

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

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
Committee Expenditure	9,097	9,728	8,671	-426	-1,057
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
Net Operating Expenditure	9,569	9,685	8,601	-968	-1,084
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 £'000	Revised Estimate £'000	Actual £'000	Original Estimate Compared to Actual £'000	Revised Estimate Compared to Actual £'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
Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	2,123	2,054	1,026	-1,097	-1,028
Depreciation	-951	-972	-973	-22	-1
Minimum Revenue Provision	105	105	105	0	0
Net Transfer to earmarked reserves	-865	-650	84	949	734
Deficit for Year	412	537	242	-170	-295

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 £'000	Associated Earmarked Reserve Variance 2022/23 £'000	Net Variance 2022/23 £'000
Community Services	-139	130	-9
Economic Development	-27	0	-27

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
Health & Housing	-344	274	-70
Planning & Development	-281	203	-78
Policy & Finance	-266	193	-73
Committee Expenditure	-1,057	798	-257
Interest Received	-27	0	-27
Net Operating Expenditure	-1,084	798	-284
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
Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-1,028	732	-294
Depreciation	-1	0	-1
Deficit for Year Variance	-1,029	732	-295

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.

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

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
	568,594

- 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.

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

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.

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

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

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.

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

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.

Committee	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
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
Total Capital Expenditure	3,476,690	2,385,610	1,157,457	-2,319,233	-1,228,153
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
Total Resources	-3,476,690	-2,385,610	-1,157,457	2,319,233	1,228,153

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 2023/24 Financial Year £
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
Total Capital Slippage	1,226,690

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 £	Gross Income £	Net Expenditure £	
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 £	Gross Income £	Net Expenditure £	
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

DIRECTOR OF RESOURCES AND
DEPUTY CHIEF EXECUTIVE

AA20-23/LO/AC
20 September 2023



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.

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Table of Contents

Independent Auditors' Report	5
Narrative Report	11
Statement of Responsibilities	44
Approval of the Statement of Accounts	45
Statement of Accounting Policies	46
Comprehensive Income and Expenditure Statement	64
Movement in Reserves Statement	66
Balance Sheet	68
Cash Flow Statement	70
Notes to the Core Financial Statements	
1 Expenditure and funding analysis	71
2 Note to the expenditure and funding analysis	72
3 Expenditure and income analysed by nature	74
4 Accounting standards that have been issued but have not yet been adopted	75
5 Critical judgements in applying accounting policies	75
6 Assumptions made about the future and other major sources of estimation uncertainty	76
7 Material items of income and expense	77
8 Taxation and non-specific grant income	80
9 Events after the reporting period	81
10 Adjustments between accounting basis and funding basis under regulations	81
11 Lancashire business rates pool	87
12 Transfers to/from earmarked reserves	89

Table of Contents

13	Property, plant and equipment	98
14	Heritage assets	102
15	Financial instruments	103
16	Short Term Debtors	105
17	Cash and cash equivalents	105
18	Short Term Creditors	105
19	Provisions	106
20	Usable reserves	106
21	Unusable reserves	108
22	Cash flow statement – operating activities	112
23	Cash flow statement – investing activities	113
24	Cash flow statement – financing activities	113
25	Members' allowances	114
26	Officers' emoluments	115
27	External audit costs	119
28	Grant income	119
29	Related party transactions	122
30	Capital expenditure and capital financing	125
31	Leases	125
32	Defined benefit pension schemes	126
33	Contingent liabilities	132
34	Nature and extent of risks arising from financial instruments	133
35	Prior Period Adjustment	137
	Collection Fund	138
	Glossary of Terms	146

