Committee     | 51,750                 | 55,000                | 0                 | -51,750                                   | -55,000                                  |
| Planning and Development Committee | 26,420                 | 0                     | 0                 | -26,420                                   | 0  |
| Policy and Finance Committee       | 335,480                | 88,920                | 88,859            | -246,621                                  | -61                                      |
| Health and Housing Committee       | 782,540                | 1,397,630             | 391,414           | -391,126                                  | -1,006,216                               |
| <b>Total Capital Expenditure</b>   | <b>3,476,690</b>       | <b>2,385,610</b>      | <b>1,157,457</b>  | <b>-2,319,233</b>                         | <b>-1,228,153</b>                        |
| Grants and Contributions           | -473,900               | -1,412,810            | -381,080          | 92,820                                    | 1,031,730                                |
| Borrowing                          | -1,293,600             | -6,000                | 0                 | 1,293,600                                 | 6,000                                    |
| Usable Capital Receipts            | -356,250               | -328,542              | -316,668          | 39,582                                    | 11,874                                   |
| Earmarked Reserves                 | -1,352,940             | -638,258              | -459,709          | 893,231                                   | 178,549                                  |
| <b>Total Resources</b>             | <b>-3,476,690</b>      | <b>-2,385,610</b>     | <b>-1,157,457</b> | <b>2,319,233</b>                          | <b>1,228,153</b>                         |

Shown below are summaries of the type of expenditure that is represented in the £1,157,457 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 £1,228,153 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 £1,228,153 variance, £1,226,690 is accounted for as slippage in to the 2023/24 financial year, and is summarised below:

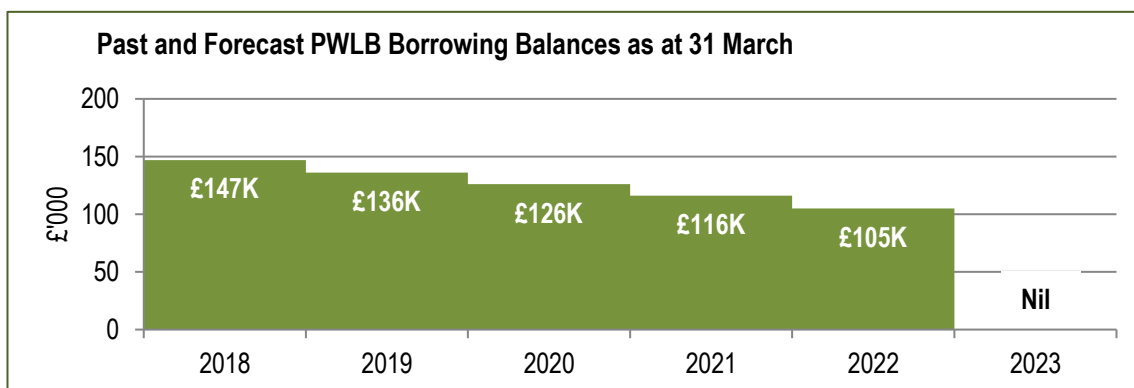
## Narrative Report

| Scheme Name  | Slippage in to the<br>2023/24 Financial Year<br>£ |
|--|---|
| Play Area Improvements                               | 29,680  |
| Castle Keep Lime Repointing Works and Repairs        | 19,170  |
| Salthill Depot Garage Shutter Doors and Rewire       | 3,650   |
| Mardale Pitches Drainage                             | -590  |
| Refurbishment of Bowling Green Café - Castle Grounds | 2,040   |
| Mardale Playing Pitches Changing Rooms               | 64,880  |
| Mardale Car Park Resurfacing                         | 46,670  |
| Disabled Facilities Grants                           | 773,750   |
| Landlord/Tenant Grants                               | 117,130   |
| Replacement of Pest Control Van PK13 FJP             | 4,100   |
| Replacement of Dog Warden Van PE64 EYC               | 4,100   |
| Joiners Arms Roof Renewal                            | 6,410   |
| First Time Buyers Grants                             | 92,330  |
| Clitheroe Affordable Housing Scheme                  | 8,370   |
| Clitheroe Townscape Scheme                           | 55,000  |
| <b>Total Capital Slippage</b>                        | <b>1,226,690</b>                                  |

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. In the outturn position there was no internal borrowing resources needed.

Looking at external borrowing, there was no new external borrowing needed in year. On the contrary, the total Public Works Loan Board loans outstanding as at 31 March 2023 was nil due to the early repayment of the outstanding borrowing during the 2022/23 financial year. This means that the council no longer have any external borrowing. A detailed analysis of the Council's long-term borrowing for 2021/22 and 2022/23 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 position over the last five years. There are no current plans for any further new borrowing. During 2022/23 the council made an early repayment of its external borrowing balance.





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**7 OUR FINANCIAL PERFORMANCE – COLLECTION FUND**

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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 2022/23 is summarised in the table below, compared to the forecast performance.

## Narrative Report

| Collection Fund   | Original Estimate | Revised Estimate | Actual         | Original Estimate Compared to Actual | Revised Estimate Compared to Actual |
|---|-------------------|------------------|----------------|--------------------------------------|-------------------------------------|
|   | £'000             | £'000            | £'000          | £'000                                | £'000                               |
| <b>Council Tax - Expenditure</b>                        |                   |                  |                |                                      |                                     |
| Total of all Precepts                                   | 49,346            | 49,346           | 49,346         | 0                                    | 0                                   |
| Total Council Tax Surplus distributed                   | 1,261             | 1,261            | 1,261          | 0                                    | 0                                   |
| Council Tax Benefit                                     |                   | 4                | 7              | 7                                    | 3                                   |
| Bad Debts Provision                                     | 373               | 100              | 42             | -331                                 | -58                                 |
| Covid Hardship Payments - Recoverable from General Fund |                   | 1                | 1              | 1                                    | 0                                   |
| <b>Expenditure Subtotal - Council Tax</b>               | <b>50,980</b>     | <b>50,712</b>    | <b>50,657</b>  | <b>-323</b>                          | <b>-55</b>                          |
| <b>Business Rates - Expenditure</b>                     |                   |                  |                |                                      |                                     |
| Deficit Brought Forward                                 | 4,373             | 5,069            | 5,069          | 696                                  | 0                                   |
| Cost of Collection                                      | 93                | 93               | 94             | 1                                    | 1                                   |
| Enterprise Zones  | 101               | 123              | 173            | 72                                   | 50                                  |
| Renewable Energy Schemes                                | 96                | 97               | 25             | -71                                  | -72                                 |
| Total Distribution of Business Rates                    | 12,907            | 12,907           | 12,907         | 0                                    | 0                                   |
| Transitional Protection Payments                        |                   | 5                | 31             | 31                                   | 26                                  |
| Appeals Provision                                       | 555               | 163              | -17            | -572                                 | -180                                |
| Bad Debts Provision                                     | 139               | 175              | 54             | -85                                  | -121                                |
| <b>Expenditure Subtotal - Business Rates</b>            | <b>18,264</b>     | <b>18,632</b>    | <b>18,336</b>  | <b>72</b>                            | <b>-296</b>                         |
| <b>Total Expenditure</b>                                | <b>69,244</b>     | <b>69,344</b>    | <b>68,993</b>  | <b>-251</b>                          | <b>-351</b>                         |
| <b>Council Tax - Income</b>                             |                   |                  |                |                                      |                                     |
| Surplus Brought Forward                                 | -1,261            | -1,367           | -1,367         | -106                                 | 0                                   |
| Council Tax Income                                      | -49,719           | -50,214          | -50,153        | -434                                 | 61                                  |
| 50% Ukraine Local Discount - Chargeable to General Fund |                   | -4               | -6             | -6                                   | -2                                  |
| Family Annexes Discount - Chargeable to General Fund    |                   | -12              | -12            | -12                                  | 0                                   |
| <b>Income Subtotal - Council Tax</b>                    | <b>-50,980</b>    | <b>-51,597</b>   | <b>-51,538</b> | <b>-558</b>                          | <b>59</b>                           |
| <b>Business Rates - Income</b>                          |                   |                  |                |                                      |                                     |
| Total Business Rates Deficit Recovered                  | -4,374            | -4,374           | -4,374         | 0                                    | 0                                   |
| Transitional Protection                                 |                   |                  |                | 0                                    | 0                                   |
| Net Rates Payable (before appeals)                      | -13,890           | -13,652          | -13,778        | 112                                  | -126                                |
| <b>Income Subtotal - Business Rates</b>                 | <b>-18,264</b>    | <b>-18,026</b>   | <b>-18,152</b> | <b>112</b>                           | <b>-126</b>                         |
| <b>Total Income</b>                                     | <b>-69,244</b>    | <b>-69,623</b>   | <b>-69,690</b> | <b>-446</b>                          | <b>-67</b>                          |
| Council Tax Surplus carried forward                     | 0                 | -885             | -881           | -881                                 | 4                                   |
| Business Rates Deficit carried forward                  | 0                 | 606              | 184            | 184                                  | -422                                |
| <b>Total Net Surplus carried forward</b>                | <b>0</b>          | <b>-279</b>      | <b>-697</b>    | <b>-697</b>                          | <b>-418</b>                         |

## 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:** Through continued prudent financial management, the Council has continued to have the lowest Band D Council Tax, which is still by far the lowest in Lancashire. In the 2023 'People's Survey - Life in Ribble Valley' 40% 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:** We have a duty to safeguard people of all ages to be safe from harm and live a life free from abuse, neglect and unfair treatment, and support those who choose to live independently. The Council continues to enhance the services that we have available for provision online. We have also continued to support charities and voluntary organisations across the borough who carry out an important role in supporting our vulnerable citizens.
- **To engage with our communities to ensure we deliver services to meet customer needs and expectations:** In the 2023 'People's Survey - Life in Ribble Valley', 40% 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. The Citizens' Panel had not been contacted since the 2018 Perception survey and there had been no refresh of the panel. Therefore, a new online People's Panel is being developed that is more representative of the population of the borough.

**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 in operation including recreational, cultural, sports and voluntary organisation grants that support individuals, communities and organisations across the borough.

## Narrative Report

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- **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:** All Covid-19 business grant schemes have now ended as per the final central government deadline. However, the council continues to provide Business Rates Relief to eligible businesses throughout the borough.
- **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 safe and secure community transport service for the elderly and vulnerable people living in Ribble Valley. We continue to seek improvements to rail connections and examine options for increasing rail travel to the borough.
- **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. Developing better links, and improving journey times and reliability, between areas of economic opportunity for the borough's workforce, with the provision of sustainable forms of travel remain a priority. The Council is working with a number of organisations who are preparing a new framework for cycling and walking infrastructure in the Ribble Valley. We know that there will continue to be a reliance on the private car, not least in the peripheral and rural areas of the borough. Encouraging people to get out of the car for journeys that can be taken by cleaner, healthier, more inclusive, and more cost-effective ways to travel, sits across all our transport and travel activities.

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

- **To improve the health of people living and working in our area:** The Council continues to provide important leisure services such as Ribblesdale Pool, 3G pitches, grass pitches and tennis courts at Edisford Sports Complex, as well as parks and play areas across the borough.
- **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. The new facilities at Edisford Sports Complex 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 safe place to live and has the lowest crime levels in the Lancashire-14 area. This success is in part due to the work of our Community Safety Partnership that works co-productively with all partners and the wider community to identify areas of concern such as, anti-social behaviour, road safety, domestic abuse and protecting the older population. The council continues to provide vital services, ensuring that our residents are able to keep safe.

- **To combat rural isolation:** The Community Hub was set up in response to the Covid-19 pandemic and helped to maintain a vital connection for vulnerable or shielding people. The Hub has now closed following the lifting of Covid-19 restrictions. The Council continues to support people and communities and a comprehensive directory of Community Groups can be found on the Council website. The Council is aware that there are pockets of social isolation and deprivation, particularly in rural communities, which present specific health issues for people living in these localities. A substantial amount of partnership working continues to take place between the Council, the Primary Care Trust, Lancashire County Council, and the Voluntary Sector.

**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:** The creation of a green canopy in tribute to the Queen's 70 years of service remains a lasting legacy within the borough. During 2022/23 the Council working in partnership with Ribble Rivers Trust (RRT) has identified new sites and actively sought funding opportunities for planting trees and landscape recovery. This work 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 and fortnightly recycling, paper and card, and green waste collection service has continued for residents. The collection of green waste remains a free service.
- **To provide a high-quality environment, keeping land clear of litter and refuse, and reducing the incidents of dog fouling:** The Council provides and maintains litter bins in an attempt to prevent litter in public places and to preserve Ribble Valley as an area of outstanding natural beauty. New litter bins, in the same colour scheme as the wheeled bins provided to residents for their recycling and refuse collection service, have separate sections for recyclables such as glass, cans, and plastic bottles and for general waste/litter, these new bins will over time replace all the older litter bins. The dog warden service is available Monday to Friday (8.45am - 5.00pm) with an out of hours number available outside of this time. The dog wardens undertake both routine patrols and respond to complaints of roaming dogs.
- **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 2021-2030 Climate Change Strategy and Action Plan will be refreshed in 2023.
- **To aspire to be a carbon neutral borough by 2030:** Ribble Valley Borough Council has shown its commitment to tackle climate change by agreeing a corporate objective in respect of its own operations of 'to aspire to be a carbon neutral borough by 2030' in the 2019-2023 Corporate Strategy. Information gathered from consultations, the 2023 'People's Survey - Life in Ribble Valley' and performance data will be used to notify the refresh and alignment of the Climate Change Strategy, the Corporate Strategy, and the Local Plan. All of which will consider and deliver on the Council's commitment to climate change.

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**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 continues to offer a means tested disabled facilities grants. A new discretionary grant, Ribble Valley Adaption, has been introduced to assist those who are not eligible for a disabled facilities grant. Both grants enable disabled people within the borough to have better freedom of movement around their house and remain in their own home. Several sources of grant funding are made available to the Council to address homelessness issues. The Council no longer owns any council homes (housing stock), various Housing Associations provide low-cost rental accommodation to people in housing need. The Council also provides advice on renting a property in the private sector (e.g., from a private landlord rather than a housing association), we also signpost homebuyers to a number of affordable home ownership schemes and all new developments in Ribble Valley provide an element of affordable housing comprising a mix of shared ownership and rental properties.
- **To provide an adequate mix of additional affordable homes throughout the Ribble Valley:** The Council offers Renovation and Conversion grants for landlords, in which the Council match-funds a landlord's investment in a property in return for an affordable rental property, the property must also meet the decent homes standard / fitness standard on completion of the work. The grant ensures that the council has nomination rights to the property and that rents are set in line with the Central Lancashire Local Housing Allowance (LHA). The landlord must also accept the tenancy protection scheme.
- **To develop the right housing in the right places:** Within the 2022/23 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

Historically the Council has undertaken a Perception Survey (Residents' survey) every two years dating back to 2000. The last Perception Survey was undertaken in late 2017 and reported in 2018. The survey focused on the local area, well-being, service satisfaction, perceptions of the Council and value for money. The next survey was planned for March/April 2020 but was put on hold due to the Covid-19 pandemic.

Over the last ten years, the methodology of the council's resident survey has gradually shifted and changed. So, a new approach to the resident survey was taken for 2023. Recognising there is less control over the sample from an open-access survey and so less emphasis on comparisons over time, the opportunity was taken to review questions included in the survey to ensure it feels shorter and more relevant for residents. This included a new section on climate change and more focus on the local area, with the survey re-branded from a 'Perception Survey' to 'Life in Ribble Valley'.

An online survey was launched on 30 January and closed on 13 March 2023, with paper copies also available in public buildings. Promotion included: media and press releases to local newspapers and on the council website; emails sent to councillors, staff and town and parish clerks; contact with local colleges and sixth forms; social media posts on Facebook groups and council accounts for Facebook, Twitter, and Instagram. The aim of the survey was to determine views on the local area, local public

services, and the local community from those that live, work, study, and visit the borough. The findings are due to be reported in mid/late May after the May 2023 Elections.

770 responses were received from local residents. This is up from 608 responses in 2018 and 417 in 2015 (when a Citizens' Panel-only methodology was used). In addition, there was a greater spread of age groups represented in the latest survey. In 2018, over half of responses were from residents aged 65 or over (down to 33% in this survey).

A summary of the survey findings, broken down into key areas is provided below:

### Your Local Area

- As well as access to the countryside and nature, schools, the night-time economy, safety (low levels of crime) and community, including a sense of community, events and volunteering are seen as some of the best things about the Ribble Valley area.
- Those not satisfied with their local area were more likely than others to highlight street cleanliness, litter, and dog fouling. Around one in five commented on improving the condition of roads and pavements and better management of the road network (covering traffic, speeding, and parking) which are Lancashire County Council service responsibilities.
- 78% of residents are satisfied with their local area as a place to live.

### Local Public Services

- 40% of all residents feel the Council provides value for money. However, 47% of older residents agree that the council provides value for money, compared to 33% of those aged 55 to 64, 37% of 45- to 54-year-olds, and 39% of 25- to 44-year-old.
- Dissatisfaction with street cleanliness and the level of dog fouling, conditions of roads and pavements, and levels of crime and anti-social behaviour are the main areas of concern for residents.
- Around 2 in 5 residents are satisfied with the way the council runs things.

### Waste collection and recycling services

- 83% of respondents were satisfied with waste collection services, and 69% with doorstep recycling.

### Information and Customer Service

- 39% of residents feel Ribble Valley Borough Council keeps them very or fairly well informed about the services it provides. Residents who feel well informed about services are more likely to feel the council provides value for money.
- Residents find out things about their local area in a range of ways. 43% prefer emails and e-newsletters, 42% via local groups on social media. However, 54% of residents prefer to get information about their local area straight to their home. 1 in 4 respondents to the survey do not use social media.
- 63% of residents over 65 still prefer to receive information sent straight to their home, with 36% of 55- to 64-year-olds finding out what's happening in their area via local news websites.

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- 56% of 25- to 44-year-olds use local services on social media and 52% use local groups on social media. Of the 45- to 54-year-old age range more are likely than others to use social media, but not to the same extent as 25- to 44-year-olds.

### Local Community

- Four in five residents feel safe in their local area.
- Anti-social behaviour issues appear to be less of a problem than in 2018. 43% of 2018 respondents did not feel vandalism and graffiti was a problem (73% in 2023). 42% of 2018 respondents did not feel teenagers hanging around streets was a problem (69% in 2023). 35% of 2018 respondents did not feel people using/dealing drugs was a problem (48% in 2023).

### Climate Change

- More than half (54%) of residents are very concerned about climate change.
- Males appear more likely than females to not be concerned at all about climate change with 16% of male respondents indicating that they are not concerned at all, compared to 7% of female respondents.
- There are a wide range of actions residents are already doing or willing to do in the future to help reduce carbon emissions. Different age groups might take different actions for example, 25- to 44-year-olds are more likely than others to change to renewable energy sources. 45- to 54-year-olds are more likely to grow their own food, and 65+ year olds are more likely to use public transport more often.

### Young People's Views

- Young people also feel the countryside is the best thing about living here; better transport links is the most common suggested improvement, other themes include more activities for younger people, more/keep local independent shops, better preservation of the local environment, and more affordable housing.

### Change and Improvement

Smarter working with our existing ICT infrastructure across all services continues to be a key area for improvement, as well as further investment as can be seen in our five-year forward capital programme.

This will allow us to ensure that we maximise the return from our investment, help 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 in ways, and at times, that are more convenient to them.

Following the recent elections and the changes to the Council membership, any future change and improvements will be steered by the new Corporate Strategy once it is eventually shaped and then approved.

The valuable feedback from the 'People's Survey - Life in Ribble Valley' will also help inform the future provision of our services where possible.

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 council's approach to change and the confidence



that it can take in planning for service investment when multiple key funding streams cannot be confirmed, even in the short term.

Whilst this uncertainty may have tempered future service growth, the council is proud of its financial position which has helped it to forecast a revenue budget and capital programme covering the next five years. However, this relies heavily on extensive use of the council's earmarked reserves which is not a sustainable position. As such, the council's Budget Working Group will begin work to address this, beginning in the early part of the 2023/24 financial year.

## 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 pension fund has moved to a surplus position of £10.994m (31 March 2022 £15.072m deficit).

The pension fund has just undergone its triennial review. The reason for the move from a deficit to surplus position is largely explained in the following:

|   | £'000          |
|---|----------------|
| <b>Remeasurements (liabilities)</b>     |                |
| Experience loss                         | 5,111          |
| Gain on Financial Assumptions           | -31,129        |
| Gain on demographic assumptions         | -1,839         |
| <b>Remeasurements (assets)</b>          | 152            |
| <b>Net movement from remeasurements</b> | <b>-27,705</b> |

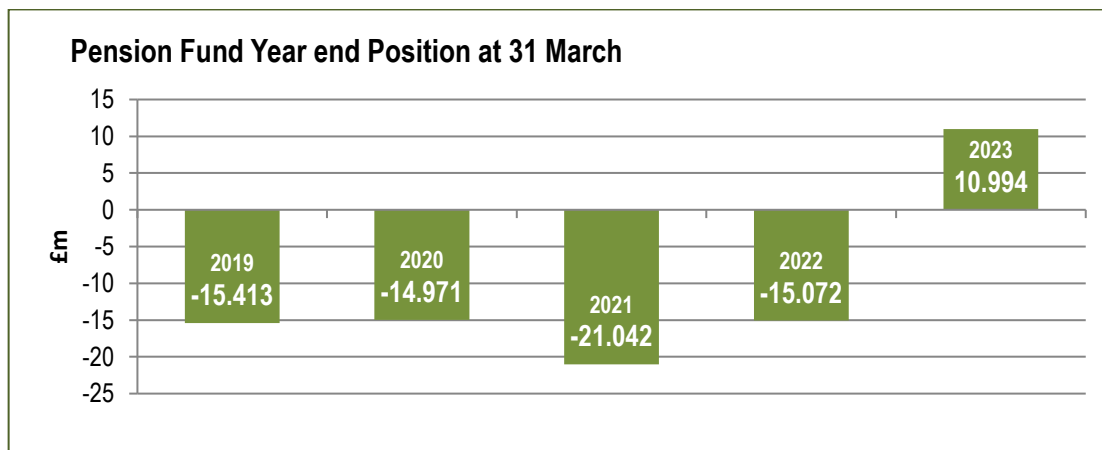
The main reasons for the above movements have been:

- An increase of around 2% per annum in the discount rate assumption and a decrease of 0.3% - 0.8% per annum in assumed CPI.
- Last year's assumptions included an adjustment for recent levels of high inflation prior to the accounting date – this year this has been allowed for as a separate experience item which acts to increase liabilities.