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Narrative Report

1 INTRODUCTION

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

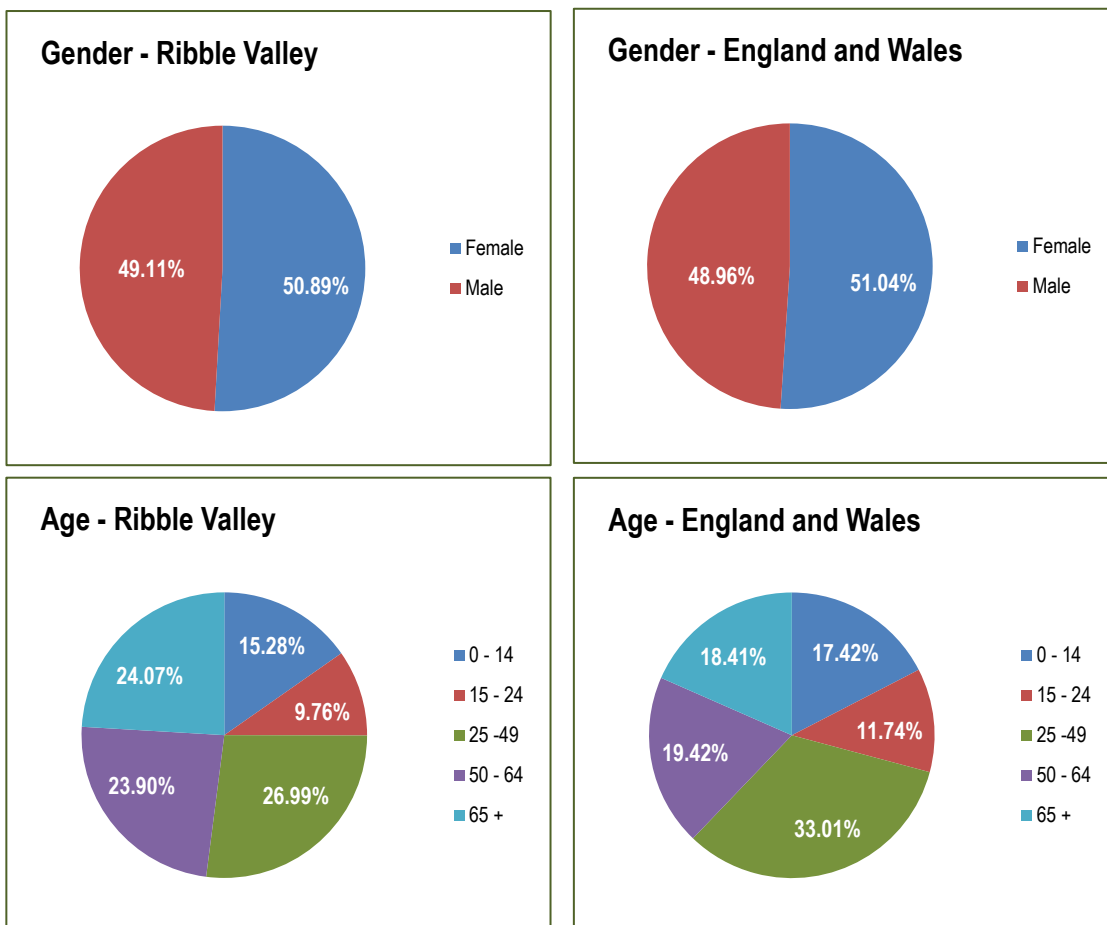
Locality

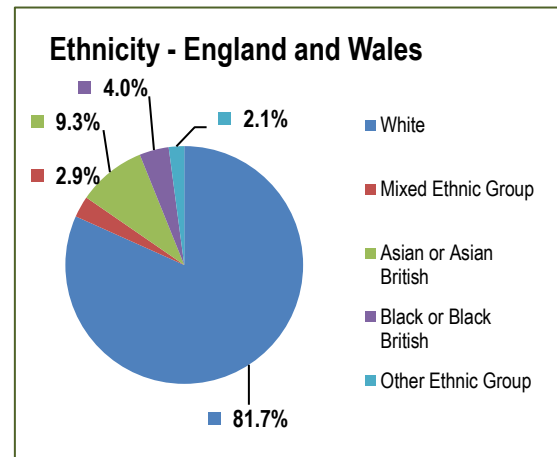
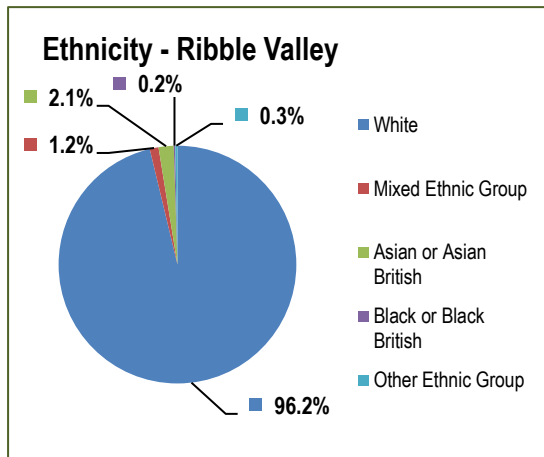
Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial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



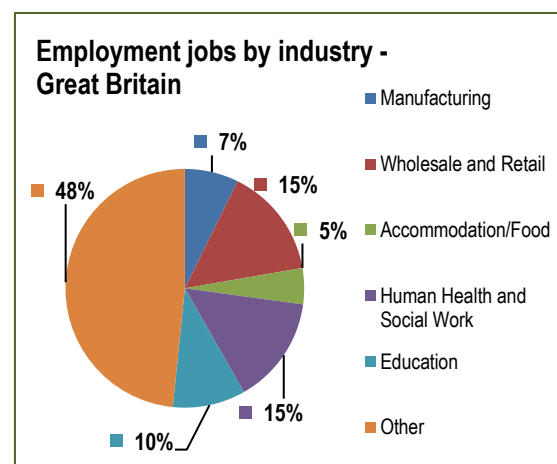
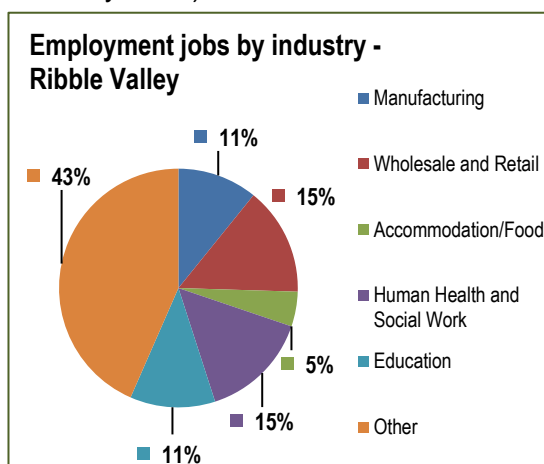


Local Economy and Business Information

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.

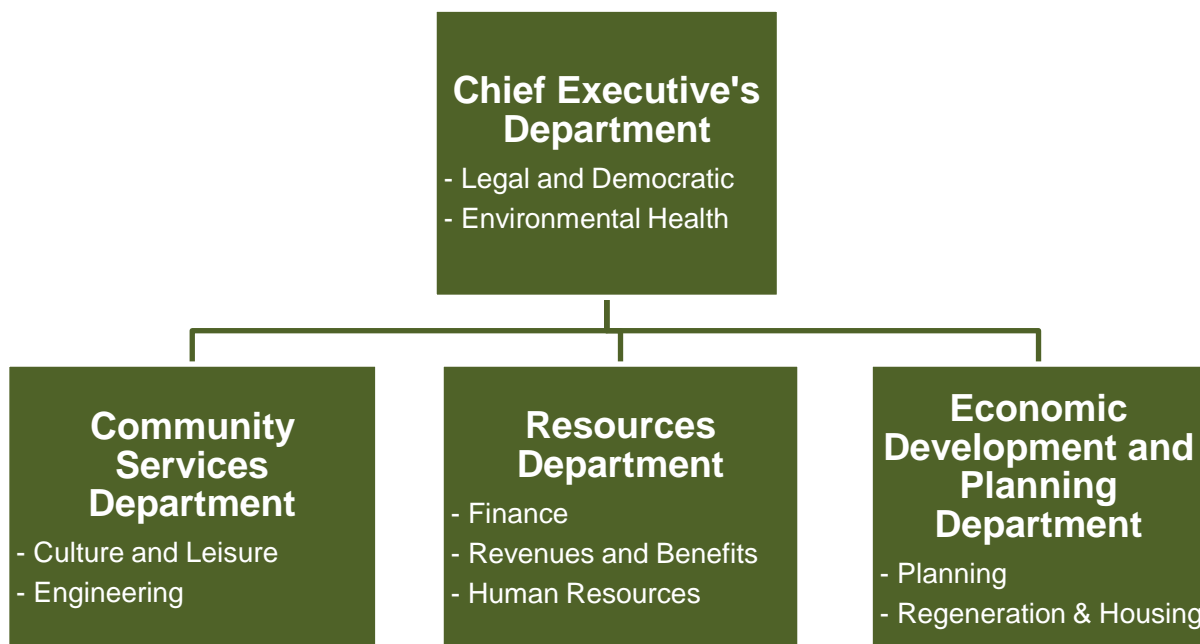
The area also has a strong agricultural association, with high value meat and milk products as well as farm holdings in dairy and grazing categories. In addition, several farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions.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



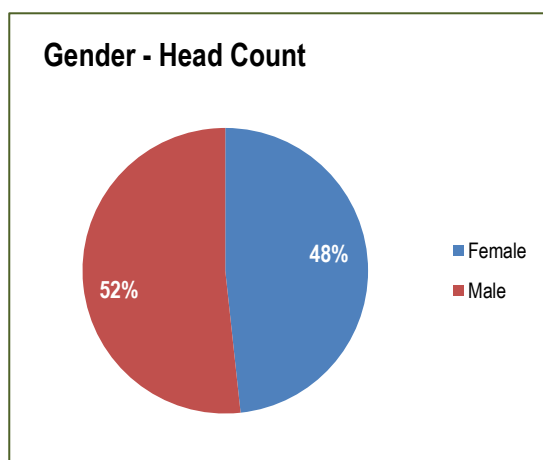
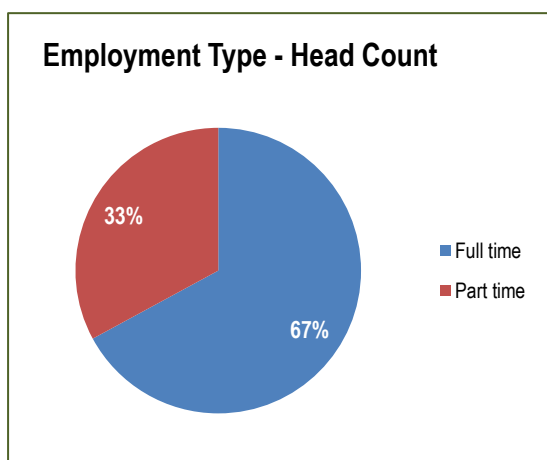
Narrative Report