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The combined effect of the above two items is to significantly decrease liabilities for employers within the fund. Added to this is the impact of the 2022 full revaluation results.

The Pension deficit has fluctuated quite widely over the past few years and the main fluctuations year to year have been around remeasurements.



The Net Assets position on the balance sheet at 31 March 2023 sees a very large movement from that seen at 31 March 2022. This is due to the swing in the valuation of the Pension Fund at the 31 March 2023, with a £26.066m movement. As can be seen in the bottom half of the balance sheet this does not represent a usable asset and sits within the council's Unusable Reserves.

## 10 CURRENT ECONOMIC CLIMATE AND OUTLOOK

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

This council has benefited from healthy levels of business rates growth over the life of the business rates retention scheme and over time has relied heavily on this income to support the revenue budget, as well as helping fund the capital programme.

This leaves the council vulnerable to any reforms to the Business Rates Retention scheme and any resets within the business rates retention scheme, such as the Baseline Funding Level.

As such the review of local authorities' relative needs and resources (Fair Funding Review) and the Business Rates Retention Reforms that keep being delayed add to the uncertainty around our financial position over the longer term.

Despite the level of uncertainty, a budget forecast was prepared at the time of setting the revenue budget for 2023/24 in February 2023. This was based on many assumptions due to the high level of uncertainty around future local government funding.

|  | 2023/24<br>Forecast<br>£ | 2024/25<br>Forecast<br>£ | 2025/26<br>Forecast<br>£ | 2026/27<br>Forecast<br>£ | 2027/28<br>Forecast<br>£ |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Net Expenditure</b>                     | <b>9,883,530</b>         | <b>10,344,256</b>        | <b>10,607,188</b>        | <b>10,818,732</b>        | <b>11,034,507</b>        |
| <b>Less Interest Earned on Investments</b> | <b>-450,000</b>          | <b>-250,000</b>          | <b>-200,000</b>          | <b>-200,000</b>          | <b>-200,000</b>          |
|  | <b>9,433,530</b>         | <b>10,094,256</b>        | <b>10,407,188</b>        | <b>10,618,732</b>        | <b>10,834,507</b>        |
| <b>Less Funding</b>                        |                          |                          |                          |                          |                          |
| <b>Core Government Funding</b>             |                          |                          |                          |                          |                          |
| Business Rates Baseline                    | -1,405,077               | -1,405,077               | -1,405,077               | -1,405,077               | -1,405,077               |
| Revenue Support Grant                      | -48,588                  | -48,588                  | -48,588                  | -48,588                  | -48,588                  |
| Rural Services Delivery Grant              | -113,250                 | -113,250                 | -113,250                 | -113,250                 | -113,250                 |
| Services Grant                             | -52,612                  | -52,612                  | -52,612                  | -52,612                  | -52,612                  |
| <b>Other Funding</b>                       |                          |                          |                          |                          |                          |
| Use of New Homes Bonus                     | -506,197                 | 0                        | 0                        | 0                        | 0                        |
| Use of Business Rates Growth               | -2,000,000               | -2,000,000               | -1,000,000               | -1,000,000               | -1,000,000               |
| One-Off Funding Guarantee                  | -788,858                 | 0                        | 0                        | 0                        | 0                        |
| Potential Transitional Protection          | 0                        | -577,149                 | -579,277                 | -581,470                 | -583,728                 |
| Use of General Fund Balances               | -300,000                 | -250,000                 | -250,000                 | -250,000                 | -250,000                 |
| Collection Fund Surplus                    | -80,012                  | -25,000                  | -25,000                  | -25,000                  | -25,000                  |
| <b>Still to be Funded</b>                  | <b>4,138,936</b>         | <b>5,622,580</b>         | <b>6,933,384</b>         | <b>7,142,735</b>         | <b>7,356,252</b>         |
| <b>Council Tax Income</b>                  |                          |                          |                          |                          |                          |
| Council Tax Band D                         | -165.69                  | -170.69                  | -175.69                  | -180.69                  | -185.69                  |
| Assumed Tax Base                           | 24,980                   | 25,230                   | 25,482                   | 25,737                   | 25,994                   |
| <b>Precept</b>                             | <b>-4,138,936</b>        | <b>-4,306,475</b>        | <b>-4,476,950</b>        | <b>-4,650,404</b>        | <b>-4,826,879</b>        |
| <b>Budget Gap</b>                          | <b>0</b>                 | <b>1,316,105</b>         | <b>2,456,434</b>         | <b>2,492,331</b>         | <b>2,529,373</b>         |

The Budget Forecast has been produced based upon latest budget projections. Whilst the council has only received (in theory) a two-year settlement a view has been taken on what potential protection the council could receive for the years to 2027/28. This is based on the current spending power excluding the one-off transition grant. It must be stressed these are very much estimates in the absence of any firm information from the Government.

It is further complicated by the fact that a general election will take place some time in the next two years, so for 2025/6 there will be a new Government who may have a different approach to local government finance.

In summary there have been the following assumptions in updating the council's budget forecast:

- a £5 increase in our council tax going forward each year until 2027/28
- a 1% increase in our taxbase
- we will receive transitional protection from the Government as set out earlier in the report.
- £1m will be taken from general fund balances over the future 4 years.
- the Bank of England achieves its target and inflation returns to 2% per annum during 2024/25.

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- no growth items are included.
- any significant new burdens on the Council are fully funded.

The forecast also assumes that following the two-year settlement the estimated income from business rates will fall by £1m to £1.2m to reflect the likely resetting of the business rates baseline.

### Potential future Use of Earmarked Reserves

The council may need to rely on its reserves to fund the predicted budget shortfalls each year. These are based on assumptions of the impact of future key financial reforms on this Council and possible levels of transitional protection.

If these were to be realised, then the council would need to use £8.794m of its earmarked reserves between 2024/25 and 2027/28 to fund the revenue budget. This would leave earmarked reserves of only £770k at the end of 2027/28.

Clearly this is not a sustainable position, and the council needs to be able to set a balanced budget in the medium term.

As such, the council's Budget Working Group will begin work to address the budget deficit forecast from 2024/25 onwards early in the new municipal year.

## 11 PRINCIPAL RISKS AND UNCERTAINTIES

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### Risk Management Process

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.

Risk owners are required to enter perceived and real risks onto the Risk Management System. This process ensures the Council maintains Service and Corporate Risk Registers, underpinning the organisation's overarching Strategic Risk Register. The compilation and maintenance of an up to date and comprehensive Corporate and Strategic Risk Register is one of the key elements of the Council's Risk Management Policy.

### Current Key Strategic Risks

These risks are monitored and maintained on a regular basis and action taken where necessary.

Shown below is the list of Strategic Risks, giving the inherent risk description to the authority if no controls were in place:

- Data loss, disruption and/or damage to reputation due to a cyber-attack.

- Inability to set an affordable and sustainable budget over the short to medium-term resulting in the issuing of a Section 114 notice.
- Heightened levels of fraud, including cyber fraud, due to pressures in the current economic climate.
- Failure of the council to embed appropriate safeguarding arrangements.
- Reduced funding resulting in the inability to deliver discretionary services.
- The council is unable to ensure the resilience of key operations and business activities due to lack of robust business continuity plans.
- Death or life changing injury due to a lack of robust health and safety processes.
- High staff turnover, loss of knowledge and skills resulting in reduced resilience.
- Failure to meet requirements equalities legislation.
- Failure to identify and embed legislative requirements due to lack of or outdated policies and procedures.
- Partnership working opportunities are not taken advantage of to improve the borough infrastructure.
- Failure to deliver the Local Plan leading to harm to the borough's environment, heritage assets and communities and missed opportunities for economic and housing growth.
- Failure to deliver new Local Plan
- Service and local economy provision does not match community requirements or expectations.
- Failure to plan and/or respond to emergency events when they occur.
- Failure to deliver the Council's Climate Change Strategy to reduce carbon emissions, adversely affecting the natural environment.

Whilst the above is a list of the current strategic risks there are of course a number of mitigating actions and controls that reduced the residual level of risk experienced by the council in this respect.

## 12 THE STATEMENTS

The Council's statement of accounts for the year ended 31 March 2023 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 2022/23 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

## Narrative Report

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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.

#### **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

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# Statement of Responsibilities

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

### The Authority's Responsibilities

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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 & Deputy Chief Executive.
- 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 & Deputy Chief Executives' Responsibilities

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The Director of Resources & Deputy Chief Executive 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 & Deputy Chief Executive 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 & Deputy Chief Executive 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 2023.

Jane L Pearson

Director of Resources & Deputy Chief Executive CPFA  
21 September 2023



## Approval of the Statement of Accounts

I confirm that these accounts, including the Comprehensive Income and Expenditure Statement on page 65 and the Balance Sheet on page 69, were approved by the Accounts and Audit Committee at its meeting held on 27 September 2023.

Cllr Robin Walsh

Chairman of Accounts and Audit Committee  
27 September 2023

# Statement of Accounting Policies

*The accounting policies form part of the notes to the accounts.*

## 1 GENERAL PRINCIPLES

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The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (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 2022/23*, 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

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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**

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**3 CASH AND CASH EQUIVALENTS**

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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**

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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**

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Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises of:

- 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.

## Statement of Accounting Policies

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### 6 COUNCIL TAX AND NON-DOMESTIC RATES (NDR)

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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

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#### **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**

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**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 4.8% (2.8% 31 March 2022) 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:

## Statement of Accounting Policies

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- **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

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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**

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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**

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### **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.

## Statement of Accounting Policies

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### **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

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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

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### **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

## Statement of Accounting Policies

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- 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**

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**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)

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**12 INTANGIBLE ASSETS**

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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.

## Statement of Accounting Policies

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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

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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

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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**

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**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**

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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**

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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.

## Statement of Accounting Policies

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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 2023                            |  |
|--|--|--|
|  | Revalued Amount<br>in Balance Sheet<br>£ | Equivalent<br>Carrying Amount<br>Under Cost Model<br>£ |
| Other Land and Buildings                     | 15,570,129                               | 8,307,151  |
| Vehicles, Plant, Furniture and Equipment     | 1,999,926                                | 1,999,926  |
| Infrastructure Assets                        | 231,325                                  | 231,325  |
| Community Assets                             | 1,652,030                                | 1,640,951  |
| Assets Held for Sale                         | 200,000                                  | 18,267   |
| <b>Total</b>                                 | <b>19,653,410</b>                        | <b>12,197,620</b>                                      |

### 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).

## Statement of Accounting Policies

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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**

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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**

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***Provisions***

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Council a present obligation.
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

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.

## Statement of Accounting Policies

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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 with sufficient reliability.

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**

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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**

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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 of Accounting Policies**

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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**

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

**21 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS**

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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**

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# 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

| 2021/22 Restated       |                    |                      | 2022/23   |                        |                    |                      |            |
|------------------------|--------------------|----------------------|---|------------------------|--------------------|----------------------|------------|
| Gross Expenditure<br>£ | Gross Income<br>£  | Net Expenditure<br>£ |   | Gross Expenditure<br>£ | Gross Income<br>£  | Net Expenditure<br>£ | Note       |
| 6,691,846              | -2,188,317         | 4,503,529            | Community Services Committee  | 7,682,338              | -2,357,055         | 5,325,283            | 35         |
| 423,815                | -104,392           | 319,423              | Economic Development Committee  | 447,210                | -92,239            | 354,971              |            |
| 6,973,620              | -6,328,920         | 644,700              | Health and Housing Committee  | 7,434,124              | -6,590,942         | 843,182              |            |
| 1,417,555              | -945,116           | 472,439              | Planning and Development Committee  | 1,532,192              | -791,069           | 741,123              |            |
| 5,461,117              | -3,205,484         | 2,255,633            | Policy and Finance Committee  | 3,680,205              | -1,253,012         | 2,427,193            |            |
| <b>20,967,953</b>      | <b>-12,772,229</b> | <b>8,195,724</b>     | <b>Cost of Services</b>   | <b>20,776,069</b>      | <b>-11,084,317</b> | <b>9,691,752</b>     | <b>1/2</b> |
|                        |                    |                      | <b>Other Operating Expenditure</b>  |                        |                    |                      |            |
|                        |                    | 503,609              | Payment of Precepts to Parishes   |                        |                    | 517,347              |            |
|                        |                    | 31,000               | Pensions Administration Expenses  |                        |                    | 35,000               | 32         |
|                        |                    | 0                    | (Gains)/Losses on the Disposal of non-Current Assets                        |                        |                    | 2,968                |            |
|                        |                    |                      | <b>Financing and Investment Income and Expenditure</b>                      |                        |                    |                      |            |
|                        |                    | 5,513                | Interest Payable on Debt and Early Repayment Premium                        |                        |                    | 9,823                |            |
|                        |                    | -14,726              | Investment Interest Income  |                        |                    | -596,498             |            |
|                        |                    | -22,802              | Impairment Losses/(Gains)   |                        |                    | 1,691                |            |
|                        |                    | 431,000              | Net Interest on the net defined benefit liability (asset)                   |                        |                    | 406,000              | 32         |
|                        |                    | -45,718              | (Gain)/Loss on Trading Accounts   |                        |                    | 19,487               |            |
|                        |                    |                      | <b>Taxation and Non-Specific Grant Income</b>                               |                        |                    |                      |            |
|                        |                    | -4,340,196           | Council Tax   |                        |                    | -4,532,889           | 8          |
|                        |                    | -309,611             | Non Domestic Rates Income and Expenditure                                   |                        |                    | -989,221             | 8/11       |
|                        |                    | 0                    | Capital Grants and Contributions  |                        |                    | -314,000             |            |
|                        |                    | -4,875,398           | Other Non-Specific Grants   |                        |                    | -3,964,139           | 8          |
|                        |                    | <b>-441,605</b>      | <b>(Surplus) or Deficit on Provision of Services</b>                        |                        |                    | <b>287,321</b>       | <b>1/2</b> |
|                        |                    | -2,590,772           | (Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets |                        |                    | -622,245             |            |
|                        |                    | -7,523,000           | Actuarial Gains on Pensions Assets/Liabilities                              |                        |                    | -27,705,000          | 32         |
|                        |                    | <b>-10,113,772</b>   | <b>Other Comprehensive Income and Expenditure</b>                           |                        |                    | <b>-28,327,245</b>   |            |
|                        |                    | <b>-10,555,377</b>   | <b>Total Comprehensive Income and Expenditure</b>                           |                        |                    | <b>-28,039,924</b>   |            |

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

**Movements in Reserves Statement**

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## 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.

## Movements in Reserves Statement

| Movements in 2022/23   | General Fund Balance<br>£ | Earmarked General Fund Reserves<br>£ | Total General Fund Balance<br>£ | Capital Grants Unapplied<br>£ | Usable Capital Receipts Reserve<br>£ | Total Usable Reserves<br>£ | Unusable Reserves<br>£ | Total Council Reserves<br>£ |
|--|---------------------------|--------------------------------------|---------------------------------|-------------------------------|--------------------------------------|----------------------------|------------------------|-----------------------------|
| <b>Balance as at 31 March 2022</b>   | 2,961,136                 | 15,081,909                           | 18,043,045                      | 658,871                       | 1,064,005                            | 19,765,921                 | 119,048                | 19,884,969                  |
| Total Comprehensive Income and Expenditure   | 88,429                    | -375,750                             | -287,321                        |                               |                                      | -287,321                   | 28,327,245             | 28,039,924                  |
| Adjustments between Accounting Basis and Funding Basis Under Regulations<br><i>See Note 10</i> | -330,167                  |                                      | -330,167                        | 374,727                       | -246,570                             | -202,010                   | 202,010                | 0                           |
| <b>Increase/(Decrease) in Year</b>   | <b>-241,738</b>           | <b>-375,750</b>                      | <b>-617,488</b>                 | <b>374,727</b>                | <b>-246,570</b>                      | <b>-489,331</b>            | <b>28,529,255</b>      | <b>28,039,924</b>           |
| <b>Balance at 31 March 2023 Carried Forward</b>  | <b>2,719,398</b>          | <b>14,706,159</b>                    | <b>17,425,557</b>               | <b>1,033,598</b>              | <b>817,435</b>                       | <b>19,276,590</b>          | <b>28,648,303</b>      | <b>47,924,893</b>           |

| Movements in 2021/22   | General Fund Balance<br>£ | Earmarked General Fund Reserves<br>£ | Total General Fund Balance<br>£ | Capital Grants Unapplied<br>£ | Usable Capital Receipts Reserve<br>£ | Total Usable Reserves<br>£ | Unusable Reserves<br>£ | Total Council Reserves<br>£ |
|--|---------------------------|--------------------------------------|---------------------------------|-------------------------------|--------------------------------------|----------------------------|------------------------|-----------------------------|
| <b>Balance as at 31 March 2021</b>   | 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<br><i>See Note 10</i> | 146,915                   |                                      | 146,915                         | 78,347                        | -74,854                              | 150,408                    | -150,408               | 0                           |
| <b>Increase/(Decrease) in Year</b>   | <b>426,993</b>            | <b>161,527</b>                       | <b>588,520</b>                  | <b>78,347</b>                 | <b>-74,854</b>                       | <b>592,013</b>             | <b>9,963,364</b>       | <b>10,555,377</b>           |
| <b>Balance at 31 March 2022 Carried Forward</b>  | <b>2,961,136</b>          | <b>15,081,909</b>                    | <b>18,043,045</b>               | <b>658,871</b>                | <b>1,064,005</b>                     | <b>19,765,921</b>          | <b>119,048</b>         | <b>19,884,969</b>           |

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

**Balance Sheet**

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# 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'.

The Net Assets position on the balance sheet at 31 March 2023 sees a very large movement from that seen at 31 March 2022. This is due to the swing in the valuation of the Pension Fund at the 31 March 2023, with a £26.066m movement. As can be seen in the bottom half of the balance sheet this does not represent a usable asset and sits within the council's Unusable Reserves.



## Balance Sheet

| 31 March 2022                |                                    | 31 March 2023     | Note  |
|------------------------------|------------------------------------|-------------------|-------|
| £                            |                                    | £                 |       |
| <b>Long Term Assets</b>      |                                    |                   |       |
| 19,267,017                   | Property, Plant and Equipment      | 19,453,410        | 6/13  |
| 997,417                      | Heritage Assets                    | 1,082,613         | 14    |
| 79,481                       | Intangible Assets                  | 53,639            |       |
| 248,768                      | Long Term Debtors                  | 231,661           | 15    |
| 0                            | Net Pensions Asset                 | 10,994,000        |       |
| <b>20,592,683</b>            | <b>Total Long Term Assets</b>      | <b>31,815,323</b> |       |
| <b>Current Assets</b>        |                                    |                   |       |
| 10,000                       | Financial Asset Held for Sale      | 10,000            | 15    |
| 70,099                       | Assets Held for Sale               | 200,000           |       |
| 57,918                       | Inventories                        | 57,533            |       |
| 3,589,245                    | Short Term Debtors                 | 1,805,712         | 15/16 |
| 5,000,000                    | Short Term Investments             | 0                 |       |
| 20,222,767                   | Cash and Cash Equivalents          | 22,902,858        | 15/17 |
| <b>28,950,029</b>            | <b>Total Current Assets</b>        | <b>24,976,103</b> |       |
| <b>Current Liabilities</b>   |                                    |                   |       |
| -17,697                      | Short Term Borrowing               | 0                 |       |
| -13,549,924                  | Short Term Creditors               | -7,950,345        | 15/18 |
| -923,122                     | Provisions                         | -916,188          | 19    |
| <b>-14,490,743</b>           | <b>Total Current Liabilities</b>   | <b>-8,866,533</b> |       |
| <b>Long Term Liabilities</b> |                                    |                   |       |
| -95,000                      | Long Term Borrowing                | 0                 | 15    |
| -15,072,000                  | Net Pensions Liability             | 0                 | 6/32  |
| <b>-15,167,000</b>           | <b>Total Long Term Liabilities</b> | <b>0</b>          |       |
| <b>19,884,969</b>            | <b>Net Assets</b>                  | <b>47,924,893</b> |       |
| <b>Usable Reserves</b>       |                                    |                   |       |
| 2,961,136                    | General Fund Balance               | 2,719,398         | 20    |
| 15,081,909                   | Earmarked General Fund Reserves    | 14,706,159        | 12    |
| 1,064,005                    | Usable Capital Receipts Reserve    | 817,435           |       |
| 658,871                      | Capital Grants Unapplied           | 1,033,598         |       |
| <b>19,765,921</b>            | <b>Total Usable Reserves</b>       | <b>19,276,590</b> |       |
| <b>Unusable Reserves</b>     |                                    |                   |       |
| 8,799,563                    | Capital Adjustment Account         | 8,891,442         | 21    |
| -1,902,726                   | Collection Fund Adjustment Account | 6,041             |       |
| 8,473,418                    | Revaluation Reserve                | 8,862,077         |       |
| -15,072,000                  | Pension Reserve                    | 10,994,000        | 32    |
| -179,207                     | Accumulated Absences Account       | -105,257          |       |
| <b>119,048</b>               | <b>Total Unusable Reserves</b>     | <b>28,648,303</b> |       |
| <b>19,884,969</b>            | <b>Total Reserves</b>              | <b>47,924,893</b> |       |

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

## Cash Flow Statement

# 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.

| 2021/22<br>£      |   | 2022/23<br>£      | Note |
|-------------------|---|-------------------|------|
| -441,605          | Net (Surplus) or Deficit on the Provision of Services   | 287,321           |      |
| -1,316,265        | Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements   | -1,382,186        | 22   |
| 0                 | Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | 70,099            | 22   |
| <b>-1,757,870</b> | <b>Net Cash Flows from Operating Activities</b>   | <b>-1,024,766</b> |      |
| 4,992,155         | Investing Activities  | -5,135,978        | 23   |
| -4,922,813        | Financing Activities  | 3,480,653         | 24   |
| <b>-1,688,528</b> | <b>Net Increase or decrease in Cash and Cash Equivalents</b>  | <b>-2,680,091</b> |      |
| 18,534,239        | Cash and Cash Equivalents 1 April   | 20,222,767        |      |
| <b>20,222,767</b> | <b>Cash and Cash Equivalents 31 March</b>   | <b>22,902,858</b> | 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