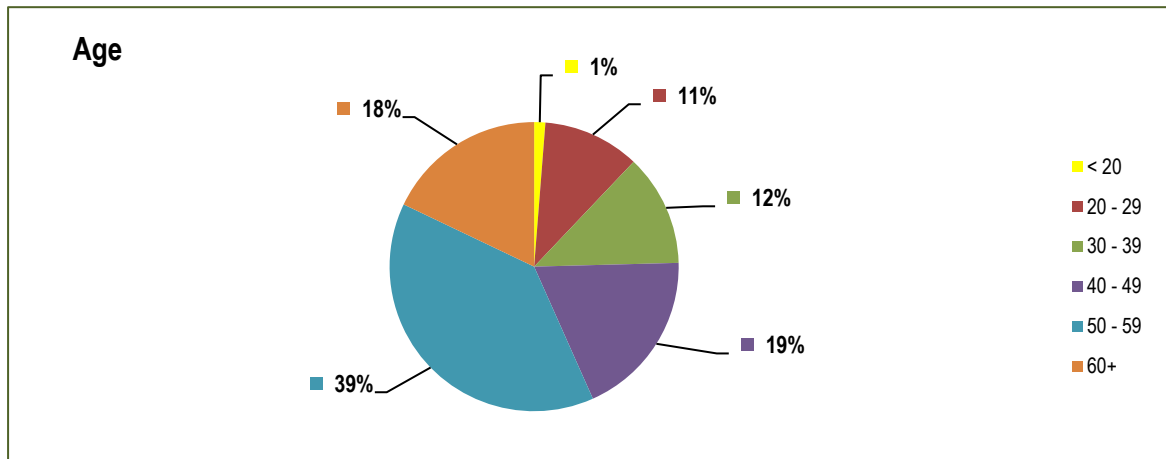
3 OUR EMPLOYEES

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.

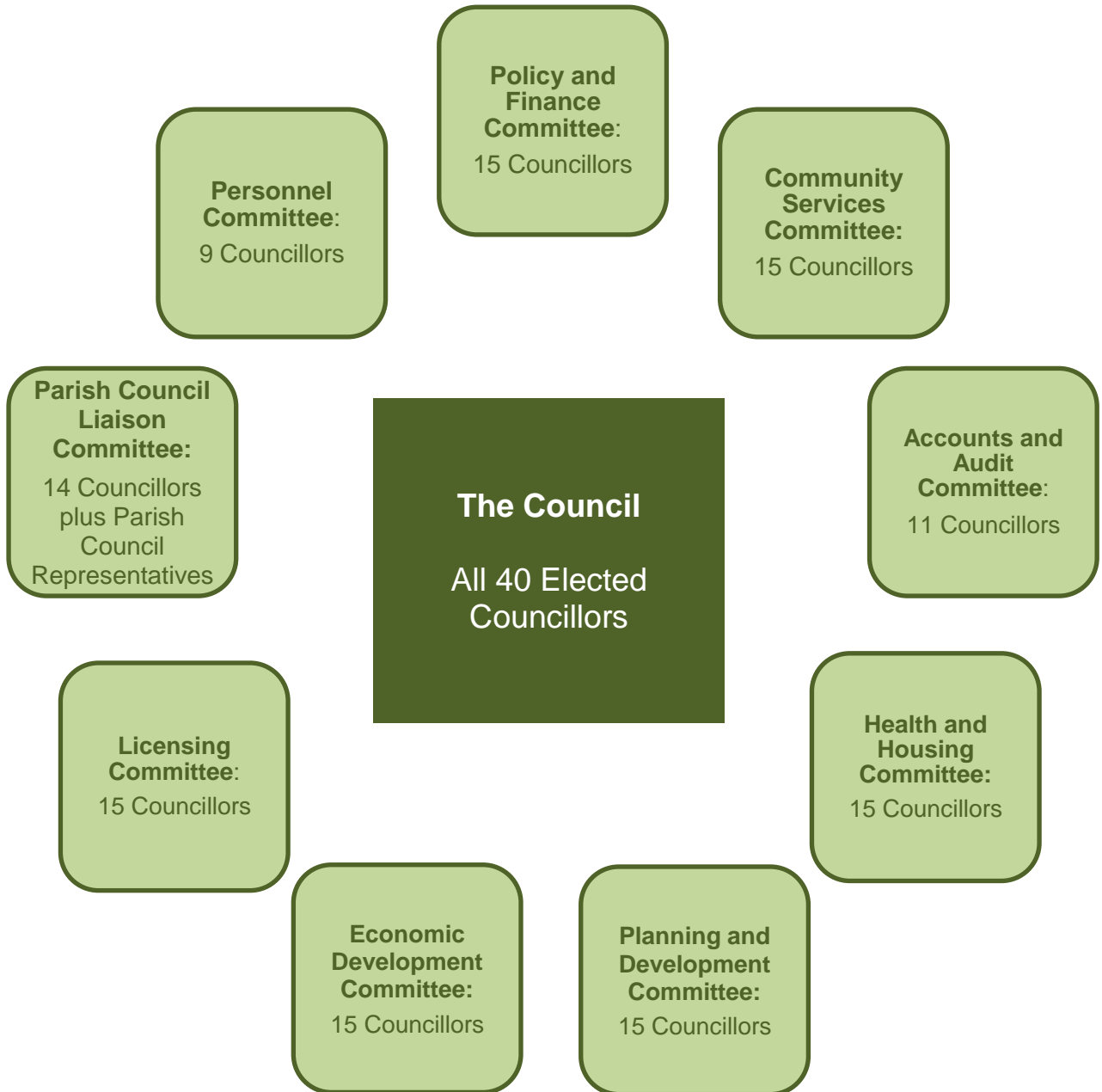
As well as representing the public, Councillors also represent political parties. As at 31 March 2023, our Councillors represented the parties shown in the table below. Shown alongside this is the representation following the elections that took place on the 4 May 2023:

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

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

Narrative Report

The diagram below shows the committee structure as at the 31 March 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
Committee Expenditure	9,097	9,728	8,671	-426	-1,057
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
Net Operating Expenditure	9,569	9,685	8,601	-968	-1,084
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
Deficit (Surplus) for year before Capital Adjustments and Transfers to/(from)	2,123	2,054	1,026	-1,097	-1,028
Earmarked Reserves					
Depreciation	-951	-972	-973	-22	-1
Minimum Revenue Provision	105	105	105	0	0
Net Transfer to earmarked reserves	-865	-650	84	949	734
Deficit (Surplus) for Year	412	537	242	-170	-295

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
Committee Expenditure	9,097	9,728	8,671	-426	-1,057

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
Total Expenditure	28,272	30,048	29,402	1,130	-646
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
Total Income	-19,175	-20,320	-20,731	-1,556	-411
Net Expenditure	9,097	9,728	8,671	-426	-1,057

Narrative Report

Amendments to our budget in the year

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

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

Item	£'000
Net 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
Net increase in amount to take from balances for the year	125

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
Total Net Council Tax Income	-4,578

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
Balance Retained by Ribble Valley Borough Council	-5,162
Less Tariff Payable to Central Government	4,311
Baseline Business Rates Income of £1,354,393 less £503,075	-851
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
Overall Net Retained Business Rates Related Income	-1,513

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

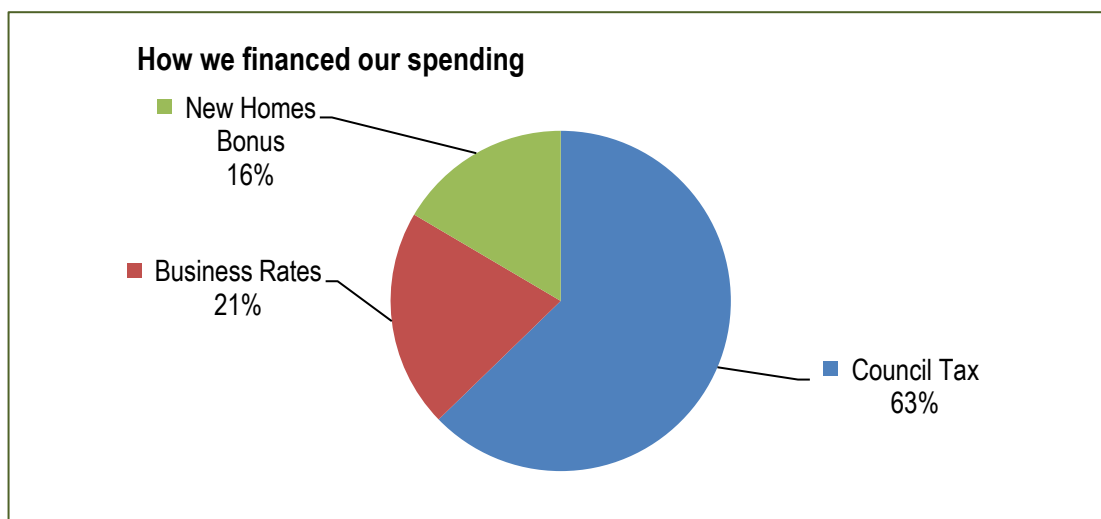
The New Homes Bonus commenced in April 2011 and is paid to the council by the Government for new homes and empty properties brought back in to use. The amount receivable is equivalent to the national average council tax for each property. The amount is also supplemented with an additional amount for 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
Total New Homes Bonus received in 2022/23	-1,206

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
<u>Expenditure Variations</u>	
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
Total Expenditure Variances	-543
<u>Income Variations</u>	
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
Total Income Variances	-406
Other variations	-108
Net Variation on Committee Expenditure	-1,057
Increased Interest Received	-27
Depreciation	-1
Variation on Net Operating Expenditure	-1,085
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
Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-1,028
Extra Transfers to Earmarked Reserves (for Revenue)	699
Difference Between the Amount to Add to Balances at the Outturn Position and the Amount Forecast to Take from Balances at the Revised Estimate	-329