## 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.

| 2022/23   | Net Expenditure Chargeable to the General Fund<br>£ | Adjustments between the Funding and Accounting Basis<br>£ | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£ |
|---|---|---|--|
| Community Services Committee                            | 4,850,431   | 474,852   | 5,325,283  |
| Economic Development Committee                          | 321,523   | 33,448  | 354,971  |
| Health and Housing Committee                            | 717,857   | 125,325   | 843,182  |
| Planning and Development Committee                      | 598,425   | 142,698   | 741,123  |
| Policy and Finance Committee                            | 2,182,618   | 244,575   | 2,427,193  |
| <b>Net Cost of Services</b>                             | <b>8,670,854</b>                                    | <b>1,020,898</b>  | <b>9,691,752</b>   |
| Other Income and Expenditure                            | -8,053,366  | -1,351,065  | -9,404,431   |
| <b>(Surplus) or Deficit</b>                             | <b>617,488</b>                                      | <b>-330,167</b>   | <b>287,321</b>   |
| Opening General Fund Balance at 31 March 2022           | -18,043,045   |   |  |
| <b>Closing General Fund Balance as at 31 March 2023</b> | <b>-17,425,557</b>                                  |   |  |

## Notes to the Core Financial Statements

| 2021/22   | Net Expenditure Chargeable to the General Fund<br>£ | Adjustments between the Funding and Accounting Basis<br>£ | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£ |
|---|---|---|--|
| 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  |
| <b>Net Cost of Services</b>                             | <b>7,423,336</b>                                    | <b>772,388</b>  | <b>8,195,724</b>   |
| Other Income and Expenditure                            | -8,011,856  | -625,473  | -8,637,329   |
| <b>(Surplus) or Deficit</b>                             | <b>-588,520</b>                                     | <b>146,915</b>  | <b>-441,605</b>  |
| Opening General Fund Balance at 31 March 2021           | -17,454,525   |   |  |
| <b>Closing General Fund Balance as at 31 March 2022</b> | <b>-18,043,045</b>                                  |   |  |

## 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.

| 2022/23                            | Net Expenditure Chargeable to the General Fund<br>£ | Adjustments for Capital Purposes<br>£ | Net Change for the Pensions Adjustments<br>£ | Other Statutory Adjustments<br>£ | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£ |
|------------------------------------|---|---------------------------------------|--|----------------------------------|--|
| Community Services Committee       | 4,850,431   | -24,224                               | 541,747                                      | -42,671                          | <b>5,325,283</b>   |
| Economic Development Committee     | 321,523   |                                       | 31,521                                       | 1,927                            | <b>354,971</b>   |
| Health and Housing Committee       | 717,857   | -26,121                               | 169,225                                      | -17,779                          | <b>843,182</b>   |
| Planning and Development Committee | 598,425   |                                       | 152,767                                      | -10,069                          | <b>741,123</b>   |
| Policy and Finance Committee       | 2,182,618   | -33,320                               | 302,740                                      | -24,845                          | <b>2,427,193</b>   |
| <b>Net Cost of Services</b>        | <b>8,670,854</b>                                    | <b>-83,665</b>                        | <b>1,198,000</b>                             | <b>-93,437</b>                   | <b>9,691,752</b>   |
| Other Income and Expenditure       | -8,053,366  | 97,216                                | 441,000                                      | -1,889,281                       | <b>-9,404,431</b>  |
| <b>(Surplus) or Deficit</b>        | <b>617,488</b>                                      | <b>13,551</b>                         | <b>1,639,000</b>                             | <b>-1,982,718</b>                | <b>287,321</b>   |

## Notes to the Core Financial Statements

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

**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.

## Notes to the Core Financial Statements

### 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.

| 2021/22<br>£   | 2022/23<br>£       |
|--|--------------------|
| <i>Expenditure</i>                                   |                    |
| 8,759,653  | 9,413,373          |
| Employee Expenditure                                 |                    |
| 14,628,832   | 13,782,084         |
| Other Service Expenses                               |                    |
| 1,003,217  | 1,331,181          |
| Depreciation, Amortisation and Impairment            |                    |
| 31,000   | 35,000             |
| Pensions Administration Costs                        |                    |
| 5,513  | 9,823              |
| Interest Payments                                    |                    |
| 503,609  | 517,347            |
| Precepts and Levies                                  |                    |
| <b>24,931,824</b>                                    | <b>25,088,808</b>  |
| <b>Total Expenditure</b>                             |                    |
| <i>Income</i>  |                    |
| -6,978,388   | -6,689,266         |
| Fees and Charges and Other Service Income            |                    |
| 0  | 2,968              |
| Gain or Loss on Disposal of Non-Current Assets       |                    |
| -4,649,807   | -5,522,110         |
| Income from Council Tax and Business Rates           |                    |
| -13,730,508  | -11,996,581        |
| Government Grants, Contributions and Donations       |                    |
| -14,726  | -596,498           |
| Interest and Investment Income                       |                    |
| <b>-25,373,429</b>                                   | <b>-24,801,487</b> |
| <b>Total Income</b>                                  |                    |
| <b>-441,605</b>                                      | <b>287,321</b>     |
| <b>(Surplus) or Deficit on Provision of Services</b> |                    |

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

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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 2022/23 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 2023/24 Code and relevant to this Council are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Updating Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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

#### **5 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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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.

## Notes to the Core Financial Statements

**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 2022 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 over recent years due to Covid-19 and the situation in Ukraine, and their subsequent impact on the global supply chains and inflation.</p> | <p>Mercer Limited are the actuaries for the Lancashire County Pension Fund. The Pension Fund Surplus for Ribble Valley at 31 March 2023 was £10.994m. The following sensitivity analysis is provided by Mercer Limited:</p> <ul style="list-style-type: none"> <li>• <b>+0.5% p.a. discount rate as at 31 March 2023:</b> surplus would be £15.114m</li> <li>• <b>+0.25% p.a. inflation as at 31 March 2023:</b> surplus would be £8.777m</li> <li>• <b>+0.25% p.a. pay growth as at 31 March 2023:</b> surplus would be £10.705m</li> <li>• <b>1-year addition to members' life expectancy as at 31 March 2023:</b> surplus would be £9.833m</li> <li>• <b>+1% change in 2022/23 investment returns:</b> surplus would be £11.665m</li> <li>• <b>-1% change in 2022/23 investment returns:</b> surplus would be £10.323m</li> </ul> |



## Notes to the Core Financial Statements

| Item  | Uncertainties   | Effect if Actual Results Differ from Assumptions  |
|---|---|---|
| <b>Property, Plant and Equipment Valuations</b> | <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.</p> | <p>A variation of 10% in the value of the council's property, plant and equipment valuations would be approximately £1.945m.</p> <p>A reduction would result in a reduction to the revaluation reserve and/or a loss charged to the comprehensive income and expenditure statement.</p> <p>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 2022/23 £5.14m was paid out (£5.22m in 2021/22), after taking into 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 £5.13m was received from the Department for Work and Pensions in 2022/23 (£5.25m in 2021/22).

### 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 2022/23 the Council received £430,290 in income from chargeable car parks (in 2021/22 £406,228). This income excludes that received from parking fines.

## Notes to the Core Financial Statements

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### 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 2022/23 the council received £473,900 in planning application fees, which help fund the provision of the service. (£684,800 in 2021/22).

### 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 2022/23 the Council received £2,478,151 through various business rates Section 31 grants (£2,906,362 in 2021/22).

### Covid-19 Related Funding

Detailed below are the various grant funding streams that were accounted for in the 2021/22 and 2022/23 financial years, although funding received in 2022/23 was limited compared to that seen in previous 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.

## Notes to the Core Financial Statements

| Funding Type  | 2021/22<br>£      | 2022/23<br>£    |
|---|-------------------|-----------------|
| <b>Emergency Funding</b>  |                   |                 |
| Covid-19 Support Grant - Tranche 5  | -242,180          |                 |
| <b>Total Emergency Funding</b>  | <b>-242,180</b>   | <b>0</b>        |
| <b>Sales, Fees and Charges Compensation</b>   |                   |                 |
| April 2021 to June 2021   | -36,879           |                 |
| <b>Total Sales, Fees and Charges Compensation</b>   | <b>-36,879</b>    | <b>0</b>        |
| <b>Grant Funding for Businesses</b>   |                   |                 |
| Local Restrictions Support Grant (Open and ARG) (Principal)                                   | -1,628,779        |                 |
| Self-isolation Payments Funding Discretionary (Principal)                                     | 24,750            |                 |
| Omicron Hospitality and Leisure Grant (Agent)   | -792,717          |                 |
| Self-isolation Payments Funding (Agent)   | -94,000           |                 |
| Local Restrictions Support Grant (Closed) (Agent)   | -17,312           |                 |
| Restart Grants (Agent)  | -4,908,059        |                 |
| <b>Total Grant Funding for Businesses</b>   | <b>-7,416,117</b> | <b>0</b>        |
| <b>Other Grants</b>   |                   |                 |
| Reopening High Streets Safely Fund  | -45,912           |                 |
| Self-isolation Payments Funding Administration  | -29,406           | -62,982         |
| S31 Contain Outbreak Management Fund  | -372,226          | -49,708         |
| Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)                       | -54,107           |                 |
| 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           | -12,400         |
| S31 New Burdens 7 Post Payment Assurance, Reconciliation and Debt Recovery                    |                   | -31,260         |
| Household support Fund Grant to Distribute  | -70,855           |                 |
| Miscellaneous grants of a value below £5,000  | -12,376           |                 |
| <b>Total Other Grants</b>   | <b>-736,368</b>   | <b>-156,350</b> |
| <b>Overall Total</b>  | <b>-8,431,544</b> | <b>-156,350</b> |

## Notes to the Core Financial Statements

**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**

|  | 2021/22<br>£      | 2022/23<br>£      |
|--|-------------------|-------------------|
| Ribble Valley Borough Council Precept                              | -3,737,650        | -3,945,422        |
| Precept Relating to Parishes                                       | -503,609          | -517,347          |
| Surplus Received in Year (Declared January Prior to Start of Year) | -24,995           | -115,329          |
| Movement on Collection Fund (Surplus)/Deficit at Year End          | -73,942           | 45,209            |
| <b>Total Council Tax</b>   | <b>-4,340,196</b> | <b>-4,532,889</b> |

**Non-Domestic Rates Income and Expenditure**

|  | 2021/22<br>£    | 2022/23<br>£    |
|--|-----------------|-----------------|
| Ribble Valley Borough Council Share of Business Rates Income                                     | -6,045,753      | -5,162,742      |
| Less Tariff Payable to Central Government  | 4,311,424       | 4,311,424       |
| (Surplus)/Deficit Payment in Year (Declared January Prior to Start of Year)                      | 2,725,770       | 1,749,432       |
| Movement on Collection Fund Deficit/(Surplus) at Year End  | -1,288,179      | -1,953,977      |
| Business Rates Retained on Renewable Energy Schemes  | -96,786         | -25,119         |
| 10% Retained Levy Payable to Lancashire County Council under Business Rates Pooling Arrangements | 83,913          | 91,761          |
| <b>Overall Net Retained Business Rates Related Income</b>  | <b>-309,611</b> | <b>-989,221</b> |

**Other Non-Specific Grants**

|  | 2021/22<br>£      | 2022/23<br>£      |
|--|-------------------|-------------------|
| New Homes Bonus  | -1,515,848        | -1,205,836        |
| Rural Services Delivery Grant                              | -113,250          | -113,250          |
| Covid-19 Emergency LA Support Grant                        | -242,180          | 0                 |
| Lower Tier Services Grant                                  | -57,696           | -61,960           |
| Local Council Tax Support Additional Funding               | -40,062           | 0                 |
| Levy Account Surplus                                       | 0                 | -11,359           |
| Revenue Support Grant                                      | 0                 | -215              |
| Services Grant   | 0                 | -93,368           |
| <b>Business Rates Section 31 Grants</b>                    |                   |                   |
| Small Business Rates Relief (SBRR) Scheme                  | -1,096,893        | -1,140,039        |
| SBRR on Existing Properties where 2nd Property is Occupied | -7,431            | -3,510            |
| Multiplier Cap   | -26,919           | -128,129          |
| Public Conveniences  | -16,210           | -8,491            |
| Rural Rate Relief  | -9,152            | -9,633            |
| Supporting Small Businesses                                | -5,808            | -16,406           |
| Expanded Retail Discount                                   | -1,643,088        | 0                 |
| Nursery Discount   | -33,087           | 0                 |
| Covid-19 Additional Relief Fund (CARF)                     | -67,774           | -265,744          |
| SBRR Loss of Supplementary Multiplier Income               | 0                 | -29,192           |
| Retail, Hospitality and Leisure Relief                     | 0                 | -877,007          |
| <b>Other Non-Specific Grants</b>                           | <b>-4,875,398</b> | <b>-3,964,139</b> |

**9 EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised for issue on the 21 September 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**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.

## Notes to the Core Financial Statements

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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 2022/23   | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|--|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|  | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Capital Adjustment Account</b>  |                           |                               |                               |                                    |
| <b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>  |                           |                               |                               |                                    |
| Charges for depreciation and impairment of non-current assets  | 947,004                   |                               |                               | -947,004                           |
| Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)  | 16,980                    |                               |                               | -16,980                            |
| Amortisation of Intangible Assets  | 25,842                    |                               |                               | -25,842                            |
| Capital Grants and Contributions Applied   | -67,185                   |                               |                               | 67,185                             |
| Revenue Expenditure Funded from Capital Under Statute  | 341,162                   |                               |                               | -341,162                           |
| 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 | 73,067                    |                               |                               | -73,067                            |
| <b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></b>   |                           |                               |                               |                                    |
| Statutory Provision for the Financing of Capital investment  | -104,889                  |                               |                               | 104,889                            |
| Capital expenditure charged against General Fund Balances  | -459,709                  |                               |                               | 459,709                            |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>  |                           |                               |                               |                                    |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement  | -688,622                  | 688,622                       |                               |                                    |
| Application of grants to capital financing transferred to the Capital Adjustment Account   |                           | -313,895                      |                               | 313,895                            |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>  |                           |                               |                               |                                    |
| Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement                       | -70,099                   |                               | 70,099                        |                                    |
| Use of the Capital Receipts Reserve to Finance New Capital Expenditure   |                           |                               | -316,669                      | 316,669                            |

## Notes to the Core Financial Statements

| Movements in 2022/23  | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|---|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|   | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Pensions Reserve</b>   |                           |                               |                               |                                    |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | 2,720,000                 |                               |                               | -2,720,000                         |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | -1,081,000                |                               |                               | 1,081,000                          |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account</b>   |                           |                               |                               |                                    |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements                 | -1,908,768                |                               |                               | 1,908,768                          |
| <b>Adjustments primarily involving the Accumulated Absences Account</b>   |                           |                               |                               |                                    |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -73,950                   |                               |                               | 73,950                             |
| <b>Total Adjustments</b>  | <b>-330,167</b>           | <b>374,727</b>                | <b>-246,570</b>               | <b>202,010</b>                     |



## Notes to the Core Financial Statements

| Movements in 2021/22   | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|--|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|  | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Capital Adjustment Account</b>  |                           |                               |                               |                                    |
| <b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>                          |                           |                               |                               |                                    |
| 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                           |
| <b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></b>                       |                           |                               |                               |                                    |
| Statutory Provision for the Financing of Capital investment  | -107,237                  |                               |                               | 107,237                            |
| Capital expenditure charged against General Fund Balances  | -456,429                  |                               |                               | 456,429                            |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>  |                           |                               |                               |                                    |
| 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                            |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>  |                           |                               |                               |                                    |
| Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement | 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<br>£ |
|---|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|   | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Pensions Reserve</b>   |                           |                               |                               |                                    |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | 2,520,000                 |                               |                               | -2,520,000                         |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | -967,000                  |                               |                               | 967,000                            |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account</b>   |                           |                               |                               |                                    |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements                 | -1,362,122                |                               |                               | 1,362,122                          |
| <b>Adjustments primarily involving the Accumulated Absences Account</b>   |                           |                               |                               |                                    |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -43,121                   |                               |                               | 43,121                             |
| <b>Total Adjustments</b>  | <b>146,915</b>            | <b>78,347</b>                 | <b>-74,854</b>                | <b>-150,408</b>                    |

**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 successfully submitted for 2020/21 and then for 2021/22 and 2022/23, consisting of 10 district council's and the county council. The pool has operated on the same basis as in 2016/17, 2017/18 and 2018/19 during 2020/21, 2021/22 and 2022/23.

The business rates income allocations in 2021/22 and 2022/23 are shown in the table below:

|                                    | Lancashire Business Rates Pool - Income Allocations for 2021/22 and 2022/23 |
|------------------------------------|---|
| District Authorities               | 40%   |
| Lancashire County Council          | 9%  |
| Lancashire Combined Fire Authority | 1%  |
|                                    | <b>50%</b>  |
| Central Government                 | 50%   |
| <b>Total</b>                       | <b>100%</b>   |

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 2022/23 | Authority Type | Tariffs and Top-Ups in Respect of 2022/23<br>£ | Retained Levy on Growth 2022/23<br>£ | 10% Retained Levy Payable to/received by Lancashire County Council<br>£ | Net Retained Levy 2022/23<br>£ |
|--|----------------|--|--------------------------------------|---|--------------------------------|
| Burnley Borough Council                        | Tariff         | 6,043,499                                      | -1,230,976                           | 123,098   | -1,107,878                     |
| Chorley Borough Council                        | Tariff         | 6,503,220                                      | -1,101,286                           | 110,129   | -991,157                       |
| Fylde Borough Council                          | Tariff         | 8,101,273                                      | -612,380                             | 61,238  | -551,142                       |
| Hyndburn Borough Council                       | Tariff         | 3,969,106                                      | -1,538,593                           | 153,859   | -1,384,734                     |
| Pendle Borough Council                         | Tariff         | 3,388,618                                      | -772,596                             | 77,260  | -695,336                       |
| Ribble Valley Borough Council                  | Tariff         | 4,311,424                                      | -917,609                             | 91,761  | -825,848                       |
| Rossendale Borough Council                     | Tariff         | 2,713,519                                      | -724,988                             | 72,499  | -652,489                       |
| South Ribble Borough Council                   | Tariff         | 10,327,203                                     | -1,750,582                           | 175,058   | -1,575,524                     |
| West Lancashire Borough Council                | Tariff         | 8,698,358                                      | -754,599                             | 75,460  | -679,139                       |
| Wyre Borough Council                           | Tariff         | 6,837,509                                      | -735,928                             | 73,593  | -662,335                       |
| Lancashire County Council                      | Top-Up         | -158,098,681                                   |                                      | -1,013,955  | -1,013,955                     |
| Central Government                             | -              | 97,204,952                                     |                                      | 0   | 0                              |
| <b>Total</b>                                   |                | <b>0</b>                                       | <b>-10,139,537</b>                   | <b>0</b>  | <b>-10,139,537</b>             |

| Lancashire Business Rates Pool Members 2021/22 | Authority Type | Tariffs and Top-Ups in Respect of 2021/22<br>£ | Retained Levy on Growth 2021/22<br>£ | 10% Retained Levy Payable to/received by Lancashire County Council<br>£ | Net Retained Levy 2021/22<br>£ |
|--|----------------|--|--------------------------------------|---|--------------------------------|
| 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                              |
| <b>Total</b>                                   |                | <b>0</b>                                       | <b>-8,689,371</b>                    | <b>0</b>  | <b>-8,689,371</b>              |

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.