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

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

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

6 OUR FINANCIAL PERFORMANCE - CAPITAL

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

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

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

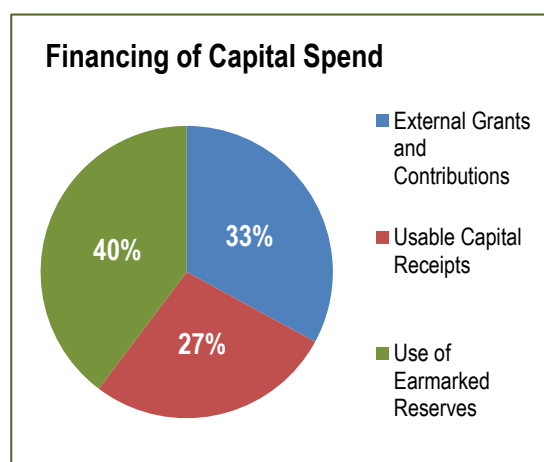
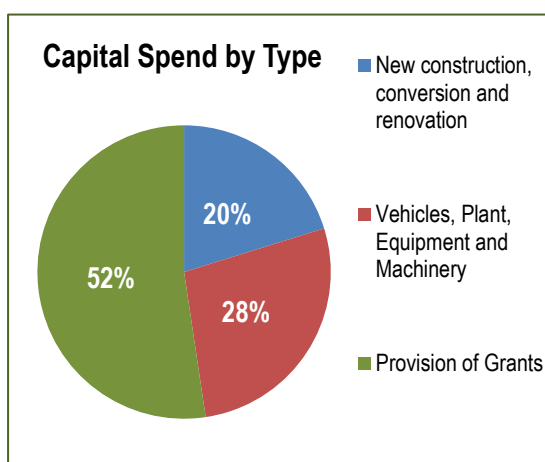
- Replacement Vehicles and Plant.
- Car Park Machines
- Play Area Improvements.
- Reroofing of the Homelessness Unit
- Ribblesdale Pool Filter and Tiling Works
- Dewhurst Road, Langho improvements
- Mardale Playing Field Changing Rooms
- Payment of Housing Related Grants.

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

Narrative Report

Capital Programme	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
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
Total Capital Expenditure	3,476,690	2,385,610	1,157,457	-2,319,233	-1,228,153
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
Total Resources	-3,476,690	-2,385,610	-1,157,457	2,319,233	1,228,153

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:

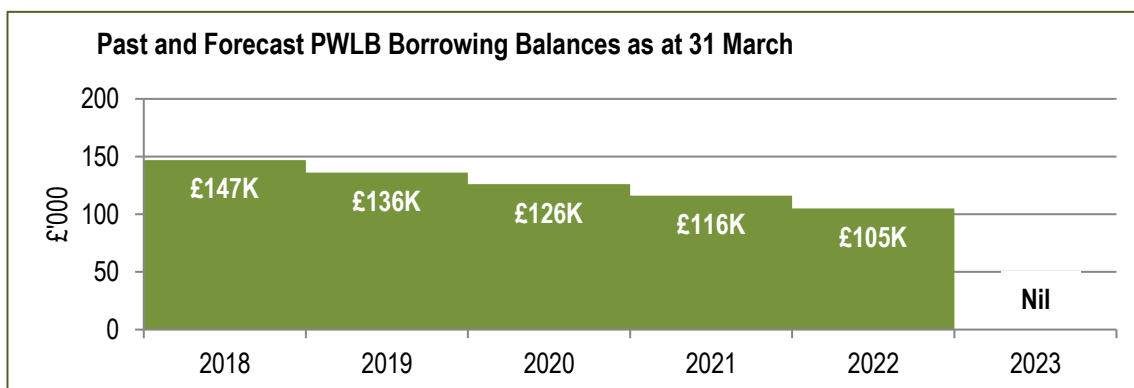
Narrative Report

Scheme Name	Slippage in to the 2023/24 Financial Year £
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
Total Capital Slippage	1,226,690

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.



7 OUR FINANCIAL PERFORMANCE – COLLECTION FUND

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

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

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

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

Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year. Performance of the Collection fund for 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
Council Tax - Expenditure					
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
Expenditure Subtotal - Council Tax	50,980	50,712	50,657	-323	-55
Business Rates - Expenditure					
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
Expenditure Subtotal - Business Rates	18,264	18,632	18,336	72	-296
Total Expenditure	69,244	69,344	68,993	-251	-351
Council Tax - Income					
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
Income Subtotal - Council Tax	-50,980	-51,597	-51,538	-558	59
Business Rates - Income					
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
Income Subtotal - Business Rates	-18,264	-18,026	-18,152	112	-126
Total Income	-69,244	-69,623	-69,690	-446	-67
Council Tax Surplus carried forward	0	-885	-881	-881	4
Business Rates Deficit carried forward	0	606	184	184	-422
Total Net Surplus carried forward	0	-279	-697	-697	-418

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

- **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.

Narrative Report

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.

Narrative Report

- 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
Remeasurements (liabilities)	
Experience loss	5,111
Gain on Financial Assumptions	-31,129
Gain on demographic assumptions	-1,839
Remeasurements (assets)	152
Net movement from remeasurements	-27,705