## Notes to the Core Financial Statements

**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 and 2022/23.

| General Fund  | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|---|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b>Reserves for Shorter Term Service Commitments</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b>Community Services</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b>Committee Grants Fund</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Used to fund various<br/>Community Services<br/>Committee grants</i>   | 28,863                              |                                 | -16,843                          | 12,020                              |                                 | -5,088                           | 6,932                               |
| <b>Audit Reserve Fund</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Used in respect of the internal<br/>audit service, including<br/>contracting computer audit<br/>services</i>                                   | 53,745                              |                                 |                                  | 53,745                              | 16,117                          | -45,315                          | 24,547                              |
| <b>Refuse Collection</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund refuse collection<br/>costs of bin replacements.</i>   | 43,576                              | 8,118                           | -44,637                          | 7,057                               | 14,142                          | -20,547                          | 652                                 |
| <b>Amenity Cleansing Reserve</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Used to fund known future<br/>amenity cleansing works</i>  | 31,030                              |                                 | -19,370                          | 11,660                              | 65,809                          |                                  | 77,469                              |
| <b>Clitheroe Food Festival</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Resources set aside or used<br/>to help support the costs<br/>associated with the Clitheroe<br/>Food Festival</i>                              | 8,533                               |                                 |                                  | 8,533                               |                                 | -8,533                           | 0                                   |
| <b>Two-Way Radio Reserve</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Contributions from the<br/>Lancashire Resilience Forum<br/>towards the running of the<br/>two-way radio system and<br/>future enhancements</i> | 18                                  |                                 | -18                              | 0                                   |                                 |                                  | 0                                   |
| <b>Promotional Activities Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund planned publicity and<br/>promotional activities</i>   | 5,333                               |                                 | -5,333                           | 0                                   |                                 |                                  | 0                                   |
| <b>Ribble Valley News Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Resources set aside to<br/>undertake relevant future<br/>promotional activities</i>  | 0                                   |                                 |                                  | 0                                   | 10,400                          |                                  | 10,400                              |

## Notes to the Core Financial Statements

| General Fund  | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|---|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Playing Pitch Strategy Reserve</u></b><br><i>To fund the production of a strategy which aims to ensure the provision of pitches meets local needs.</i>        | 0                                   |                                 |                                  | 0                                   | 16,125                          |                                  | 16,125                              |
| <b>Total Reserves for Shorter Term Service Commitments</b>  | 171,098                             | 8,118                           | -86,201                          | 93,015                              | 122,593                         | -79,783                          | 136,125                             |
| <b>Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b><u>Elections Fund</u></b><br><i>Used to fund local elections held once every four years</i>  | 55,118                              | 100,063                         | -56,665                          | 98,516                              | 90,000                          | -24,619                          | 163,897                             |
| <b><u>Revaluation of Assets Reserve</u></b><br><i>To contribute towards the revaluation of the Council's assets every five years.</i>                               | 4,840                               | 7,160                           |                                  | 12,000                              | 4,000                           |                                  | 16,000                              |
| <b><u>Pensions Triennial Revaluation Reserve</u></b><br><i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i> | 68,592                              |                                 |                                  | 68,592                              |                                 |                                  | 68,592                              |
| <b>Total Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs</b>  | 128,550                             | 107,223                         | -56,665                          | 179,108                             | 94,000                          | -24,619                          | 248,489                             |
| <b>Reserves for Trading or Business Units</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b><u>Building Control Fund</u></b><br><i>Available to equalise net expenditure over a three-year period</i>  | -57,759                             | 23,120                          |                                  | -34,639                             | 18,452                          |                                  | -16,187                             |
| <b>Total Reserves for Trading or Business Units</b>   | -57,759                             | 23,120                          | 0                                | -34,639                             | 18,542                          | 0                                | -16,187                             |
| <b>Reserves for Sums Set Aside for Major Schemes such as Capital Projects</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b><u>Capital</u></b><br><i>Used to fund the capital programme</i>  | 946,498                             | 400,767                         | -472,957                         | 874,308                             | 433,242                         | -470,176                         | 837,374                             |
| <b><u>ICT Renewals</u></b><br><i>To fund future software and hardware pressures</i>   | 104,740                             |                                 | -12,000                          | 92,740                              | 19,470                          |                                  | 112,210                             |

## Notes to the Core Financial Statements

| General Fund   | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|--|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Vehicle &amp; Plant Renewals Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>  | 51,035                              |                                 |                                  | 51,035                              |                                 |                                  | 51,035                              |
| <b>Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects</b>  | 1,102,273                           | 400,767                         | -484,957                         | 1,018,083                           | 452,712                         | -470,176                         | 1,000,619                           |
| <b>Reserves for Longer Term Strategic or Corporate Items</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b><u>VAT Shelter Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i> | 1,077,039                           | 34,477                          | -62,028                          | 1,049,488                           | 97,033                          | -26,957                          | 1,119,564                           |
| <b><u>Fleming VAT Claim</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>  | 44,497                              |                                 | -770                             | 43,727                              |                                 | -32,872                          | 10,855                              |
| <b><u>Insurance</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>  | 14,581                              |                                 |                                  | 14,581                              |                                 |                                  | 14,581                              |
| <b><u>Repairs and Maintenance</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>  | 22,975                              |                                 | -5,255                           | 17,720                              | 7,750                           | -13,500                          | 11,970                              |
| <b><u>Post LSVT</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>   | 109,538                             |                                 | -36,512                          | 73,026                              |                                 | -36,512                          | 36,514                              |
| <b><u>Restructuring Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund costs resulting from restructuring reviews</i>  | 187,903                             |                                 |                                  | 187,903                             |                                 |                                  | 187,903                             |
| <b><u>Equipment Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund essential and urgent equipment requirements</i>   | 78,457                              | 19,082                          | -10,087                          | 87,452                              | 12,746                          | -15,167                          | 85,031                              |
| <b><u>Invest to Save Fund</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund future invest to save projects</i>  | 242,573                             | 5,438                           |                                  | 248,011                             | 1,989                           |                                  | 250,000                             |

## Notes to the Core Financial Statements

| General Fund   | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|--|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b>Planning Reserve</b><br><i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>                               | 29,453                              |                                 |                                  | 29,453                              |                                 |                                  | 29,453                              |
| <b>Housing Benefit Reserve</b><br><i>To help meet the challenges facing the service in the coming years</i>  | 100,000                             |                                 |                                  | 100,000                             |                                 |                                  | 100,000                             |
| <b>Business Rates Volatility Reserve</b><br><i>To provide some protection against business rates volatilities</i>  | 1,682,000                           |                                 |                                  | 1,682,000                           |                                 |                                  | 1,682,000                           |
| <b>Business Rates Growth Reserve</b><br><i>Business rates growth used to support revenue expenditure or the capital programme.</i>   | 2,666,485                           | 715,243                         | -62,843                          | 3,318,885                           | 987,214                         | -480,965                         | 3,825,134                           |
| <b>New Homes Bonus Reserve</b><br><i>To help support revenue and capital expenditure</i>   | 2,854,951                           | 410,848                         | -201,780                         | 3,064,019                           | 100,836                         | -88,934                          | 3,075,921                           |
| <b>Arts Development Reserve</b><br><i>To carry forward unspent budget funding for arts projects which were delayed in 2020/21 due to Covid</i>                               | 3,185                               |                                 | -3,185                           | 0                                   |                                 |                                  | 0                                   |
| <b>Grounds Maintenance Tuition Reserve</b><br><i>To carry forward unspent budget funding for Grounds Maintenance staff training that was delayed in 2020/21 due to Covid</i> | 1,775                               |                                 | -1,775                           | 0                                   |                                 |                                  | 0                                   |
| <b>Local Plan</b><br><i>Resources set aside to fund work on the Local Plan</i>   | 0                                   | 271,147                         |                                  | 271,147                             | 14,597                          | -81                              | 285,663                             |
| <b>Total Reserves for Longer Term Strategic or Corporate Items</b>   | 9,115,412                           | 1,456,235                       | -384,235                         | 10,187,412                          | 1,222,165                       | -694,988                         | 10,714,589                          |
| <b>Reserves for External Funding where Expenditure has yet to be Incurred</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b>Performance Reward Grant</b><br><i>Performance Reward Grant received and used to fund associated projects</i>   | 67,577                              |                                 |                                  | 67,577                              |                                 | -13,351                          | 54,226                              |



## Notes to the Core Financial Statements

| General Fund  | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|---|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b>Crime Reduction</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b>Partnership Reserve</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund cost of crime reduction initiatives</i>  | 36,880                              |                                 | -282                             | 36,598                              |                                 | -10,173                          | 26,425                              |
| <b>Exercise Referral and Up and Active Reserve</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To fund potential residual staffing costs and to hold other service grants</i>                             | 30,337                              | 15,701                          | -6,569                           | 39,469                              | 7,918                           | -930                             | 46,457                              |
| <b>Housing Related Grants Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Residual grant received, to be committed to future grant funded schemes</i>                                | 483                                 | 41,011                          | -216                             | 41,278                              | 388,843                         | -4,625                           | 425,496                             |
| <b>Planning Policy Related Grants Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To provide short term capacity support when dealing with housing planning applications</i>                 | 5,850                               |                                 | -5,850                           | 0                                   |                                 |                                  | 0                                   |
| <b>Community Right to Bid/Challenge</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <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                              |
| <b>Grant Funded Sports Development</b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>To finance future Sports Development grant funded expenditure</i>  | 10,687                              |                                 | -470                             | 10,217                              |                                 |                                  | 10,217                              |
| <b>Whalley Moor Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant received towards work at Whalley Moor Woodland</i>   | 4,520                               |                                 | -4,520                           | 0                                   |                                 |                                  | 0                                   |
| <b>Rural Services Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant received with the purpose of supporting rural services</i>   | 370                                 |                                 | -370                             | 0                                   |                                 |                                  | 0                                   |
| <b>Neighbourhood Planning Reserve</b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>                         | 16,133                              |                                 |                                  | 16,133                              |                                 |                                  | 16,133                              |

## Notes to the Core Financial Statements

| General Fund  | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|---|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Repossession Prevention Fund Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>   | 28,491                              |                                 |                                  | 28,491                              |                                 |                                  | 28,491                              |
| <b><u>Parish Grant Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>PRG resources set aside to fund the Parish Grant Scheme</i>  | 33,830                              |                                 | -16,000                          | 17,830                              |                                 | -1,500                           | 16,330                              |
| <b><u>Custom and Self-Build Register Grant Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <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> | 15,000                              |                                 |                                  | 15,000                              |                                 |                                  | 15,000                              |
| <b><u>Brownfield Register Grant Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>                              | 26,263                              |                                 |                                  | 26,263                              |                                 |                                  | 26,263                              |
| <b><u>Flood Resilience, Response and Recovery Grant Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>  | 16,408                              |                                 | -16,408                          | 0                                   |                                 |                                  | 0                                   |
| <b><u>Cyber Resilience Grant Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funding in respect of Cyber Resilience work</i>  | 13,600                              |                                 |                                  | 13,600                              |                                 | -1,278                           | 12,322                              |
| <b><u>Housing Benefits New Burden Grants Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant income to support new burdens in respect of Housing Benefits</i>   | 4,669                               |                                 |                                  | 4,669                               |                                 |                                  | 4,669                               |
| <b><u>LCTS New Burdens Grant Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant income to support new burdens in respect of Localised Council Tax Support</i>  | 18,370                              |                                 | -10,000                          | 8,370                               |                                 |                                  | 8,370                               |

## Notes to the Core Financial Statements

| General Fund   | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|--|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Parks Improvement</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <b><u>Funding Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funding to support improvements to parks</i>  | 4,102                               |                                 | -4,102                           | 0                                   |                                 |                                  | 0                                   |
| <b><u>Covid-19 Response</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Balance of grant income received in respect of the response to the Covid-19 pandemic.</i>   | 1,322,012                           | 407,639                         | -102,101                         | 1,627,550                           | 106,642                         | -24,135                          | 1,710,057                           |
| <b><u>Ribble Valley Strategic Partnership</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Ribble Valley Strategic Partnership funds held in reserve to meet the cost of future community projects</i>   | 24,326                              |                                 | -24,326                          | 0                                   |                                 |                                  | 0                                   |
| <b><u>Self-isolation Grants Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Reserve established to hold the balance of self-isolation grant support funds received but not yet distributed</i>                                      | 30,750                              |                                 | -30,750                          | 0                                   |                                 |                                  | 0                                   |
| <b><u>Restoring Your Railways Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <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> | 7,485                               |                                 | -7,485                           | 0                                   |                                 |                                  | 0                                   |
| <b><u>Business Rates S31 Grant Adjustment Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <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>    | 2,578,153                           | 1,640,761                       | -2,578,153                       | 1,640,761                           |                                 | -1,640,761                       | 0                                   |

## Notes to the Core Financial Statements

| General Fund  | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|---|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Tax Income Guarantee Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <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>          | 119,388                             |                                 | -119,388                         | 0                                   |                                 |                                  | 0                                   |
| <b><u>Air Quality New Burdens Grant Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Reserve to hold New Burdens funding received in respect of new enforcement measures</i>  | 0                                   |                                 |                                  | 0                                   | 11,710                          |                                  | 11,710                              |
| <b><u>Council Tax Energy Rebates Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Reserve established from the balance of new burdens income received for administration of the council tax energy rebate scheme.</i>  | 0                                   |                                 |                                  | 0                                   | 93,916                          | -5,950                           | 87,966                              |
| <b><u>Electoral Integrity Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funding received to support the council with costs to be incurred through the implementation of the Elections Act 2022, specifically for the introduction of Voter Identification and Accessibility.</i> | 0                                   |                                 |                                  | 0                                   | 7,483                           |                                  | 7,483                               |
| <b><u>UK Shared Prosperity Fund Reserve</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>UK Shared Prosperity revenue grant funding that has been set aside for the cost of implementing associated core priorities as set out in the council's approved UK Shared Prosperity Fund investment plan.</i> | 0                                   |                                 |                                  | 0                                   | 39,247                          |                                  | 39,247                              |
| <b><u>Business Rates Relief New Burdens</u></b>   |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Reserve established from funds received from the government for new business rates relief measures which has created additional costs for local authorities administering the schemes.</i>                     | 0                                   |                                 |                                  | 0                                   | 22,089                          |                                  | 22,089                              |

## Notes to the Core Financial Statements

| General Fund   | Balance at<br>31 March<br>2021<br>£ | Transfers<br>In<br>2021/22<br>£ | Transfers<br>Out<br>2021/22<br>£ | Balance at<br>31 March<br>2022<br>£ | Transfers<br>In<br>2022/23<br>£ | Transfers<br>Out<br>2022/23<br>£ | Balance at<br>31 March<br>2023<br>£ |
|--|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Biodiversity Net Gain Reserve</u></b>  |                                     |                                 |                                  |                                     |                                 |                                  |                                     |
| <i>Grant funds received to support local planning authorities in their preparations for the introduction of mandatory Biodiversity Net Gain resulting from The Environment Act 2021.</i> | 0                                   |                                 |                                  | 0                                   | 8,449                           |                                  | 8,449                               |
| <b>Total Reserves for External Funding where Expenditure has yet to be Incurred</b>  | 4,460,808                           | 2,105,112                       | -2,926,990                       | 3,638,930                           | 686,297                         | -1,702,703                       | 2,622,524                           |
| <b>Total of all Earmarked Reserves</b>   | 14,920,382                          | 4,100,575                       | -3,939,048                       | 15,081,909                          | 2,596,219                       | -2,971,969                       | 14,706,159                          |

## Notes to the Core Financial Statements

## 13 PROPERTY, PLANT AND EQUIPMENT

| Movements in 2022/23   | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infra-Structure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets (Not Held for Sale)<br>£'000 | Total Property, Plant and Equipment<br>£'000 |
|--|-----------------------------------|---|---------------------------------|---------------------------|---|--|
| <b><i>Cost or Valuation</i></b>  |                                   |   |                                 |                           |   |  |
| At 1 April 2022  | 15,650                            | 5,550   | 345                             | 1,626                     | 0   | 23,171                                       |
| Additions/Acquisitions   | 172                               | 577   |                                 | 67                        |   | 816  |
| Derecognition - Disposal   |                                   | -441  |                                 |                           |   | -441   |
| Reclassifications  | -63                               |   |                                 |                           |   | -63  |
| Revaluation decreases recognised in the Revaluation Reserve                                | -49                               |   |                                 |                           |   | -49  |
| Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services       | -9                                |   |                                 |                           |   | -9   |
| <b>At 31 March 2023</b>  | <b>15,701</b>                     | <b>5,686</b>                                      | <b>345</b>                      | <b>1,693</b>              | <b>0</b>                                    | <b>23,425</b>                                |
| <b><i>Accumulated Depreciation and Impairments</i></b>                                     |                                   |   |                                 |                           |   |  |
| At 1 April 2022  | -109                              | -3,657  | -103                            | -35                       | 0   | -3,904                                       |
| Derecognition - Disposal   |                                   | 438   |                                 |                           |   | 438  |
| Depreciation Charge  | -463                              | -467  | -11                             | -6                        |   | -947   |
| Depreciation written out to the Revaluation Reserve  | 447                               |   |                                 |                           |   | 447  |
| Depreciation written out to the Surplus/Deficit on the Provision of Services               | -9                                |   |                                 |                           |   | -9   |
| Reclassification   | 3                                 |   |                                 |                           |   | 3  |
| Impairment reversals recognised in the Revaluation Reserve                                 | -1                                |   |                                 |                           |   | -1   |
| Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services | 1                                 |   |                                 |                           |   | 1  |
| <b>At 31 March 2023</b>  | <b>-131</b>                       | <b>-3,686</b>                                     | <b>-114</b>                     | <b>-41</b>                | <b>0</b>                                    | <b>-3,972</b>                                |
| <b>Net Book Value</b>  |                                   |   |                                 |                           |   |  |
| at 31 March 2022   | 15,541                            | 1,893   | 242                             | 1,591                     | 0   | 19,267                                       |
| at 31 March 2023   | 15,570                            | 2,000   | 231                             | 1,652                     | 0   | 19,453                                       |

## Notes to the Core Financial Statements

| Movements in 2021/22   | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infra-Structure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets (Not Held for Sale)<br>£'000 | Total Property, Plant and Equipment<br>£'000 |
|--|-----------------------------------|---|---------------------------------|---------------------------|---|--|
| <b><i>Cost or Valuation</i></b>  |                                   |   |                                 |                           |   |  |
| At 1 April 2021  | 13,154                            | 5,683   | 345                             | 1,599                     | 25  | <b>20,806</b>                                |
| Additions/Acquisitions   | 80                                | 387   |                                 | 27                        |   | <b>494</b>                                   |
| Derecognition - Disposal   |                                   | -520  |                                 |                           |   | <b>-520</b>                                  |
| Reclassifications  |                                   |   |                                 |                           | -25   | <b>-25</b>                                   |
| Revaluation decreases recognised in the Revaluation Reserve                                | 2,342                             |   |                                 |                           |   | <b>2,342</b>                                 |
| Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services       | 74                                |   |                                 |                           |   | <b>74</b>                                    |
| <b>At 31 March 2022</b>  | <b>15,650</b>                     | <b>5,550</b>                                      | <b>345</b>                      | <b>1,626</b>              | <b>0</b>                                    | <b>23,171</b>                                |
| <b><i>Accumulated Depreciation and Impairments</i></b>                                     |                                   |   |                                 |                           |   |  |
| At 1 April 2021  | -88                               | -3,710  | -92                             | -31                       | -1  | <b>-3,922</b>                                |
| Derecognition - Disposal   |                                   | 519   |                                 |                           |   | <b>519</b>                                   |
| Depreciation Charge  | -381                              | -466  | -11                             | -4                        | -1  | <b>-863</b>                                  |
| Depreciation written out to the Revaluation Reserve  | 402                               |   |                                 |                           |   | <b>402</b>                                   |
| Depreciation written out to the Surplus/Deficit on the Provision of Services               | -42                               |   |                                 |                           |   | <b>-42</b>                                   |
| Reclassification   |                                   |   |                                 |                           | 2   | <b>2</b>                                     |
| Impairment reversals recognised in the Revaluation Reserve                                 | -205                              |   |                                 |                           |   | <b>-205</b>                                  |
| Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services | 205                               |   |                                 |                           |   | <b>205</b>                                   |
| <b>At 31 March 2022</b>  | <b>-109</b>                       | <b>-3,657</b>                                     | <b>-103</b>                     | <b>-35</b>                | <b>0</b>                                    | <b>-3,904</b>                                |
| <b>Net Book Value</b>  |                                   |   |                                 |                           |   |  |
| at 31 March 2021   | 13,066                            | 1,973   | 253                             | 1,568                     | 24  | <b>16,884</b>                                |
| at 31 March 2022   | 15,541                            | 1,893   | 242                             | 1,591                     | 0   | <b>19,267</b>                                |

## Notes to the Core Financial Statements

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### 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 2023 the Council had an approved capital programme of £4,632,510 for 2023/24 and had £1,226,990 of budget slippage from the 2022/23 capital programme that was rolled forward to be spent in 2023/24. At 31 March 2023, the Council had capital commitments of £425,036, of which £119,470 related to 2022/23 capital programme slippage and £305,366 related to the 2023/24 capital programme.

Of the £425,036 capital commitments, £404,716 related to property, plant and equipment and £20,320 related to capital grants.

### Effects of Changes in Estimates

In 2022/23 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 31 March 2023 was undertaken by 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<br>£'000 | Civic Regalia<br>£'000 | Clitheroe Castle Keep<br>£'000 | Total Heritage Assets<br>£'000 |
|---|---|------------------------|--------------------------------|--------------------------------|
| <b><u>Cost or Valuation</u></b>   |   |                        |                                |                                |
| At 1 April 2022   | 930   | 67                     | 0                              | 997                            |
| Additions   |   |                        | 1                              | 1                              |
| Revaluations  | 85  |                        |                                | 85                             |
| <b>At 31 March 2023</b>   | <b>1,015</b>                                | <b>67</b>              | <b>1</b>                       | <b>1,083</b>                   |
| <b><u>Cost or Valuation</u></b>   |   |                        |                                |                                |
| At 1 April 2021   | 904   | 67                     |                                | 971                            |
| Revaluations  | 26  |                        |                                | 26                             |
| <b>At 31 March 2022</b>   | <b>930</b>                                  | <b>67</b>              | <b>0</b>                       | <b>997</b>                     |

**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.

**Clitheroe Castle Keep**

The Clitheroe Castle Keep is initially held on the asset register at a value of nil, due to the disproportionate costs of obtaining an accurate valuation, in comparison to the benefits to the users of the Council's financial statements.

However, any capital works that are undertaken to the Keep are recognised and added to the value held for the Clitheroe Castle Keep on the balance sheet.

A small amount of preliminary works have been undertaken in 2022/23 at a value of £525 and this has been added to the balance sheet, hence the value shown in the table above. This is the start of more substantial works that are budgeted to be undertaken in the 2023/24 financial year at a value of £307,600.

**Additions and Disposals of Heritage Assets**

The only additions are in respect of the preliminary works undertaken at the Clitheroe Castle Keep.

## 15 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

|  | 2021/22              |                   | 2022/23              |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | Carrying Amount<br>£ | Fair Value<br>£   | Carrying Amount<br>£ | Fair Value<br>£   |
| <u>Financial Assets Measured at Amortised Cost</u> |                      |                   |                      |                   |
| Investments  | 25,232,767           | 25,232,767        | 23,102,858           | 23,102,858        |
| <b>Total Investments</b>                           | <b>25,232,767</b>    | <b>25,232,767</b> | <b>23,102,858</b>    | <b>23,102,858</b> |
| Long-Term Debtors                                  | 248,768              | 248,768           | 231,661              | 231,661           |
| Short-Term Debtors                                 | 1,711,201            | 1,711,201         | 1,374,456            | 1,374,456         |
| <b>Total Debtors</b>                               | <b>1,959,969</b>     | <b>1,959,969</b>  | <b>1,606,117</b>     | <b>1,606,117</b>  |
| <b>Total Financial Assets</b>                      | <b>27,192,736</b>    | <b>27,192,736</b> | <b>24,708,975</b>    | <b>24,708,975</b> |

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.

|   | 2021/22              |                   | 2022/23              |                   |
|---|----------------------|-------------------|----------------------|-------------------|
|   | Carrying Amount<br>£ | Fair Value<br>£   | Carrying Amount<br>£ | Fair Value<br>£   |
| <u>Financial Liabilities Measured at Amortised Cost</u> |                      |                   |                      |                   |
| Long-Term Borrowing                                     | -95,000              | -112,558          | 0                    | 0                 |
| Short-Term Borrowing                                    | -10,197              | -12,081           | 0                    | 0                 |
| <b>Total Borrowings</b>                                 | <b>-105,197</b>      | <b>-124,639</b>   | <b>0</b>             | <b>0</b>          |
| Short-Term Creditors                                    | -4,878,486           | -4,878,486        | -2,395,260           | -2,395,260        |
| <b>Total Creditors</b>                                  | <b>-4,878,486</b>    | <b>-4,878,486</b> | <b>-2,395,260</b>    | <b>-2,395,260</b> |
| <b>Total Financial Liabilities</b>                      | <b>-4,983,683</b>    | <b>-5,003,125</b> | <b>-2,395,260</b>    | <b>-2,395,260</b> |

## 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 of which there are none at 31 March 2023. 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:

|  | 2021/22        | 2022/23         |
|--|----------------|-----------------|
|  | £              | £               |
| <b><u>Financial Liabilities</u></b>                                    |                |                 |
| Interest payable on debt and early repayment premium                   | 5,513          | 9,823           |
| <b>Total Expense in Surplus or Deficit on the Provision of Service</b> | <b>5,513</b>   | <b>9,823</b>    |
| <b><u>Financial Assets</u></b>   |                |                 |
| Interest income  | -14,726        | -596,498        |
| <b>Total Income in Surplus or Deficit on the Provision of Service</b>  | <b>-14,726</b> | <b>-596,498</b> |

### 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 2022.
- 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.

## Notes to the Core Financial Statements

**16 SHORT TERM DEBTORS**

|                                | 31 March 2022<br>£ | 31 March 2023<br>£ |
|--------------------------------|--------------------|--------------------|
| Central government bodies      | 1,540,982          | 256,253            |
| Other local authorities        | 1,071,155          | 504,110            |
| Other entities and individuals |                    |                    |
| - Other Debtors                | 680,348            | 732,062            |
| - Business Rates               | 260,901            | 225,979            |
| - Council Tax                  | 269,229            | 262,134            |
| - Prepayments                  | 169,378            | 167,681            |
| - Impairment                   | -402,748           | -342,507           |
| <b>Total</b>                   | <b>3,589,245</b>   | <b>1,805,712</b>   |

**17 CASH AND CASH EQUIVALENTS**

|                          | 31 March 2022<br>£ | 31 March 2023<br>£ |
|--------------------------|--------------------|--------------------|
| Cash held by the Council | 7,487              | 6,316              |
| Bank Current Accounts    | 4,215,280          | 156,542            |
| Short Term Investments   | 16,000,000         | 22,740,000         |
| <b>Total</b>             | <b>20,222,767</b>  | <b>22,902,858</b>  |

**18 SHORT TERM CREDITORS**

|                                | 31 March 2022<br>£ | 31 March 2023<br>£ |
|--------------------------------|--------------------|--------------------|
| Central government bodies      | -3,214,892         | -2,971,033         |
| Other local authorities        | -2,503,190         | -1,604,126         |
| Other entities and individuals |                    |                    |
| - NHS Bodies                   |                    | -43,056            |
| - Other Creditors              | -847,465           | -481,919           |
| - Business Rates               | -165,278           | -115,704           |
| - Council Tax                  | -81,957            | -97,135            |
| - Commuted Sums                | -2,546,307         | -2,582,392         |
| - Refundable Deposits          | -17,529            | -19,469            |
| - Receipts in Advance          | -4,173,306         | -35,511            |
| <b>Total</b>                   | <b>-13,549,924</b> | <b>-7,950,345</b>  |

## Notes to the Core Financial Statements

### 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    | 2021/22<br>£   | 2022/23<br>£   |
|-------------------------------------|----------------|----------------|
| <b>Balance at 1 April</b>           | <b>852,793</b> | <b>923,122</b> |
| Movements in provisions in the year | 70,329         | -6,934         |
| <b>Balance at 31 March</b>          | <b>923,122</b> | <b>916,188</b> |

### 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 2022<br>£ |                                 | 31 March 2023<br>£ |
|--------------------|---------------------------------|--------------------|
| 2,961,136          | General Fund Balance            | 2,719,398          |
| 15,081,909         | Earmarked General Fund Reserves | 14,706,159         |
| 1,064,005          | Usable Capital Receipts Reserve | 817,435            |
| 658,871            | Capital Grants Unapplied        | 1,033,598          |
| <b>19,765,921</b>  | <b>Total Usable Reserves</b>    | <b>19,276,590</b>  |

#### 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.

## Notes to the Core Financial Statements

| 2021/22<br>£  | 2022/23<br>£     |
|---|------------------|
| <b>2,534,143 Opening General Fund Balance</b>                 | <b>2,961,136</b> |
| 426,993 Net amount added to (taken from) General Fund Balance | -241,738         |
| <b>2,961,136 Closing General Fund Balance</b>                 | <b>2,719,398</b> |

**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.

| 2021/22<br>£  | 2022/23<br>£      |
|---|-------------------|
| <b>14,920,382 Opening Earmarked General Fund Reserves</b>     | <b>15,081,909</b> |
| 4,100,575 Amounts added to Earmarked General Fund Reserves    | 2,596,219         |
| -3,939,048 Amounts taken from Earmarked General Fund Reserves | -2,971,969        |
| <b>15,081,909 Closing Earmarked General Fund Reserves</b>     | <b>14,706,159</b> |

**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.

| 2021/22<br>£   | 2022/23<br>£     |
|--|------------------|
| <b>1,138,859 Opening Usable Capital Receipts Reserve</b>       | <b>1,064,005</b> |
| 0 Amounts added to the Usable Capital Receipts Reserve         | 70,099           |
| -74,854 Amounts taken from the Usable Capital Receipts Reserve | -316,669         |
| <b>1,064,005 Closing Usable Capital Receipts Reserve</b>       | <b>817,435</b>   |

## Notes to the Core Financial Statements

### 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.

| 2021/22<br>£   | 2022/23<br>£     |
|--|------------------|
| <b>580,524</b> Opening Capital Grants Unapplied      | <b>658,871</b>   |
| 393,008 Amounts added to Capital Grants Unapplied    | 688,622          |
| -314,661 Amounts taken from Capital Grants Unapplied | -313,895         |
| <b>658,871</b> Closing Capital Grants Unapplied      | <b>1,033,598</b> |

## 21 UNUSABLE RESERVES

| 31 March 2022<br>£                            | 31 March 2023<br>£ |
|---|--------------------|
| 8,799,563 Capital Adjustment Account          | 8,891,442          |
| -1,902,726 Collection Fund Adjustment Account | 6,041              |
| 8,473,418 Revaluation Reserve                 | 8,862,077          |
| -15,072,000 Pension Reserve                   | 10,994,000         |
| -179,207 Accumulated Absences Account         | -105,257           |
| <b>119,048</b> Total Unusable Reserves        | <b>28,648,303</b>  |



## Notes to the Core Financial Statements

**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.

| 2021/22           |  | 2022/23           |
|-------------------|--|-------------------|
| £                 |  | £                 |
| <b>8,671,245</b>  | <b>Balance at 1 April</b>  | <b>8,799,563</b>  |
|                   | <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement</b>                         |                   |
| -863,192          | - Charges for depreciation and impairment of non-current assets  | -947,004          |
| 258,762           | - Revaluation losses on Property, Plant and Equipment  | -16,980           |
| -20,841           | - Amortisation of intangible assets  | -25,842           |
| -377,938          | - Revenue expenditure funded from capital under statute  | -341,162          |
|                   | - 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 | -73,067           |
| <b>-1,003,209</b> |  | <b>-1,404,055</b> |
| 130,969           | Adjusting amounts written out of the Revaluation Reserve   | 233,587           |
| <b>-872,240</b>   | <b>Net written out amount of the cost of non-current assets consumed in the year</b>   | <b>-1,170,468</b> |
|                   | <b>Capital financing applied in the year</b>   |                   |
| 47,377            | - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              | 67,185            |
| 314,661           | - Application of grants to capital financing from the Capital Grants Unapplied Account   | 313,895           |
| 74,854            | - Use of capital receipts reserve to finance new capital expenditure   | 316,669           |
| 107,237           | - Statutory provision for the financing of capital investment charged against the General Fund   | 104,889           |
| 456,429           | - Capital expenditure charged against the General Fund balance   | 459,709           |
| <b>1,000,558</b>  |  | <b>1,262,347</b>  |
| <b>8,799,563</b>  | <b>Balance at 31 March</b>   | <b>8,891,442</b>  |

## 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.

| 2021/22<br>£ |  | 2022/23<br>£ |
|--------------|--|--------------|
| -3,264,848   | <b>Balance at 1 April</b>  | -1,902,726   |
| 73,942       | 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       | -45,209      |
| 1,288,180    | 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 | 1,953,976    |
| -1,902,726   | <b>Balance at 31 March</b>   | 6,041        |

### 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.

| 2021/22<br>£ |  | 2022/23<br>£ |
|--------------|--|--------------|
| 6,013,615    | <b>Balance at 1 April</b>  | 8,473,418    |
| 2,758,040    | Upward revaluation of assets   | 1,188,227    |
| -167,268     | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services             | -565,981     |
| 2,590,772    | <b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b> | 622,246      |
| -130,969     | Difference between fair value depreciation and historical cost depreciation  | -201,455     |
|              | Accumulated gains on assets sold or scrapped   | -32,132      |
| -130,969     | <b>Amount written off to the Capital Adjustment Account</b>  | -233,587     |
| 8,473,418    | <b>Balance at 31 March</b>   | 8,862,077    |

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 in 2021/22 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.

However, the position on the reserve at the end of 2022/23 is reversed to a credit balance position as shown in the table below and shows that such liabilities are fully funded at the end of the financial year.

| 2021/22<br>£ |  | 2022/23<br>£      |
|--------------|--|-------------------|
| -21,042,000  | <b>Balance at 1 April</b>  | -15,072,000       |
| 7,523,000    | Remeasurements of the net defined benefit liability/(asset)  | 27,705,000        |
| -2,520,000   | 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 | -2,720,000        |
| 967,000      | Employer's pensions contributions and direct payments to pensioners payable in the year  | 1,081,000         |
| -15,072,000  | <b>Balance at 31 March</b>   | <b>10,994,000</b> |

The main reasons for the above movements have been:

- An increase of around 2% per annum in the discount rate assumption and a decrease of 0.3% - 0.8% per annum in assumed CPI.
- Last year's assumptions included an adjustment for recent levels of high inflation prior to the accounting date – this year this has been allowed for as a separate experience item which acts to increase liabilities.

The combined effect of the above two items is to significantly decrease liabilities for employers within the fund. Added to this is the impact of the 2022 valuation results.

The Pension deficit has fluctuated quite widely over the past few years and the main fluctuations year to year have been around remeasurements. A full revaluation was undertaken 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%.

| 2021/22  |  | 2022/23  |
|----------|--|----------|
| £        |  | £        |
| -222,328 | <b>Balance at 1 April</b>  | -179,207 |
| 222,328  | Settlement or cancellation of accrual made at the end of the preceding year  | 179,207  |
| -179,207 | Amounts accrued at the year end of the current year  | -105,257 |
| 43,121   | <b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b> | 73,950   |
| -179,207 | <b>Balance at 31 March</b>   | -105,257 |

The balance on the Accumulated Absences Account has fallen as the impact of Covid-19 on the ability to take leave has reduced. The reserve should return to pre-Covid levels by the end of 2023/24.

## 22 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

| 2021/22 |   | 2022/23  |
|---------|---|----------|
| £       |   | £        |
| -14,726 | Interest received   | -596,498 |
| 5,513   | Interest paid (including premium on external borrowing early repayment) | 9,823    |
| -9,213  | <b>Net Interest</b>   | -586,675 |

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

| 2021/22 |   | 2022/23 |
|---------|---|---------|
| £       |   | £       |
| 0       | Proceeds from the sale of property, plant and equipment and intangible assets | 70,099  |
| 0       |   | 70,099  |

## Notes to the Core Financial Statements

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

| 2021/22<br>£  | 2022/23<br>£      |
|---|-------------------|
| -863,192 Depreciation   | -947,004          |
| 258,762 Impairment and downward valuations  | -16,980           |
| -20,841 Amortisation  | -25,842           |
| 2,900,896 (Increase)/Decrease in creditors  | 2,168,194         |
| -2,552,611 Increase/(Decrease) in debtors   | -1,803,340        |
| 22,053 (Decrease)/Increase in inventories   | -385              |
| -70,329 (Increase)/Decrease in provisions   | 6,934             |
| -1,553,000 Movement in pension liability  | -1,639,000        |
| 0 Carrying amount of Property, Plant and Equipment sold   | -73,067           |
| 47,377 Capital Grants and Contributions Applied   | 67,185            |
| -377,938 Revenue Expenditure Funded from Capital Under Statute  | -341,162          |
| 456,429 Capital Expenditure Charged against General Fund Balances   | 459,709           |
| 393,008 Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement | 688,622           |
| 43,121 (Increase)/Decrease in Accumulated Absences  | 73,950            |
| <b>-1,316,265</b>   | <b>-1,382,186</b> |

### 23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

| 2021/22<br>£   | 2022/23<br>£      |
|--|-------------------|
| 892,964 Purchase of property, plant and equipment, investment property and intangible assets         | 1,146,937         |
| 5,000,000 Purchase of short-term and long-term investments   | -5,000,000        |
| 0 Proceeds from the sale of property, plant and equipment, investment property and intangible assets | -70,099           |
| -900,809 Other receipts from investing activities  | -1,212,816        |
| <b>4,992,155 Net cash flows from investing activities</b>  | <b>-5,135,978</b> |

### 24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

| 2021/22<br>£   | 2022/23<br>£     |
|--|------------------|
| 10,394 Repayments of short- and long-term borrowing        | 112,697          |
| -4,933,207 Other payments for financing activities         | 3,367,956        |
| <b>-4,922,813 Net cash flows from financing activities</b> | <b>3,480,653</b> |

**Notes to the Core Financial Statements**

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**25 MEMBERS' ALLOWANCES**

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

|                                   | 2021/22        | 2022/23        |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Basic Allowance                   | 153,200        | 164,496        |
| Special Responsibility Allowances | 79,289         | 85,341         |
| Expenses                          | 1,615          | 3,654          |
|                                   | <b>234,104</b> | <b>253,491</b> |

## Notes to the Core Financial Statements

## 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,<br>Fees and<br>Allowances | Benefits in<br>Kind | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions | Salary,<br>Fees and<br>Allowances | Benefits in<br>Kind | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions |
|--|-----------------------------------|---------------------|--|-----------------------------------|---------------------|--|
|  | 2021/22                           | 2021/22             | 2021/22  | 2022/23                           | 2022/23             | 2022/23  |
|  | £                                 | £                   | £  | £                                 | £                   | £  |
| <sup>1</sup> Chief Executive   | 117,518                           | 5,425               | <b>122,943</b>   | 125,365                           | 4,996               | <b>130,361</b>   |
| Director of Community Services<br><i>Up to 2 Jan 23</i>                                | 88,220                            | 1,416               | <b>89,636</b>  | 71,439                            | 2,656               | <b>74,095</b>  |
| Director of Resources  | 88,220                            | 6,157               | <b>94,377</b>  | 95,664                            | 6,069               | <b>101,733</b>   |
| Director of Economic Development and<br>Planning Services                              | 86,350                            | 10,351              | <b>96,701</b>  | 91,089                            | 4,296               | <b>95,385</b>  |
| Head of Financial Services   | 60,130                            | 8,767               | <b>68,897</b>  | 61,391                            | 524                 | <b>61,915</b>  |
| Head of Planning Services<br><i>Up to 1 Jul 22</i>                                     | 57,935                            | 8,143               | <b>66,078</b>  | 15,964                            | 1,940               | <b>17,904</b>  |
| Head of Planning Services<br><i>From 14 Nov 22 onwards</i>                             | -                                 | -                   | -  | 20,009                            | 0                   | <b>20,009</b>  |
| Head of Legal and Democratic Services  | 57,273                            | 3,463               | <b>60,736</b>  | 61,391                            | 3,909               | <b>65,300</b>  |
| Head of Engineering Services<br><i>Up to 30 Nov 22</i>                                 | 50,231                            | 4,454               | <b>54,685</b>  | 35,810                            | 1,604               | <b>37,414</b>  |
| Head of Engineering Services<br><i>From 27 Feb 23 onwards</i>                          | -                                 | -                   | -  | 4,678                             | 0                   | <b>4,678</b>   |
| Head of Human Resources<br><i>Up to 30 Jun 22</i>                                      | 50,864                            | 6,128               | <b>56,992</b>  | 14,688                            | 964                 | <b>15,652</b>  |
| Head of Human Resources<br><i>From 5 Sept 22 onwards</i>                               | -                                 | -                   | -  | 30,089                            | 836                 | <b>30,925</b>  |
| Head of Revenues and Benefits  | 51,331                            | 3,212               | <b>54,543</b>  | 53,713                            | 4,376               | <b>58,089</b>  |
| <sup>2</sup> Head of Regeneration and Housing<br><i>Up to 2 Jan 23</i>                 | 50,231                            | 8,818               | <b>59,049</b>  | 40,580                            | 6,568               | <b>47,148</b>  |
| <sup>2</sup> Head of Strategic Planning and<br>Housing<br><i>From 1 Mar 23 onwards</i> | -                                 | -                   | -  | 4,389                             | 0                   | <b>4,389</b>   |
| Head of Environmental Health<br><i>From 1 Apr 22 to 18 Sept 22</i>                     | -                                 | -                   | -  | 29,882                            | 0                   | <b>29,882</b>  |
| Head of Environmental Health<br><i>From 5 Sept 22 to 31 Mar 23</i>                     | -                                 | -                   | -  | 30,089                            | 0                   | <b>30,089</b>  |
| Head of Cultural and Leisure Services  | 50,921                            | 6,112               | <b>57,033</b>  | 56,424                            | 1,274               | <b>57,698</b>  |
|  | <b>809,224</b>                    | <b>72,446</b>       | <b>881,670</b>   | <b>842,654</b>                    | <b>40,012</b>       | <b>882,666</b>   |

<sup>1</sup> The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2022/23 was £nil and 2021/22 £6,434 (£3,801 of which was pensionable)

<sup>2</sup> The post of Head of Regeneration and Housing was later renamed Head of Strategic Planning and Housing

## Notes to the Core Financial Statements

There have been a number of changes to the listing of senior officers due to a high level of planned retirements during 2022/23. All posts are included as pro-rata their salary, or in the later note remuneration, is over £50,000. The relevant dates of employment are included for clarity.

Please note that payments in the 2021/22 and 2022/23 financial years in the above table also 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.

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 2021/22 and 2022/23 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 2021/22 | Salary Banding 2022/23 | Employee Contribution Rate |
|------------------------|------------------------|----------------------------|
| £0 - £14,600           | £0 - £15,000           | 5.50%                      |
| £14,601 - £22,900      | £15,001 - £23,600      | 5.80%                      |
| £22,901 - £37,200      | £23,601 - £38,300      | 6.50%                      |
| £37,201 - £47,100      | £38,301 - £48,500      | 6.80%                      |
| £47,101 - £65,900      | £48,501 - £67,900      | 8.50%                      |
| £65,901 - £93,400      | £67,901 - £96,200      | 9.90%                      |
| £93,401 - £110,000     | £96,201 - £113,400     | 10.50%                     |
| £110,001 - £165,000    | £113,401 - £170,100    | 11.40%                     |
| > £165,000             | > £170,100             | 12.50%                     |

For 2021/22 and 2022/23 the rate of employer contributions was 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.



## Notes to the Core Financial Statements

## Remuneration Disclosure (including Pension Contributions)

| Post Holder Information  | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions<br>2021/22<br>£ | Pension<br>Contributions<br>2021/22<br>£ | Total<br>Remuneration<br>including<br>Pension<br>Contributions<br>2021/22<br>£ | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions<br>2022/23<br>£ | Pension<br>Contributions<br>2022/23<br>£ | Total<br>Remuneration<br>including<br>Pension<br>Contributions<br>2022/23<br>£ |
|--|--|--|--|--|--|--|
| <sup>1</sup> Chief Executive   | 122,943  | 19,442                                   | <b>142,385</b>   | 130,361  | 21,641                                   | <b>152,002</b>   |
| Director of Community Services<br><i>Up to 2 Jan 23</i>                                | 89,636   | 14,924                                   | <b>104,560</b>   | 74,095   | 12,378                                   | <b>86,473</b>  |
| Director of Resources  | 94,377   | 14,924                                   | <b>109,301</b>   | 101,733  | 16,520                                   | <b>118,253</b>   |
| Director of Economic Development<br>and Planning Services                              | 96,701   | 14,608                                   | <b>111,309</b>   | 95,385   | 15,735                                   | <b>111,120</b>   |
| Head of Financial Services   | 68,897   | 10,127                                   | <b>79,024</b>  | 61,915   | 10,653                                   | <b>72,568</b>  |
| Head of Planning Services<br><i>Up to 1 Jul 22</i>                                     | 66,078   | 9,751                                    | <b>75,829</b>  | 17,904   | 2,885                                    | <b>20,789</b>  |
| Head of Planning Services<br><i>From 14 Nov 22 onwards</i>                             | -  | -  | -  | 20,009   | 3,422                                    | <b>23,431</b>  |
| Head of Legal and Democratic<br>Services   | 60,736   | 9,640                                    | <b>70,376</b>  | 65,300   | 10,652                                   | <b>75,952</b>  |
| Head of Engineering Services<br><i>Up to 30 Nov 22</i>                                 | 54,685   | 8,454                                    | <b>63,139</b>  | 37,414   | 6,259                                    | <b>43,673</b>  |
| Head of Engineering Services<br><i>From 27 Feb 23 onwards</i>                          | -  | -  | -  | 4,678  | 799                                      | <b>5,477</b>   |
| Head of Human Resources<br><i>Up to 30 Jun 22</i>                                      | 56,992   | 8,563                                    | <b>65,555</b>  | 15,652   | 2,647                                    | <b>18,299</b>  |
| Head of Human Resources<br><i>From 5 Sept 22 onwards</i>                               | -  | -  | -  | 30,925   | 5,145                                    | <b>36,070</b>  |
| Head of Revenues and Benefits  | 54,543   | 8,643                                    | <b>63,186</b>  | 58,089   | 9,319                                    | <b>67,408</b>  |
| <sup>2</sup> Head of Regeneration and<br>Housing                                       | 59,049   | 8,454                                    | <b>67,503</b>  | 47,148   | 7,074                                    | <b>54,222</b>  |
| <sup>2</sup> Head of Strategic Planning and<br>Housing<br><i>From 1 Mar 23 onwards</i> | -  | -  | -  | 4,389  | 751                                      | <b>5,140</b>   |
| Head of Environmental Health<br><i>From 1 Apr 22 to 18 Sept 22</i>                     | -  | -  | -  | 29,882   | 5,110                                    | <b>34,992</b>  |
| Head of Environmental Health<br><i>From 5 Sept 22 to 31 Mar 23</i>                     | -  | -  | -  | 30,089   | 5,145                                    | <b>35,234</b>  |
| Head of Cultural and Leisure<br>Services   | 57,033   | 8,572                                    | <b>65,605</b>  | 57,698   | 9,763                                    | <b>67,461</b>  |
|  | <b>881,670</b>   | <b>136,102</b>                           | <b>1,017,772</b>   | <b>882,666</b>   | <b>145,898</b>                           | <b>1,028,564</b>   |

<sup>1</sup> The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2022/23 was £nil and 2021/22 £6,434 (£3,801 of which was pensionable)

<sup>2</sup> The post of Head of Regeneration and Housing was later renamed Head of Strategic Planning and Housing

## Notes to the Core Financial Statements

Please note that payments in the 2021/22 and 2022/23 financial years in the above table also 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).