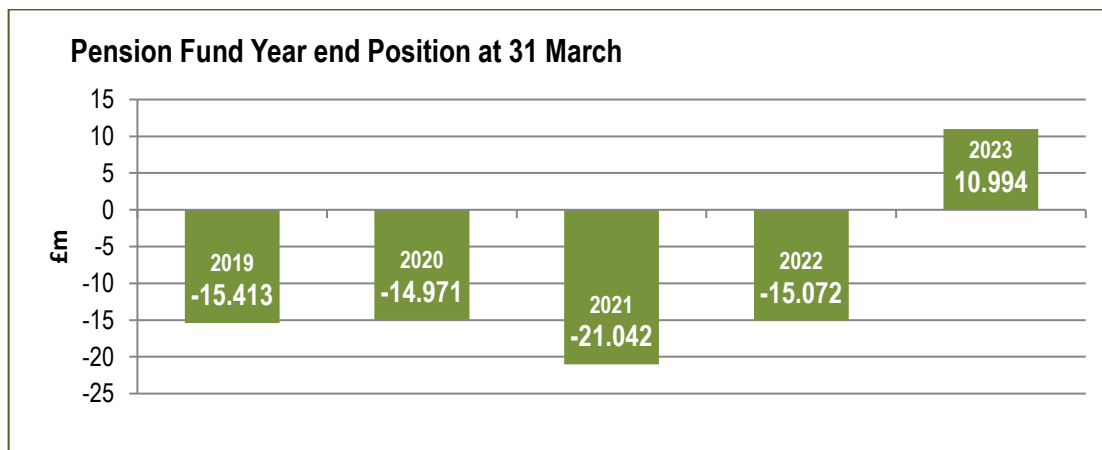
The main reasons for the above movements have been:

- 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.

Narrative Report

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.

Narrative Report

	2023/24 Forecast £	2024/25 Forecast £	2025/26 Forecast £	2026/27 Forecast £	2027/28 Forecast £
Net Expenditure	9,883,530	10,344,256	10,607,188	10,818,732	11,034,507
Less Interest Earned on Investments	-450,000	-250,000	-200,000	-200,000	-200,000
	9,433,530	10,094,256	10,407,188	10,618,732	10,834,507
Less Funding					
Core Government Funding					
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
Other Funding					
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
Still to be Funded	4,138,936	5,622,580	6,933,384	7,142,735	7,356,252
Council Tax Income					
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
Precept	-4,138,936	-4,306,475	-4,476,950	-4,650,404	-4,826,879
Budget Gap	0	1,316,105	2,456,434	2,492,331	2,529,373

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.

Narrative Report

- 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

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

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

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

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

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

Statement of Accounting Policies

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

1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 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

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

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

Statement of Accounting Policies

3 CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are 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

6 COUNCIL TAX AND NON-DOMESTIC RATES (NDR)

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

Accounting for Council Tax and NDR

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

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

7 EMPLOYEE BENEFITS

Benefits Payable during Employment

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

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

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

Statement of Accounting Policies

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 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

- **Service cost comprising:**
 - Current Service Cost – the increase in liabilities as a result of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net Interest on the Net Defined Benefit Liability (Asset) – i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- **Remeasurements comprising:**
 - The Return of Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions:**
 - Contributions paid to the Lancashire County Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

Statement of Accounting Policies

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

Discretionary Benefits

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

8 EVENTS AFTER THE REPORTING PERIOD

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

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

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

9 FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Statement of Accounting Policies

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.

Statement of Accounting Policies

10 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

11 HERITAGE ASSETS

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

Heritage Assets are

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

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

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

Statement of Accounting Policies

- Civic Regalia
- The Roman Bath site at Ribchester

The Castle Keep at Clitheroe

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

The Clitheroe Castle Museum Collection

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

Civic Regalia

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

Statement of Accounting Policies

The Roman Bath site at Ribchester

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

Heritage Assets - General

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

12 INTANGIBLE ASSETS

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

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

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

Statement of Accounting Policies

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

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

13 INVENTORIES AND LONG-TERM CONTRACTS

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

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

14 LEASES

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

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

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

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

Operating Leases Where the Council is Lessee

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

Statement of Accounting Policies

Operating Leases Where the Council is Lessor

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

15 OVERHEADS AND SUPPORT SERVICES

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

16 PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

Statement of Accounting Policies

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 in Balance Sheet £	Equivalent Carrying Amount Under Cost Model £
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
Total	19,653,410	12,197,620

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

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Statement of Accounting Policies

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

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

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

Componentisation

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

17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place 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

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

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

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

19 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure

Statement of Accounting Policies

Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

20 VAT

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

21 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

Comprehensive Income and Expenditure Statement

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 £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £	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	
20,967,953	-12,772,229	8,195,724	Cost of Services	20,776,069	-11,084,317	9,691,752	1/2
			Other Operating Expenditure				
		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	
			Financing and Investment Income and Expenditure				
		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	
			Taxation and Non-Specific Grant Income				
		-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
		-441,605	(Surplus) or Deficit on Provision of Services			287,321	1/2
		-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
		-10,113,772	Other Comprehensive Income and Expenditure			-28,327,245	
		-10,555,377	Total Comprehensive Income and Expenditure			-28,039,924	

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

Movements in Reserves Statement

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 £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2022	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 <i>See Note 10</i>	-330,167		-330,167	374,727	-246,570	-202,010	202,010	0
Increase/(Decrease) in Year	-241,738	-375,750	-617,488	374,727	-246,570	-489,331	28,529,255	28,039,924
Balance at 31 March 2023 Carried Forward	2,719,398	14,706,159	17,425,557	1,033,598	817,435	19,276,590	28,648,303	47,924,893