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:

|                     | 2021/22 | 2022/23 |
|---------------------|---------|---------|
| £50,000 - £54,999   | 2       | 4       |
| £55,000 - £59,999   | 3       | 6       |
| £60,000 - £64,999   | 1       | 2       |
| £65,000 - £69,999   | 2       | 1       |
| £70,000 - £74,999   |         | 1       |
| £75,000 - £79,999   |         |         |
| £80,000 - £84,999   |         |         |
| £85,000 - £89,999   | 1       |         |
| £90,000 - £94,999   | 1       |         |
| £95,000 - £99,999   | 1       | 2       |
| £100,000 - £104,999 |         | 1       |
| £105,000 - £109,999 |         |         |
| £110,000 - £114,999 |         |         |
| £115,000 - £119,999 |         |         |
| £120,000 - £124,999 | *1      |         |
| £125,000 - £129,999 |         |         |
| £130,000 - £135,999 |         | 1       |

\* The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2022/23 was £nil and 2021/22 £6,434 (£3,801 of which was pensionable)

Please note that payments in the 2021/22 and 2022/23 financial years in the above table also 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 2022/23 or 2021/22.

## Notes to the Core Financial Statements

**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:

|   | 2021/22<br>£  | 2022/23<br>£  |
|---|---------------|---------------|
| 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.<br><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        |               |
| 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 2022/23                                      |               | 55,119        |
| Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year.<br><i>Work completed in 2023/24 but relating to the 2022/23 financial year claims</i> |               | 33,810        |
| <b>Total</b>  | <b>69,862</b> | <b>88,929</b> |

**28 GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22 and 2022/23:

|  | 2021/22<br>£      | 2022/23<br>£      |
|--|-------------------|-------------------|
| <b><u>Credited to Taxation and Non-Specific Grant Income</u></b> |                   |                   |
| New Homes Bonus  | -1,515,848        | -1,205,836        |
| Business Rates S31 Grant   | -2,906,362        | -2,478,151        |
| Rural Services Delivery Grant                                    | -113,250          | -113,250          |
| Lower Tier Services Grant  | -57,696           | -61,960           |
| Local Council Tax Support Additional Funding                     | -40,062           |                   |
| Covid-19 Emergency Local Authority Support Grant                 | -242,180          |                   |
| Services Grant   |                   | -93,368           |
| Levy Account Surplus   |                   | -11,359           |
| Revenue Support Grant  |                   | -215              |
| <b><i>Grants Received for Capital Purposes</i></b>               |                   |                   |
| DLUHC – ICT Funding  |                   | -125,000          |
| DLUHC - UK Shared Prosperity Fund                                |                   | -189,000          |
| <b>Total Credited to Taxation and Non-Specific Grant Income</b>  | <b>-4,875,398</b> | <b>-4,278,139</b> |

## Notes to the Core Financial Statements

|  | 2021/22<br>£ | 2022/23<br>£ |
|--|--------------|--------------|
| <b>Credited to Services</b>  |              |              |
| <b>Grants Received for Capital Purposes</b>                                      |              |              |
| Disabled Facilities Grant - Main Funding   | -393,008     | -393,008     |
| Funding from Onward Homes towards Disabled Facilities Grant                      | -47,377      | -48,799      |
| <b>Grants Received for Revenue Purposes</b>                                      |              |              |
| Business Rates Administration  | -92,240      | -93,884      |
| DWP - Rent Allowance and Rent Rebate Subsidy                                     | -5,246,147   | -5,126,500   |
| DWP and MHCLG Local Council Tax Support and Housing Benefit Administration Grant | -110,157     | -109,770     |
| Ribble Valley Community Safety Partnership                                       | -17,198      |              |
| DWP LA Data Sharing IT Costs Funding   | -11,883      |              |
| DWP - Discretionary Housing Payments Fund  | -51,425      | -36,448      |
| MHCLG – Homelessness Prevention Grant  | -67,912      | -78,866      |
| LCC Weight Management Funding  | -28,996      | -18,506      |
| East Lancashire CCG Cardiac Rehab Service  | -11,617      |              |
| Sports England - Together an active future funding                               | -64,608      | -66,657      |
| DLUHC – Redmond Review Implementation  | -15,958      | -16,117      |
| DEFRA – Biodiversity Net Gain  | -10,047      | -26,807      |
| MHCLG – Domestic Abuse Support to Victims  | -33,351      | -33,379      |
| DWP – Kickstart Scheme   | -13,108      |              |
| MHCLG – Accommodation for Ex-Offenders   | -10,000      |              |
| DLUHC – HPG Winter 21 Rent Arrears   | -14,240      |              |
| LCC – Affordable Warmth Public Health Grant                                      |              | -41,315      |
| DLUHC - Council Tax Energy Rebate Admin Grant                                    |              | -112,178     |
| Home Office – Asylum Dispersal Scheme Grant                                      |              | -21,000      |
| LCC – Ukrainian Housing Fund   |              | -282,000     |
| LCC – Ukrainian Community Integration Funding                                    |              | -102,000     |
| DLUHC - UK Shared Prosperity Fund Revenue Grant                                  |              | -69,805      |
| DLUHC - Electoral Integrity Programme  |              | -11,412      |
| Council Tax Reduction - Family Annexes   |              | -11,193      |
| DLUHC - Various Business Rates Reliefs New Burdens                               |              | -22,089      |
| DEFRA - Air Quality New Burden Grant   |              | -11,710      |
| LCC - Household Support Fund-Admin Support Payment                               |              | -18,000      |
| <b>Covid-19 Grant Funding (for distribution)</b>                                 |              |              |
| Covid-19 Self-isolation Payments Funding (discretionary)                         | 24,750       |              |
| MHCLG - Local Restrictions Support Grant   | -1,628,779   |              |
| LCC – Household Support Fund Grant to Distribute                                 | -70,855      |              |

## Notes to the Core Financial Statements

|  | 2021/22<br>£      | 2022/23<br>£      |
|--|-------------------|-------------------|
| <b><i>Covid-19 Grant Funding (service specific)</i></b>                            |                   |                   |
| ERDF paid via DLUHC - Reopening High Streets Safely Fund                           | -45,912           |                   |
| Covid-19 Self-isolation Payments Funding Admin                                     | -29,406           | -62,982           |
| MHCLG - Covid-19 Income Compensation Scheme  | -36,879           |                   |
| DHSC - S31 Contain Outbreak Management Fund  | -372,226          | -49,708           |
| LCC - Covid-19 Test and Trace Support  | -54,107           |                   |
| 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           | -12,400           |
| BEIS – New Burdens 7 Post Payment Assurance, Reconciliation and Debt Recovery      |                   | -31,260           |
| <b><i>Other Grant Funding (for distribution)</i></b>                               |                   |                   |
| DLUHC – Council Tax energy Rebate Grant (Principal)                                |                   | -87,720           |
| LCC – Household Support Fund Grant to Distribute (Cost of Living)                  |                   | -197,477          |
| Other Grants   | -72,458           | -42,919           |
| <b>Total Credited to Services</b>  | <b>-8,676,630</b> | <b>-7,235,909</b> |

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 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 grants received and distributed, 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

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### 29 RELATED PARTY TRANSACTIONS

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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 the 2022/23 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 grant totalling £68,260 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 2021/22 the Council paid out Covid-19 support grants to the following two organisations where members had declared an interest:

## Notes to the Core Financial Statements

| Organisation                                | Covid-19 Grant Support Received 2021/22<br>£ | 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   |

The members declaring an interest in the organisations receiving the grants in 2021/22 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 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 and 2022/23 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.

### 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 138.
- 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 2021/22 and 2022/23. 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.

## Notes to the Core Financial Statements

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### 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 during 2022/23:

- Armed Forces Champion
- Forest of Bowland (Area of Outstanding Natural Beauty) Advisory Committee
- Hanson Cement Liaison Committee
- Hyndburn and Ribble Valley Council for Voluntary Services
- Lancashire Waste Partnership
- Langho Football Club
- Local Government Association General Assembly
- Longridge Social Enterprise Company Limited
- Mersey Care NHS Foundation Trust
- North West Employers' Organisation
- Police and Crime Panel
- Ribble Valley Community Safety Partnership
- Ribble Valley Sports and Recreation (Roefield Leisure Centre)
- Rural Services Network
- Salesbury and Copster Green Commons Management Committee
- Tarmac Liaison Committee
- 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.



**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.

|  | 2021/22<br>£     | 2022/23<br>£     |
|--|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>   | <b>3,248,269</b> | <b>3,141,032</b> |
| <b><u>Capital Investment</u></b>   |                  |                  |
| Property, Plant and Equipment  | 515,383          | 816,295          |
| Revenue Expenditure Funded from Capital Under Statute                                  | 377,938          | 341,162          |
| <b><u>Sources of Finance:</u></b>  |                  |                  |
| Grants and Other Contributions   | -362,038         | -381,080         |
| Usable Capital Receipts  | -74,854          | -316,669         |
| Sums set aside from revenue:   |                  |                  |
| - Revenue Contributions  | -456,429         | -459,709         |
| - Minimum Revenue Provision  | -107,237         | -104,889         |
| <b>Closing Capital Financing Requirement</b>   | <b>3,141,032</b> | <b>3,036,143</b> |
| <b><u>Explanation of Movements in Year</u></b>   |                  |                  |
| Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance) | -107,237         | -104,889         |
| <b>Decrease in Capital Financing Requirement</b>                                       | <b>-107,237</b>  | <b>-104,889</b>  |

**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 2022<br>£ | 31 March 2023<br>£ |
|---|--------------------|--------------------|
| Not later than one year                           | 99,731             | 83,583             |
| Later than one year and not later than five years | 101,359            | 88,226             |
| Later than five years                             | 382,866            | 382,693            |
|   | <b>583,956</b>     | <b>554,502</b>     |

## Notes to the Core Financial Statements

In 2022/23 expenditure charged to the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £101,042 (£120,100 in 2021/22).

### 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 2022<br>£ | 31 March 2023<br>£ |
|---|--------------------|--------------------|
| Not later than one year                           | -95,598            | -81,620            |
| Later than one year and not later than five years | -215,156           | -195,943           |
| Later than five years                             | -421,841           | -390,791           |
|   | <b>-732,595</b>    | <b>-668,354</b>    |

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

In 2022/23 income included under the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £110,545 (£99,356 in 2021/22).

## 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 |                  |
|--|---------------------------------|------------------|
|  | 2021/22<br>£'000                | 2022/23<br>£'000 |
| <b><i>Comprehensive Income and Expenditure Statement</i></b>   |                                 |                  |
| <b>Cost of Services</b>  |                                 |                  |
| - current service costs  | 2,058                           | 2,279            |
| <b>Other Operating Expenditure</b>   |                                 |                  |
| - administration expenses  | 31                              | 35               |
| <b>Financing and Investment Income and Expenditure</b>   |                                 |                  |
| - net interest expense   | 431                             | 406              |
| <b>Total Post employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>  | <b>2,520</b>                    | <b>2,720</b>     |
| <b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>   |                                 |                  |
| <b>Remeasurement of the net defined benefit liability comprising</b>   |                                 |                  |
| - return on plan assets (excluding the amount included in the net interest expenses)   | -7,102                          | 152              |
| - actuarial (gains) and losses arising on changes in experience  | 198                             | 5,111            |
| - actuarial (gains) and losses on financial assumptions  |                                 | -31,129          |
| - actuarial (gains) and losses arising on changes in demographic assumptions   | -619                            | -1,839           |
| <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</b>   | <b>-7,523</b>                   | <b>-27,705</b>   |
| <b><i>Movement in Reserves Statement</i></b>   |                                 |                  |
| - reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code | -1,553                          | -1,639           |
| <b><i>Actual amount charged against the General Fund Balance for pensions in the year:</i></b>   |                                 |                  |
| - employers' contributions payable to the scheme   | <b>967</b>                      | <b>1,081</b>     |

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2023 is a gain of £27,705,000 (31 March 2022 gain of £7,523,000).

## Notes to the Core Financial Statements

### 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                              | 2021/22       | 2022/23        |
|--|---------------|----------------|
|  | £'000         | £'000          |
| Present value of the defined benefit obligation              | 81,368        | 56,411         |
| Fair value of plan assets                                    | -66,296       | -67,405        |
| <b>Net liability arising from defined benefit obligation</b> | <b>15,072</b> | <b>-10,994</b> |

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

| Local Government Pension Scheme  | 2021/22       | 2022/23       |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Opening fair value of scheme assets</b>   | <b>58,434</b> | <b>66,296</b> |
| Interest Income  | 1,223         | 1,849         |
| Remeasurements gain/(loss):  |               |               |
| - the return on plan assets, excluding the amount included in the net interest expense | 7,102         | -152          |
| Administration Expenses  | -31           | -35           |
| Contributions from employer  | 967           | 1,081         |
| Contributions from employees into the scheme   | 339           | 382           |
| Benefits/transfers paid  | -1,738        | -2,016        |
| <b>Closing fair value of scheme assets</b>   | <b>66,296</b> | <b>67,405</b> |

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

| Local Government Pension Scheme  | 2021/22       | 2022/23       |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Opening balance at 1 April</b>  | <b>79,476</b> | <b>81,368</b> |
| Current service cost   | 2,058         | 2,279         |
| Interest cost  | 1,654         | 2,255         |
| Contributions from scheme participants                                   | 339           | 382           |
| Remeasurement (gains) and losses:  |               |               |
| - Experience loss  | 198           | 5,111         |
| - Actuarial (gains)/losses arising from changes in financial assumptions |               | -31,129       |
| - Actuarial gains arising from changes in demographic assumptions        | -619          | -1,839        |
| Benefits/transfers paid  | -1,738        | -2,016        |
| <b>Closing balance at 31 March</b>                                       | <b>81,368</b> | <b>56,411</b> |

## Notes to the Core Financial Statements

**Local Government Pension Scheme Assets Comprised:**

| Local Government Pension Scheme<br>Fair value of scheme assets | Quoted<br>Y/N | 31 March 2022<br>£'000 | 31 March 2023<br>£'000 |
|--|---------------|------------------------|------------------------|
| <b>Equities</b>  |               |                        |                        |
| - Financials   | Y             | 79                     | 78                     |
| <b>Subtotal Equities</b>                                       |               | <b>79</b>              | <b>78</b>              |
| <b>Cash</b>  |               |                        |                        |
| - Cash accounts  | N             | 1,839                  | 536                    |
| - Net Current Assets/(Liabilities)                             | N             | -171                   | 0                      |
| <b>Subtotal Cash</b>   |               | <b>1,668</b>           | <b>536</b>             |
| <b>Bonds</b>   |               |                        |                        |
| - UK corporate   | Y             | 272                    | 0                      |
| - Overseas corporate   | N             | 245                    | 139                    |
| <b>Subtotal Bonds</b>  |               | <b>517</b>             | <b>139</b>             |
| <b>Property</b>  |               |                        |                        |
| - Offices  | N             | 31                     | 13                     |
| - Industrial/warehouse   | N             | 494                    | 486                    |
| - Shops  | N             | 59                     | 136                    |
| - Multi let commercial building                                | N             | 475                    | 381                    |
| <b>Subtotal Property</b>                                       |               | <b>1,059</b>           | <b>1,016</b>           |
| <b>Alternatives</b>  |               |                        |                        |
| - UK private equity  | N             | 1,466                  | 1,167                  |
| - Overseas private equity                                      | N             | 3,997                  | 4,482                  |
| - Infrastructure   | N             | 7,552                  | 10,485                 |
| - Credit funds   | N             | 8,873                  | 9,781                  |
| - Pooled fixed income  | N             | 2,883                  | 971                    |
| - Indirect property funds                                      | N             | 5,781                  | 5,933                  |
| - UK Pooled Equity Funds                                       | N             | 624                    | 713                    |
| - Overseas pooled equity funds                                 | N             | 31,797                 | 32,103                 |
| <b>Subtotal Alternatives</b>                                   |               | <b>62,973</b>          | <b>65,635</b>          |
| <b>Total</b>   |               | <b>66,296</b>          | <b>67,404</b>          |

**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 2022.

The significant assumptions used by the actuary have been:

## Notes to the Core Financial Statements

| Local Government Pension Scheme              | 2021/22    | 2022/23    |
|--|------------|------------|
| <b>Mortality Assumptions</b>                 |            |            |
| Longevity at 65 for current pensioners:      |            |            |
| Men  | 22.3 years | 21.5 years |
| Women  | 25.0 years | 23.8 years |
| Longevity at 65 for future pensioners:       |            |            |
| Men  | 23.7 years | 22.8 years |
| Women  | 26.8 years | 25.6 years |
| Rate of Consumer Price Index (CPI) Inflation | 3.4%       | 2.7%       |
| Rate of increase in salaries                 | 4.9%       | 4.2%       |
| Rate of increase in pensions                 | 3.5%       | 2.8%       |
| Rate for discounting scheme liabilities      | 2.8%       | 4.8%       |

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<br>Impact on the Defined Benefit Obligation in the Scheme | Increase in Assumption<br>£'000 |
|---|---------------------------------|
| Longevity (1 year increase in life expectancy)  | 1,161                           |
| Rate of inflation (+0.25% per annum)  | 2,217                           |
| Rate of increase in salaries (+0.25% per annum)   | 289                             |
| Rate of discounting scheme liabilities (+0.5% per annum)                                  | -4,120                          |
| Change in 2022/23 Investment Returns (+1%)  | -671                            |
| Change in 2022/23 Investment Returns (-1%)  | 671                             |

**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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026. On the basis of the assumptions adopted, the Fund's assets of £10,712m represented 115% of the Fund's past service liabilities of £9,317m (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £1,395 million.

The valuation also showed that a Primary contribution rate of 19.2% of pensionable pay per annum was required from employers (last valuation 31 March 2019 – 17.4%). 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.

As such, for this council the future employer contributions rates from 1 April 2023 will be 14.7% rather than the primary contribution rate of 19.2% (so a secondary rate of minus 5.3%)

It is projected that the council will pay £941,000 in employer contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 16 years based on later of 31 March 2022 and admission date.

**Scheme History**

| Local Government Pension Scheme | 2018/19       | 2019/20       | 2020/21       | 2021/22       | 2022/23        |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|
|                                 | £'000         | £'000         | £'000         | £'000         | £'000          |
| Present Value of Liabilities    | 68,377        | 68,294        | 79,476        | 81,368        | 56,411         |
| Fair Value of Assets            | -52,964       | -53,323       | -58,434       | -66,296       | -67,405        |
| <b>Deficit in the scheme</b>    | <b>15,413</b> | <b>14,971</b> | <b>21,042</b> | <b>15,072</b> | <b>-10,994</b> |

The past liabilities shown above show the underlying commitment that the council had in the long run to pay post-employment (retirement) benefits. This had a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit meant that the financial position of the Council remained healthy.

## Notes to the Core Financial Statements

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This position has changed at this latest year-end to a net asset position of £10.994m. The main reasons for the above movement have been:

- An increase of around 2% per annum in the discount rate assumption and a decrease of 0.3% - 0.8% per annum in assumed CPI.
- Last year's assumptions included an adjustment for recent levels of high inflation prior to the accounting date – this year this has been allowed for as a separate experience item which acts to increase liabilities.

The combined effect of the above two items is to significantly decrease liabilities for employers within the fund. Added to this is the impact of the 2022 valuation results.

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

The Net Assets position on the balance sheet at 31 March 2023 sees a very large movement from that seen at 31 March 2022. This is due to the swing in the valuation of the Pension Fund at the 31 March 2023, with a £26.066m movement. As can be seen in the bottom half of the balance sheet this does not represent a usable asset and sits within the council's Unusable Reserves.

### 33 CONTINGENT LIABILITIES

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#### Housing Stock Transfer Warranties

##### **Collateral warranty by the Council in favour of Security Trustee (M & G Trustee Company Limited)**

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.



**Notes to the Core Financial Statements**

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- 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.
- Warranty for any losses arising as a result of incorrect application of the 2012 rent convergence.

**34 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

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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.

## Notes to the Core Financial Statements

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- 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 2022 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 £342,507 of which £20,422 relates to sundry debts (or £131,389 when including impairment for total Housing Benefit recovery impairment). The balance of £211,118 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 2023 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<br>March 2023 | Historical<br>experience of<br>default | Historical<br>experience<br>adjusted for<br>market<br>conditions at 31<br>March 2023 | Estimated<br>maximum<br>exposure to<br>default and<br>uncollectability<br>at 31 March 2023 | Estimated<br>maximum<br>exposure at 31<br>March 2022 |
|--|----------------------------|--|--|--|--|
|  | £<br>A                     | %<br>B                                 | %<br>C   | £<br>(A x C)   | £  |
| Deposits with banks<br>and building societies  | 22,740,000                 | 0.00%                                  | 0.00%  | 0  | 0  |
| Customers (Sundry<br>Debt including<br>overpaid Housing<br>Benefits recovered<br>from ongoing benefit) | 685,390                    | 0.57%                                  | 19.17%   | 131,389  | 145,058  |

The council expects settlement terms from debtors of no greater than 14 days. On this basis £614,449 of the sundry debtor balance as at 31 March 2023 is past its due date for payment (£416,662 at 31 March 2022); 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<br>2022<br>£'000 | As at 31 March<br>2023<br>£'000 |
|---------------------|---------------------------------|---------------------------------|
| Less than 30 days   | 780                             | 67                              |
| 30 days to 59 days  | 29                              | 25                              |
| 60 days to 89 days  | 0                               | 71                              |
| 90 days to 119 days | 4                               | 2                               |
| 120 days +          | 368                             | 476                             |
|                     | <b>1,181</b>                    | <b>641</b>                      |

## Notes to the Core Financial Statements

### 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 as at 31 March 2022 is shown below, alongside the equivalent figures for 31 March 2023, being nil, as the council paid off its balance of debt during the 2022/23 financial year:

| Financial Liabilities by Maturity Risk | 31 March 2022 | 31 March 2023 |
|--|---------------|---------------|
|  | £'000         | £'000         |
| Less than one year                     | 10            | 0             |
| Between 1 and 2 years                  | 10            | 0             |
| Between 2 and 5 years                  | 30            | 0             |
| Between 5 and 10 years                 | 50            | 0             |
| More than 10 years                     | 5             | 0             |
|  | <b>105</b>    | <b>0</b>      |

### 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 £253,776. 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.

**35 PRIOR PERIOD ADJUSTMENT**

It has been identified that a number of internal recharges had been included in the figures reported in the Comprehensive Income and Expenditure Statement in the 2021/22 financial year. In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, such internal recharges should have been excluded.

This did not impact on the reported financial position for the Council but it did have the effect of inflating both the income and expenditure figures reported for the council's Community Services Committee and Policy and Finance Committee. The net position reported for the committees remains unchanged following restatement of the 2021/22 statements. The correct treatment for these internal recharges has now been applied for the 2022/23 financial statements. The impact on the 2021/22 financial statements is demonstrated below:

| 2021/22                |                   |                      |  |
|------------------------|-------------------|----------------------|--|
| Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ |  |
| 9,179,598              | -4,676,069        | 4,503,529            | Community Services Committee - Originally Reported |
| -2,276,732             | 2,276,732         | 0                    | Adjustment made                                    |
| 6,902,866              | -2,399,337        | 4,503,529            | Community Services Committee - Restated            |

| 2021/22                |                   |                      |  |
|------------------------|-------------------|----------------------|--|
| Gross Expenditure<br>£ | Gross Income<br>£ | Net Expenditure<br>£ |  |
| 5,842,977              | -3,587,344        | 2,255,633            | Policy and Finance Committee - Originally Reported |
| -381,860               | 381,860           | 0                    | Adjustment made                                    |
| 5,461,117              | -3,205,484        | 2,255,633            | Policy and Finance Committee - Restated            |

## 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.

## Collection Fund

| 2021/22<br>Total<br>£'000 |   | 2022/23<br>Council Tax<br>£'000 | 2022/23<br>Business<br>Rates<br>£'000 | 2022/23<br>Total<br>£'000 | Notes |
|---------------------------|---|---------------------------------|---------------------------------------|---------------------------|-------|
| <b>Income</b>             |   |                                 |                                       |                           |       |
| 47,503                    | Income from Council Tax Payers                          | 50,153                          |                                       | 50,153                    |       |
| 11                        | Transfers From General Fund - Family Annexes            | 11                              |                                       | 11                        |       |
| 0                         | Transfers From General Fund - Ukraine Local Discount    | 6                               |                                       | 6                         |       |
| 11,971                    | Income from Business Ratepayers                         |                                 | 13,778                                | 13,778                    | 1     |
|                           | Share of Estimated Deficit:                             |                                 |                                       |                           |       |
| 3346                      | - Central Government                                    |                                 | 2,187                                 | 2,187                     |       |
| 620                       | - Lancashire County Council                             |                                 | 393                                   | 393                       |       |
| 2726                      | - Ribble Valley Borough Council                         |                                 | 1,749                                 | 1,749                     |       |
| 68                        | - Lancashire Combined Fire Authority                    |                                 | 44                                    | 44                        |       |
| 66,245                    |   | 50,170                          | 18,151                                | 68,321                    |       |
| <b>Expenditure</b>        |   |                                 |                                       |                           |       |
|                           | Precepts and Demands:                                   |                                 |                                       |                           | 3     |
| 34,959                    | - Lancashire County Council                             | 37,180                          |                                       | 37,180                    |       |
| 4,241                     | - Ribble Valley Borough Council (including parishes)    | 4,463                           |                                       | 4,463                     |       |
| 5,436                     | - Police and Crime Commissioner (PCC) for Lancashire    | 5,805                           |                                       | 5,805                     |       |
| 1,735                     | - Lancashire Combined Fire Authority                    | 1,897                           |                                       | 1,897                     |       |
|                           | Business Rates  |                                 |                                       |                           |       |
| 7,557                     | - Central Government                                    |                                 | 6,453                                 | 6,453                     |       |
| 1,361                     | - Lancashire County Council                             |                                 | 1,162                                 | 1,162                     |       |
| 6,046                     | - Ribble Valley Borough Council                         |                                 | 5,163                                 | 5,163                     |       |
| 151                       | - Lancashire Combined Fire Authority                    |                                 | 129                                   | 129                       |       |
|                           | Share of Estimated Surplus:                             |                                 |                                       |                           |       |
| 198                       | - Lancashire County Council                             | 951                             |                                       | 951                       |       |
| 25                        | - Ribble Valley Borough Council                         | 115                             |                                       | 115                       |       |
| 10                        | - Lancashire Combined Fire Authority                    | 47                              |                                       | 47                        |       |
| 30                        | - Police and Crime Commissioner (PCC) for Lancashire    | 148                             |                                       | 148                       |       |
| 4                         | Transfers to General Fund - Council Tax Benefits        | 7                               |                                       | 7                         |       |
| 3                         | Transfers to General Fund - Covid Hardship Payments     | 1                               |                                       | 1                         |       |
| 12                        | Transitional Protection Payments due from the authority |                                 | 31                                    | 31                        |       |
| 92                        | Costs of Collection                                     |                                 | 94                                    | 94                        |       |
| 97                        | Renewable Energy Schemes                                |                                 | 25                                    | 25                        |       |
| 2                         | Provision for Bad/Doubtful Debts                        | 42                              | 53                                    | 95                        | 4     |
| 123                       | Enterprise Zone   |                                 | 173                                   | 173                       |       |
| 176                       | Provision for Appeals                                   |                                 | -17                                   | -17                       | 5     |
| 62,258                    |   | 50,656                          | 13,266                                | 63,922                    |       |
| 3,987                     | <b>(Deficit)/Surplus for the Year</b>                   | -486                            | 4,885                                 | 4,399                     |       |
| -7,689                    | (Deficit)/Surplus Brought Forward                       | 1,367                           | -5,069                                | -3,702                    |       |
| -3,702                    | <b>(Deficit)/Surplus Carried Forward</b>                | 881                             | -184                                  | 697                       |       |
| <b>Allocated to</b>       |   |                                 |                                       |                           |       |
| -2,534                    | - Central Government                                    |                                 | -92                                   | -92                       | 6     |
| 575                       | - Lancashire County Council                             | 664                             | -16                                   | 648                       |       |
| -1,903                    | - Ribble Valley Borough Council                         | 80                              | -74                                   | 6                         |       |
| 160                       | - Police and Crime Commissioner (PCC) for Lancashire    | 103                             |                                       | 103                       |       |
| 0                         | - Lancashire Combined Fire Authority                    | 34                              | -2                                    | 32                        |       |
| -3,702                    |   | 881                             | -184                                  | 697                       |       |

## Collection Fund

### 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 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 successfully submitted for 2020/21 and then for 2021/22 and 2022/23, consisting of 10 district council's and the county council. The pool has operated on the same basis as in 2016/17, 2017/18 and 2018/19 during 2020/21, 2021/22 and 2022/23.

The business rates shares in 2021/22 and 2022/23 are shown in the table below:

|                                    | Lancashire Business Rates Pool - Shares for 2021/22 and 2022/23 |
|------------------------------------|---|
| District Authorities               | 40%   |
| Lancashire County Council          | 9%  |
| Lancashire Combined Fire Authority | 1%  |
|                                    | <b>50%</b>  |
| Central Government                 | 50%   |
| <b>Total</b>                       | <b>100%</b>   |

The business rates shares payable for 2022/23 were estimated before the start of the financial year as £6.453m to Central Government, £1.162m to Lancashire County Council, £0.129m to Lancashire Combined Fire Authority and £5.163m to Ribble Valley Borough Council. These sums have been paid in 2022/23 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 2022/23 was £13.778m (£11.971m in 2021/22).

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 2023. 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 2023 has been calculated at £2.290m (31 March 2022 £2.308m)

The total non-domestic rateable value at 31 March 2023 was £39,180,442 compared to £39,212,942 at 31 March 2022 based on the 2010 listing. The non-domestic rateable value at 31 March 2023 on the 2017 listing was £43,704,793 compared to £43,434,845 at 31 March 2022.

Looking at the new 2023 listing which is effective from 1 April 2023, the total non-domestic rateable value at 1 April 2023 was £49,845,353.

The national non-domestic multiplier (rate in the pound) for the year 2022/23 was 51.2 pence, the same as in the 2021/22 and 2020/21 financial years.

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.

## Collection Fund

**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 2022/23 the Council set a band D council tax of £1,988.70 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             | 10                     | 9.5                                 | 5.3                |
| A                               | 6/9             | 3,690                  | 3,045.7                             | 2,030.4            |
| B                               | 7/9             | 5,311                  | 4,631.0                             | 3,601.9            |
| C                               | 8/9             | 5,372                  | 4,828.6                             | 4,292.1            |
| D                               | 1               | 4,780                  | 4,386.7                             | 4,386.7            |
| E                               | 11/9            | 4,013                  | 3,782.0                             | 4,622.4            |
| F                               | 13/9            | 2,479                  | 2,356.9                             | 3,404.3            |
| G                               | 15/9            | 1,950                  | 1,860.2                             | 3,100.3            |
| H                               | 18/9            | 209                    | 199.8                               | 399.5              |
| <b>Totals</b>                   |                 | <b>27,814</b>          | <b>25,100.4</b>                     | <b>25,842.9</b>    |
|                                 |                 |                        | Adjustments                         | -1,104.4           |
|                                 |                 |                        | Adjustment for Collection Rate      | -185.5             |
|                                 |                 |                        | <b>Council Tax Base</b>             | <b>24,553</b>      |

**3 BAND D COUNCIL TAX**

The band D council tax set by the Council has been calculated as follows:

|  | 2021/22<br>£      | 2022/23<br>£      |
|--|-------------------|-------------------|
| Lancashire County Council Precept                          | 34,958,753        | 37,180,362        |
| Police and Crime Commissioner (PCC) for Lancashire Precept | 5,436,385         | 5,805,557         |
| Lancashire Combined Fire Authority Precept                 | 1,734,986         | 1,897,211         |
| Ribble Valley Borough Council Demand (excluding Parishes)  | 3,737,650         | 3,945,422         |
| <b>Total to be Met From Council Tax</b>                    | <b>45,867,774</b> | <b>48,828,552</b> |
| Divided by Council Tax Base (Band D Equivalent Dwellings)  | 24,007            | 24,553            |
| <b>Band D Council Tax (Average excluding Parishes)</b>     | <b>£1,910.60</b>  | <b>£1,988.70</b>  |

**4 PROVISION FOR LOSSES**

An analysis of the collection fund bad debt provision is set out below:

|                                      | Council Tax<br>£ | NNDR<br>£      | Total<br>£       |
|--------------------------------------|------------------|----------------|------------------|
| <b>Opening Balance 1 April 2022</b>  | <b>890,000</b>   | <b>443,000</b> | <b>1,333,000</b> |
| Write Offs in Year                   | -21,733          | -173,605       | -195,338         |
| Increase/(Decrease) to Provision     | 41,733           | 53,605         | 95,338           |
| <b>Closing Balance 31 March 2023</b> | <b>910,000</b>   | <b>323,000</b> | <b>1,233,000</b> |

**5 PROVISION FOR BUSINESS RATES APPEALS**

An analysis of the collection fund provision for appeals is set out below:

|                                  | 2021/22<br>£     | 2022/23<br>£     |
|----------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>        | <b>2,131,983</b> | <b>2,307,805</b> |
| Amounts Charged to the Provision | -441,625         | -270,061         |
| Change in Provision              | 617,447          | 252,727          |
| <b>Balance at 31 March</b>       | <b>2,307,805</b> | <b>2,290,471</b> |

## Collection Fund

**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.

| 2021/22       |  |  | 2022/23       |  |
|---------------|--|--|---------------|--|
| Precept       | Share of 31 March (Deficit) or Surplus |  | Precept       | Share of 31 March (Deficit) or Surplus |
| £'000         | £'000                                  |  | £'000         | £'000                                  |
| 34,959        | 1,031                                  | Lancashire County Council                    | 37,180        | 664                                    |
| 5,436         | 160                                    | Police and Crime Commissioner for Lancashire | 5,805         | 103                                    |
| 1,735         | 51                                     | Lancashire Combined Fire Authority           | 1,897         | 34                                     |
| 4,241         | 125                                    | Ribble Valley Borough Council                | 4,463         | 80                                     |
| <b>46,371</b> | <b>1,367</b>                           | <b>Total</b>                                 | <b>49,345</b> | <b>881</b>                             |

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.

| 2021/22                   |  |                                    | 2022/23                   |  |
|---------------------------|--|------------------------------------|---------------------------|--|
| 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                                  |
| 7,557                     | -2,534                                 | Central Government                 | 6,453                     | -92                                    |
| 1,361                     | -456                                   | Lancashire County Council          | 1,162                     | -16                                    |
| 151                       | -51                                    | Lancashire Combined Fire Authority | 129                       | -2                                     |
| 6,046                     | -2,028                                 | Ribble Valley Borough Council      | 5,163                     | -74                                    |
| <b>15,115</b>             | <b>-5,069</b>                          | <b>Total</b>                       | <b>12,907</b>             | <b>-184</b>                            |

## 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 2022 and January 2023 are shown in the table below.

| (Deficit) or Surplus Declared<br>January 2022 |                         |                |  | (Deficit) or Surplus Declared<br>January 2023 |                         |                |
|---|-------------------------|----------------|--|---|-------------------------|----------------|
| Business<br>Rates<br>£'000                    | Council<br>Tax<br>£'000 | Total<br>£'000 |  | Business<br>Rates<br>£'000                    | Council<br>Tax<br>£'000 | Total<br>£'000 |
| -2,187  |                         | <b>-2,187</b>  | Central Government                           | -303  |                         | <b>-303</b>    |
| -394  | 951                     | <b>557</b>     | Lancashire County Council                    | -55   | 667                     | <b>612</b>     |
|   | 148                     | <b>148</b>     | Police and Crime Commissioner for Lancashire |   | 104                     | <b>104</b>     |
| -44   | 47                      | <b>3</b>       | Lancashire Combined Fire Authority           | -6  | 34                      | <b>28</b>      |
| -1,749  | 115                     | <b>-1,634</b>  | Ribble Valley Borough Council                | -242  | 80                      | <b>-162</b>    |
| <b>-4,374</b>                                 | <b>1,261</b>            | <b>-3,113</b>  | <b>Total</b>                                 | <b>-606</b>                                   | <b>885</b>              | <b>279</b>     |

## 7 COLLECTION RATES

The Council's collection rates are detailed in the table below:

|                | 2021/22<br>% | 2022/23<br>% |
|----------------|--------------|--------------|
| Council Tax    | 99.0%        | 99.1%        |
| Business Rates | 99.1%        | 98.5%        |

## Glossary of Terms

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# 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.

**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.

## Glossary of Terms

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### 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.



**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.

## Glossary of Terms

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### **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.

**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.

## Glossary of Terms

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### **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.

**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**

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## Glossary of Terms

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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**

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|      |  |
|------|--|
| 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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Grant Thornton

An instinct for growth™

# A guide to local authority accounts

March 2014



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# Introduction

This guide is designed to help members of audit committees discharge their responsibilities for the financial statements. It aims to help them understand and challenge the accounts, supporting notes and other statements.

Local authority audit committee members are not expected to be financial experts, but they are responsible for approving and issuing the authority's financial statements. They also play a key role in ensuring accountability and value for money are demonstrated to the public.

However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government. IFRS provides a comprehensive framework (over 3,000 pages of mandatory requirements) for the production of financial statements in the public and private sector. This framework is continually being refined.

We have prepared this guide for members to use as part of their review of the financial statements. It explains the key features of the primary statements and notes that make up a set of financial statements. It also includes key challenge questions to help members assess whether the financial statements show a true and fair view of their authority's financial performance and financial position.

*“It sounds extraordinary, but it's a fact that balance sheets can make fascinating reading.”*

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**Mary Archer**  
British scientist



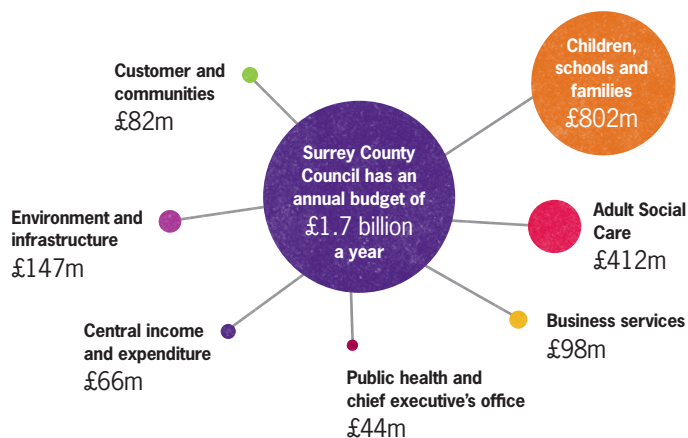
# Explanatory foreword

The purpose of the explanatory foreword is to provide a commentary on the financial statements. It should include an explanation of key events and their effect on the financial statements.

The information included in the explanatory foreword should not be a surprise and should be familiar to you from the budget reports provided during the year. The explanatory foreword should therefore ideally also reconcile the year end financial position reported to members (the outturn) to the statutory financial accounts.

However, in a recent survey on governance, conducted by Grant Thornton, 40% of respondents did not agree that the explanatory foreword aids public understanding of local government accounts. Too often, explanatory forewords repeat key elements of the accounts and run the risk of being overly long, rather than provide a clear commentary in plain English. This indicates there is still some way to go before the explanatory foreword achieves its purpose.

Key financial information should be clearly explained and authorities should consider the best way to present it. Below is an example of the presentation of financial information that we consider to be helpful.



## Challenge questions

- 1 Does the explanatory foreword provide a clear summary of the authority's financial performance and financial position at the year end?
- 2 Is the summary in line with your expectations? Is the financial performance in line with budget reports? Are the key events described in the explanatory foreword those you expected to see?
- 3 Can you trace the figures to the financial statements? Are they consistent?
- 4 If last year's figures have been restated, is the reason clearly explained?
- 5 Is there a better way that this information could be presented or communicated?

For more information, see **Grant Thornton's Local Government Governance Review 2014**



# Annual governance statement

The annual governance statement (AGS) sets out the arrangements the authority has put in place to manage and mitigate the risks it faces when meeting its responsibilities. The AGS should give the reader a clear sense of the risks facing the authority and the controls in place to manage them.

While the AGS is prepared by the authority at the end of the year, it should be built up from processes designed, run and tested throughout the year. There should be no surprises for members of the audit committee as all of the issues described should already have been discussed. However, surprises can occur if the first sight of the document is not until June. We recommend making the AGS an iterative document which is presented in draft to audit committee members towards the end of the calendar year.

The AGS should be consistent with:

- the rest of the financial statements
- internal audit findings
- the results of any external inspections of the authority during the year.

## Challenge questions

- 1 Is the content of the AGS consistent with your knowledge of the operations of the authority over the year?
- 2 Does the AGS succinctly describe the control environment in an understandable way?
- 3 In particular, does the AGS include:
  - all significant risks that you were aware of during the year?
  - the actions the authority is taking to address the identified risks?

---

*Only 65% of respondents to our survey agreed that the AGS helps the public to understand how the organisation manages risk.*

# Movement in reserves statement

Reserves represent the authority's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable.



## Usable reserves

- Result from the authority's activities
- Can be spent in the future
- Include:
  - general fund
  - earmarked reserves
  - capital receipts reserve

The level of usable reserves, the spending plans of the authority and other sources of funding will determine how much council tax needs to be raised.

The movement in reserves statement (MIRS) analyses the changes in each of the authority's reserves from year to year. It should be clear to see what has caused the movement in each reserve. The statement shows:

- **opening balances** – these should be the same as the previous year's closing balances
- **total income or expenditure for the year** – this should agree with the comprehensive income and expenditure account
- **statutory transfers between reserves** – these are made as the result of regulation
- **voluntary transfers between reserves** – these are made as the result of the authority's decisions
- **closing balances** – these should agree to those on the balance sheet.

Transfers between reserves should not result in a change in the overall level of reserves.

### Unusable reserves

- Derive from accounting adjustments
- Cannot be spent
- Include:
  - pensions reserve
  - revaluation reserve
  - capital adjustment account

Statutory transfers are adjustments that are made to usable reserves to:

- remove transactions that are required by accounting standards
- add transactions required by statute.

For example, accounting standards require depreciation to be charged to the general fund to represent the cost of assets used in the delivery of services. Statute requires that all capital transactions are removed from the general fund. Depreciation is therefore taken out of the general fund and replaced with the minimum revenue provision (MRP). The MRP represents the authority's estimate of how much it should contribute to capital expenditure each year and is approved by members at the start of every year.

Voluntary transfers include the earmarking of reserves. Members may choose to earmark reserves, putting aside cash to deliver specific longer-term objectives, such as the replacement of vehicles, plant and equipment. The purpose and usage of each earmarked reserve should be clearly set out.

### Challenge questions

- 1 Are the movements in the two types of reserves shown in separate tables?
- 2 Do the opening balances agree with last year? Have any restatements been clearly explained?
- 3 Do the figures in the MIRS agree to the comprehensive income and expenditure statement?
- 4 Can you trace the figures in the MIRS to the relevant notes? Do the notes adequately explain the major movements?
- 5 Are the purposes of the material earmarked reserves consistent with the authority's objectives and the authority's decisions?

For more information, see **Grant Thornton's Approving the MRP Policy**



# Comprehensive income and expenditure statement

The comprehensive income and expenditure statement (CIES) reports on how the authority performed during the year and whether its operations resulted in a surplus or deficit.

The CIES is sometimes described as a 'film' of all the transactions in the year. It includes cash payments made to employees and for services, as well as non-cash expenditure such as depreciation and accruals. It also shows all sources of income received and accrued in the year. Accrued expenditure represents the value of goods or services received by the authority by 31 March which have not been paid. Similarly, accrued income represents income due, but not yet received.

The CIES shows the accounting position of the authority before statutory overrides are applied. It analyses income and expenditure based on services. This means that it does not have the same headings you see in commercial financial statements.

The standard format of the CIES means that it will differ from the layout in your budget book, which will be based on your authority's own activities and internal reporting needs. A note to the accounts should reconcile the figures reported internally to those included in the CIES.





## Five broad sections within the CIES

|  |  |
|--|--|
| <b>Cost of services</b>                                | Presented in a standardised format as set out by the 'Service reporting code of practice for local authorities'. Includes service specific income and expenditure. Any large and/or unusual items which may affect the reader's view of the accounts should be disclosed separately. |
| <b>Other operating income and expenditure</b>          | Includes the surplus or deficit from the sale of property, plant and equipment.  |
| <b>Financing and investment income and expenditure</b> | Includes interest payable and receivable.  |
| <b>Taxation and general grant income</b>               | Includes revenue from council tax and the revenue support grant.   |
| <b>Other comprehensive income and expenditure</b>      | Items which are not allowed to be accounted for elsewhere in the CIES, such as increases in the value of land and buildings and changes in the actuarial assessment of pension liabilities.  |

## Challenge questions

- 1 Does the CIES reflect the financial performance of your authority as you know it?
- 2 Have there been significant changes year on year? If so, are these clearly explained?
- 3 Is there a detailed note to reconcile the CIES to budget reports? Is it easy to find? Can you trace the figures through?

# Balance sheet

The balance sheet is a ‘snapshot’ of the authority’s financial position at a specific point in time, showing what it owns and owes at 31 March.

The balance sheet is always divided into two halves that should, as the name suggests, balance:

- assets less liabilities (the top half)
- reserves (the bottom half).

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|  |  |
|--|--|
| <b>Non current assets including:</b> <ul style="list-style-type: none"><li>• <b>property, plant and equipment</b></li><li>• <b>heritage assets</b></li><li>• <b>intangible assets</b></li><li>• <b>investment property</b></li></ul> | Non-current assets have a life of more than one year. For most authorities the biggest balance by far is property, plant and equipment. These are tangible assets that are used to deliver the authority’s objectives. With some exceptions they need to be shown at a value based on market prices. Changes in valuations are matched by changes in reserves (generally the revaluation reserve). The cost of property, plant and equipment is spread over the period in which it is used by charging depreciation. |
|--|--|

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|                       |   |
|-----------------------|---|
| <b>Current assets</b> | Includes cash and other assets that, in the normal course of business, will be turned into cash within a year from the balance sheet date. Other assets include investments, non-current assets held for sale, inventories and debtors. |
|-----------------------|---|

---

|                            |   |
|----------------------------|---|
| <b>Current liabilities</b> | Comprises short-term borrowing, trade creditors, amounts owed to other government bodies and receipts in advance. Receipts in advance arise when the authority receives income this year for expenditure it will incur, or services it will provide, in future years. |
|----------------------------|---|

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|                              |   |
|------------------------------|---|
| <b>Long-term liabilities</b> | Includes borrowings, any amounts owed for leases and private finance initiative (PFI) deals. There will also be an estimate for the cost of meeting the authority’s pension obligations earned by past and current members of the pension scheme. |
|------------------------------|---|

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|                   |  |
|-------------------|--|
| <b>Provisions</b> | Represent future liabilities of the authority, but there is uncertainty about how much the authority owes or when it will have to pay. |
|-------------------|--|

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|                 |   |
|-----------------|---|
| <b>Reserves</b> | These are usable and unusable reserves. |
|-----------------|---|

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## Challenge questions

- 1 Have any significant changes between years been sufficiently explained?
- 2 Are there clear references to the notes where more detailed information is available?
- 3 Are the changes in property, plant and equipment what you would expect, based on any major disposals of assets, the authority’s capital programme and movements in market prices?
- 4 Are movements in investments and borrowing consistent with the authority’s treasury plans and with the cash movements in the cash flow statement?
- 5 Are the reasons for provisions and details of how they have been calculated clearly shown?
- 6 Do the reserves in the balance sheet agree to the balances in the movement in reserves statement?

# Other statements

A number of other statements will be included within the financial statements, though not all will be relevant to every authority.

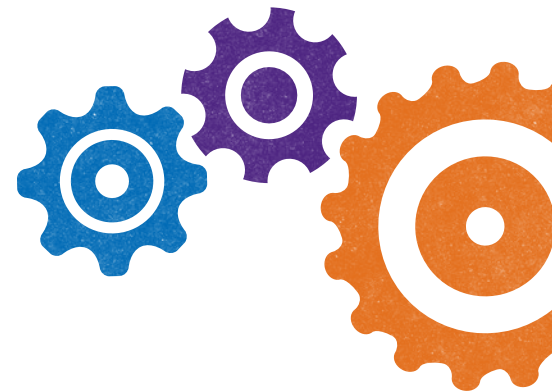
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|                                |  |
|--------------------------------|--|
| <b>Cash flow statement</b>     | <p>Sets out the authority's cash receipts and payments during the year, analysing them into operating, investing and financing activities.</p> <p>Cash flows are related to income and expenditure, but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the CIES when the transactions occurred, not when the cash was paid or received.</p> <p>The Local Authority Code of Practice allows two different methods of presentation to be used, and therefore formats may vary between neighbouring authorities.</p> |
| <b>Collection fund</b>         | <p>Shows the transactions in respect of council tax and business rates during the year.</p>  |
| <b>Housing revenue account</b> | <p>Shows the transactions in respect of council housing during the year. It is ring-fenced, so it cannot subsidise or be subsidised by other activities.</p>   |
| <b>Pension fund accounts</b>   | <p>Included within the financial statements of a pension fund administering authority, such as a county or unitary council. Shows the transactions and net assets/liabilities of the pension fund as a whole.</p>  |
| <b>Group accounts</b>          | <p>Prepared if the authority has a significant subsidiary, such as a local authority trading company. Shows the combined income and expenditure and balances of all the constituent bodies.</p>  |

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## Challenge questions

- 1 Have any significant changes between years been sufficiently explained?
- 2 Are there clear references to the notes where more detailed information is available?



# Additional disclosures

The notes to the financial statements are generally the least read part of any set of accounts. This is because they appear complicated and are rarely written in plain English.

However, additional disclosures include important information and provide the context for the figures in the primary financial statements.

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**Accounting policies** Set out the accounting rules the authority has followed in compiling its financial statements, for example that land and buildings are shown at valuation rather than at cost. They are largely specified by International Financial Reporting Standards and the Local Authority Code of Practice. Authorities have limited discretion to amend them, but should:

- provide additional information where needed
- remove accounting policies that are not relevant or apply to immaterial amounts.

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**Critical judgments** Show the key areas where officers have made judgements about the application of accounting policies. For example:

- classification of leases and public finance initiative (PFI) schemes
- identification of provisions
- impairment of assets.

The aim is to highlight key areas of the accounts where others may have made different judgments about the accounting treatment.

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**Estimates** The authority may need to use estimates to value assets, liabilities and transactions. The major sources of estimation uncertainty should be disclosed if there is a significant risk the estimate will need to be materially adjusted next year.

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**Property, plant and equipment** Details about assets acquired and disposed of during the year, whether they have been revalued, the impact of any changes in value and the amount of depreciation charged.

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**Leases and PFI schemes** Set out how much will be paid annually to leasing companies and how much will be paid in total over the lifetime of the agreement.

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**Employee remuneration** Details of the pay of the most senior officers, all officers' remuneration, disclosed in bands, and the cost of any redundancies. Other notes show the annual cost and cumulative liabilities of pensions.

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**Contingent liabilities** Details of possible costs that the authority may need to meet, but has not charged to the CIES because it thinks that it will probably be able to avoid them. The most common contingent liability is legal claims.

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## Challenge questions

- 1 Have you already seen and been able to comment on the proposed accounting policies?
- 2 Are you comfortable with the critical judgements disclosed?
- 3 Do the figures reported in the financial statements agree to those included in the relevant notes?
- 4 Are the notes easy to find and follow?
- 5 Is too much information included? Could it be better presented?

# And finally...

Once you have completed your review of the detail, you may wish to reflect upon the financial statements as a whole and what could be done to improve the process for future years.

## About the financial statements

- 1 Are they clear, concise and easy to follow?
- 2 Are they presented in the best format? Could graphs or diagrams be used to help explain information more easily?
- 3 Is detailed information on the most important items easy to find?
- 4 Are technical terms explained in plain English? Is there a glossary?
- 5 Is it clear how a reader could find out more information?
- 6 Where are the accounts to be published? Are they easy to find?

## About the process

- 1 Does your authority recognise that producing robust financial statements is important for strong financial governance?
- 2 Has your authority set targets to produce shorter, clearer, earlier financial statements?
- 3 What support can you give your officers to meet these challenges? Do they have sufficient resources? Are they given enough support from senior management?
- 4 What support do you need to help you discharge your responsibilities? Are there any areas in which you need training?

For more information, see **Grant Thornton's Declutter your accounts – top 10 tips**



**CIPFA's Financial statements: a good practice guide for local authorities**



# About us

Dynamic organisations know they need to apply both reason and instinct to decision making. At Grant Thornton, this is how we advise our clients every day. We combine award-winning technical expertise with the intuition, insight and confidence gained from our extensive sector experience and a deep understanding of our clients.

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 25 locations nationwide. While we understand regional differences and can respond to needs of local authorities, our clients can also have confidence that our team of local government specialists is part of a firm led by more than 185 partners and employing over 4,200 professionals, providing personalised audit, tax and specialist advisory services to over 40,000 clients.

Grant Thornton has a well established market in the public sector, and has been working with local authorities for over 30 years. We are the largest employer of CIPFA members and students and our national team of experienced local government specialists, including those who have held senior positions within the sector, provide the growing range of assurance, tax and advisory services that our clients require.

We are the leading firm in the local government audit market, and are the largest supplier of audit and related services to the Audit Commission, and count 40% of local authorities in England as external audit clients.

We also audit local authorities in Wales and Scotland via framework contracts with Audit Scotland and the Wales Audit Office. We have over 180 local government and related body audit clients in the UK and over 75 local authority advisory clients. This includes London boroughs, county

councils, district councils, city councils, unitary councils and metropolitan authorities, as well as fire and police authorities.

This depth of experience ensures that our solutions are grounded in reality and draw on best practice. Through proactive, client-focused relationships our teams deliver solutions in a distinctive and personal way, not pre-packaged products and services.

Our approach combines a deep knowledge of local government, supported by an understanding of wider public sector issues, drawn from working with associated delivery bodies, relevant central government departments and with private-sector organisations working in the sector.

We take an active role in influencing and interpreting policy developments affecting local government and responding to government consultation documents and their agencies. We regularly produce sector-related thought leadership reports, typically based on national studies, and client briefings on key issues. We also run seminars and events to share our thinking on local government and, more importantly, understand the challenges and issues facing our clients.

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

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meeting date: 27 SEPTEMBER 2023  
 title: INTERNAL AUDIT PROGRESS REPORT – SEPTEMBER 2023  
 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 2023/24 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 April 2023 to August 2023.

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 areas have been a key focus:

|                                 |   |      |        |     |
|---------------------------------|---|------|--------|-----|
| Review Title                    | <b>Payroll</b>  |      |        |     |
| Assurance Opinion               | <b>Substantial Assurance</b>  |      |        |     |
| Overall Objective               | To provide assurance that only employees of the organisation are paid, and only for work that they have performed on behalf of the organisation.  |      |        |     |
| Recommendations/<br>Risk Rating | Critical  | High | Medium | Low |
|                                 | 0   | 0    | 0      | 4   |
| Findings Summary                | Overall, there is a good system of internal control in relation to the Council’s processing of payroll payments and administration of human resource (HR) documentation. Our audit focused on several key areas relating to new starters, leavers and variations to pay. We found there is effective communication between both departments, with new starters, leavers and payroll system changes only being processed by the Systems and Payment Manager/ Payments Assistants following the receipt of relevant documentation. We |      |        |     |

|  |   |
|--|---|
|  | recognise that the Council is currently in the process of sourcing a new HR system. It is expected that the new system will eliminate the retention of paper documentation and will enable personnel records to be held electronically. |
|--|---|

|                                 |  |      |        |     |
|---------------------------------|--|------|--------|-----|
| Review Title                    | <b>Key Financial Systems</b>   |      |        |     |
| Assurance Opinion               | <b>Substantial Assurance</b>   |      |        |     |
| Overall Objective               | To provide assurance that the most significant key controls highlighted below were appropriately designed and operating effectively in practice: <ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• General Ledger</li> </ul>   |      |        |     |
| Recommendations/<br>Risk Rating | Critical   | High | Medium | Low |
|                                 | 0  | 0    | 3      | 4   |
| Findings Summary                | The review identified that the majority of the controls in place in relation to accounts payable, accounts receivable and the general ledger were adequately designed and operating effectively. The Council has in place an effective process for the collection of outstanding debts, however we have recommended that any overpayment instalment plans are reviewed to ensure that the Council receives income owed on a more timely basis. Throughout 2022/23, the Council introduced further detective controls surrounding the authorisation of journals; to add that additional level of scrutiny in the absence of individually authorised entries. We have also recommended that bank reconciliations and control account reconciliations be undertaken in a timelier manner. |      |        |     |

|                                 |   |      |        |     |
|---------------------------------|---|------|--------|-----|
| Review Title                    | <b>Disabled Facilities Grant (DFG)</b>  |      |        |     |
| Assurance Opinion               | <b>Substantial Assurance</b>  |      |        |     |
| Overall Objective               | To evaluate the controls in place for managing, authorising, payment and monitoring of the Disabled Facilities Grant (and subsequent Ribble Valley Adaptation (RVA) grants) awarded by the Council. |      |        |     |
| Recommendations/<br>Risk Rating | Critical  | High | Medium | Low |
|                                 | 0   | 0    | 2      | 2   |
| Findings Summary                | Sample testing carried out of completed DFGs found that in general, the system and processes for awarding works were both effective   |      |        |     |

|  |   |
|--|---|
|  | and thorough. We found that a clear and systematic approach is in place from the initial Occupational Therapist referral to completion of works. We were able to evidence correct authorisation at every level and that each part of the process was completed on a timely basis. Recommendations for improvement were made in relation to monitoring the summary of spend and to review the recouperation procedures in relation to properties that have been sold/ transferred. |
|--|---|

|                                 |  |      |        |     |
|---------------------------------|--|------|--------|-----|
| Review Title                    | <b>Biodiversity Net Gain (BNG) Grant Claim</b>   |      |        |     |
| Assurance Opinion               | <b>N/A – Conditions Met</b>  |      |        |     |
| Overall Objective               | To provide assurance that to the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the grant conditions have been complied with.          |      |        |     |
| Recommendations/<br>Risk Rating | Critical   | High | Medium | Low |
|                                 | N/A  | N/A  | N/A    | N/A |
| Findings Summary                | We were able to provide assurance that to the best of our knowledge and belief, and having carried out appropriate sample testing, in our opinion, in all significant respects, the conditions attached to claim were complied with. |      |        |     |

2.2 Annex A provides a summary of the profiled delivery of the 2023/24 Internal Audit Plan. The following reviews are in progress; the findings of which will be reported as per the suggested delivery:

- Council Tax – draft report
- National Non-Domestic Rates (NNDR) – draft report
- Treasury Management - fieldwork
- Emergency Preparedness – fieldwork
- Flexi-Time System and Sickness Absence Management - fieldwork
- Commercial Waste Management – planning
- Housing Benefits – planning
- Staff & Member Allowances - planning

## **Follow Ups**

- 2.3 Annex B provides a summary of internal audit recommendations that have been raised and due for implementation as at August 2023. Evidence has been gathered to support the status of implementation.
- 2.4 As August 2023, 60 recommendations were reviewed for implementation. Of these, 50 are considered either implemented, partially implemented or superseded (83%). Of the 10 still outstanding, 2 were originally assessed as high risk (in relation to the reviews of purchase orders and health and safety). Where agreed actions have not been implemented in line with timescales, discussions have taken place with management to substantiate these explanations and assess whether extensions to implementation dates are considered reasonable.

## **Investigations**

- 2.5 There has been one referral made within the period which remains an open investigation.

## **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 Committee is asked to consider the report.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA18-23/RP/AC  
27 SEPTEMBER 2023

## 2023/24 – Internal Audit Output Delivery

ANNEX A

| Review   | Status/ Scheduled   | Assurance Level |
|--|---------------------|-----------------|
| <b>2022/23 c'fwd reviews (contributing to the 2023/24 Opinion)</b>   |                     |                 |
| Disabled Facilities Grant  | Final Report        | Substantial     |
| Key Financial Systems  | Final Report        | Substantial     |
| Payroll  | Final Report        | Substantial     |
| Electoral Registration   | Planning            |                 |
| <b>2023/24 reviews</b>   |                     |                 |
| <b>Chief Executive's</b>   |                     |                 |
| Emergency Preparedness & Business Continuity   | Fieldwork           |                 |
| Key Performance Indicators   | Q3                  |                 |
| Records Retention Management   | Q4                  |                 |
| Climate Change   | Q4                  |                 |
| <b>Community Services</b>  |                     |                 |
| Commercial Waste Management  | Planning            |                 |
| Safeguarding   | Q3                  |                 |
| Car Parking & Enforcement  | Q3                  |                 |
| Markets  | Q3                  |                 |
| Ribblesdale Pool   | Q4                  |                 |
| <b>Resources</b>   |                     |                 |
| Housing Benefits   | Planning            |                 |
| Council Tax & NNDR   | Draft Report        |                 |
| National Non-Domestic Rates (NNDR)   | Draft Report        |                 |
| Flexi-Time System and Sickness Absence Management  | Fieldwork           |                 |
| ICT Audit – <i>scope tbd</i>   | Q3                  |                 |
| Staff & Member Allowances  | Planning            |                 |
| Treasury Management  | Fieldwork           |                 |
| Mandatory Training   | Q3                  |                 |
| Procurement  | Q3                  |                 |
| Grants: <ul style="list-style-type: none"> <li>Biodiversity Net Gain (BNG)</li> <li>UK Shared Prosperity Fund (UKSPF)</li> </ul> | Completed<br>Q3/ Q4 | Conditions Met  |
| Budgetary Control  | Q4                  |                 |
| Key Financial Controls   | Q4                  |                 |

| <b>Review</b>  | <b>Status/ Scheduled</b>              | <b>Assurance Level</b> |
|--|---------------------------------------|------------------------|
| Economic Development & Planning                      |                                       |                        |
| Tourism & Events                                     | Q4                                    |                        |
| Governance, Risk Management, Follow Up & Contingency |                                       |                        |
| Risk Management                                      | Q1 – Q4                               | Continuous             |
| Follow Up  | Q2/ Q4                                | Q2 completed           |
| Contingency  | As required                           |                        |
| Planning & Reporting                                 |                                       |                        |
| PSIAS self-assessment                                | Q3                                    | N/A                    |
| Investigations                                       | As required – one open investigation. |                        |

## Internal Audit Recommendations - Follow Up Position (August 2023)

ANNEX B

| Review                           | Year    | Assurance Opinion        | Actions not yet due | Actions due | Implemented | Partially Implemented | Not Implemented | Superseded |
|----------------------------------|---------|--------------------------|---------------------|-------------|-------------|-----------------------|-----------------|------------|
| Collection of Income & Creditors | 2020/21 | Substantial              |                     | 2           | 2           |                       |                 |            |
| Health & Safety                  | 2021/22 | Reasonable               |                     | 9           | 3           | 2                     | 2               | 2          |
| Council Tax/ NNDR                | 2021/22 | Substantial              | 2                   | 0           |             |                       |                 |            |
| Grounds Maintenance              | 2021/22 | Moderate                 |                     | 4           | 3           |                       |                 | 1          |
| Fleet Management                 | 2021/22 | Substantial              |                     | 2           |             | 1                     |                 | 1          |
| Key Financial Controls           | 2021/22 | Moderate/<br>Substantial |                     | 6           | 3           | 3                     |                 |            |
| Payroll                          | 2021/22 | Substantial              |                     | 5           | 3           | 1                     | 1               |            |
| Risk Management                  | 2022/23 | Limited                  | 2                   | 7           | 6           |                       | 1               |            |
| Civic Suite                      | 2022/23 | Moderate                 | 1                   | 3           | 2           | 1                     |                 |            |
| Corporate Health & Safety        | 2022/23 | Limited                  | 6                   | 2           | 1           |                       | 1               |            |
| Cyber Security                   | 2022/23 | Moderate                 | 5                   | 1           |             |                       | 1               |            |
| Insurance                        | 2022/23 | Substantial              |                     | 7           | 2           | 3                     | 2               |            |
| Inventory                        | 2022/23 | Limited                  |                     | 6           |             | 6                     |                 |            |
| Overtime Payments                | 2022/23 | Substantial              |                     | 2           | 1           | 1                     |                 |            |
| Purchase Orders                  | 2022/23 | Moderate                 |                     | 4           |             | 2                     | 2               |            |
| <b>TOTAL</b>                     |         |                          | <b>16</b>           | <b>60</b>   | <b>26</b>   | <b>20</b>             | <b>10</b>       | <b>4</b>   |

\*The follow up reviews of Ribblesdale Pool, Edisford 3G pitches and Car Parking were in progress at the time of writing.



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

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meeting date: 27 SEPTEMBER 2023  
title: RISK MANAGEMENT POLICY REVIEW  
submitted by: DIRECTOR OF RESOURCES  
principal author: INTERNAL AUDIT MANAGER

### 1 PURPOSE

- 1.1 To inform committee that the Risk Management Policy has been reviewed.
- 1.2 Relevance to the Council's ambitions and priorities:
  - This report contributes to the Council's ambition to be a well-managed council providing efficient services based on identified customer needs.

### 2 BACKGROUND

- 2.1 The Council's Risk Management Policy are key components of the corporate governance arrangements.
- 2.2 The document is reviewed on an annual basis and any amendments are reported to committee for approval. It is good practice to keep it under regular review in order to take account of evolving working practices and changes in law.

### 3 THE POLICY REVIEW

- 3.1 A full review has been undertaken of the Risk Management Policy. Following review, no changes were identified as needed, and as such, this report is for information only; to advise members that the review has been undertaken.
- 3.2 The document is available on the council's website.

### 4 CONCLUSION

- 4.1 A full review of the Risk Management Policy has been undertaken and no changes have been required.

INTERNAL AUDIT MANAGER

DIRECTOR OF RESOURCES

AA19-23/RP/AC  
27 SEPTEMBER 2023

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