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

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

Balance Sheet

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
£		£	
Long Term Assets			
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	
20,592,683	Total Long Term Assets	31,815,323	
Current Assets			
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
28,950,029	Total Current Assets	24,976,103	
Current Liabilities			
-17,697	Short Term Borrowing	0	
-13,549,924	Short Term Creditors	-7,950,345	15/18
-923,122	Provisions	-916,188	19
-14,490,743	Total Current Liabilities	-8,866,533	
Long Term Liabilities			
-95,000	Long Term Borrowing	0	15
-15,072,000	Net Pensions Liability	0	6/32
-15,167,000	Total Long Term Liabilities	0	
19,884,969	Net Assets	47,924,893	
Usable Reserves			
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	
19,765,921	Total Usable Reserves	19,276,590	
Unusable Reserves			
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	
119,048	Total Unusable Reserves	28,648,303	
19,884,969	Total Reserves	47,924,893	

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 £		2022/23 £	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
-1,757,870	Net Cash Flows from Operating Activities	-1,024,766	
4,992,155	Investing Activities	-5,135,978	23
-4,922,813	Financing Activities	3,480,653	24
-1,688,528	Net Increase or decrease in Cash and Cash Equivalents	-2,680,091	
18,534,239	Cash and Cash Equivalents 1 April	20,222,767	
20,222,767	Cash and Cash Equivalents 31 March	22,902,858	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 £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
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
Net Cost of Services	8,670,854	1,020,898	9,691,752
Other Income and Expenditure	-8,053,366	-1,351,065	-9,404,431
(Surplus) or Deficit	617,488	-330,167	287,321
Opening General Fund Balance at 31 March 2022	-18,043,045		
Closing General Fund Balance as at 31 March 2023	-17,425,557		

Notes to the Core Financial Statements

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

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

Notes to the Core Financial Statements

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

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 £	2022/23 £
<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	
24,931,824	25,088,808
<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	
-25,373,429	-24,801,487
Total Income	
-441,605	287,321
(Surplus) or Deficit on Provision of Services	

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

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

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"> • +0.5% p.a. discount rate as at 31 March 2023: surplus would be £15.114m • +0.25% p.a. inflation as at 31 March 2023: surplus would be £8.777m • +0.25% p.a. pay growth as at 31 March 2023: surplus would be £10.705m • 1-year addition to members' life expectancy as at 31 March 2023: surplus would be £9.833m • +1% change in 2022/23 investment returns: surplus would be £11.665m • -1% change in 2022/23 investment returns: surplus would be £10.323m

Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Assets are valued based on estimates and assumptions at a point in time, but market conditions can fluctuate.</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

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 £	2022/23 £
Emergency Funding		
Covid-19 Support Grant - Tranche 5	-242,180	
Total Emergency Funding	-242,180	0
Sales, Fees and Charges Compensation		
April 2021 to June 2021	-36,879	
Total Sales, Fees and Charges Compensation	-36,879	0
Grant Funding for Businesses		
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	
Total Grant Funding for Businesses	-7,416,117	0
Other Grants		
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	
Total Other Grants	-736,368	-156,350
Overall Total	-8,431,544	-156,350

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 £	2022/23 £
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
Total Council Tax	-4,340,196	-4,532,889

Non-Domestic Rates Income and Expenditure

	2021/22 £	2022/23 £
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
Overall Net Retained Business Rates Related Income	-309,611	-989,221

Notes to the Core Financial Statements

Other Non-Specific Grants

	2021/22 £	2022/23 £
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
Business Rates Section 31 Grants		
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
Other Non-Specific Grants	-4,875,398	-3,964,139

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

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 £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
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
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-104,889			104,889
Capital expenditure charged against General Fund Balances	-459,709			459,709
Adjustments primarily involving the Capital Grants Unapplied Account				
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
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	-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 £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,720,000			-2,720,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-1,081,000			1,081,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	-1,908,768			1,908,768
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-73,950			73,950
Total Adjustments	-330,167	374,727	-246,570	202,010

Notes to the Core Financial Statements

Movements in 2021/22	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
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
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-107,237			107,237
Capital expenditure charged against General Fund Balances	-456,429			456,429
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-393,008	393,008		
Application of grants to capital financing transferred to the Capital Adjustment Account		-314,661		314,661
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	0		0	
Use of the Capital Receipts Reserve to finance new capital expenditure			-74,854	74,854
Contribution from the Capital Receipts Reserve towards administrative cost of Non-Current asset disposals	0		0	

Notes to the Core Financial Statements

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

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%
	50%
Central Government	50%
Total	100%

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

The retained levy in the Lancashire Business Rates Pool has been distributed as follows:

- Lancashire County Council is paid 10% of the overall retained levy.
- Each district within the pool retains 90% of their retained levy.

Notes to the Core Financial Statements

Lancashire Business Rates Pool Members 2022/23	Authority Type	Tariffs and Top-Ups in Respect of 2022/23 £	Retained Levy on Growth 2022/23 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2022/23 £
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
Total		0	-10,139,537	0	-10,139,537

Lancashire Business Rates Pool Members 2021/22	Authority Type	Tariffs and Top-Ups in Respect of 2021/22 £	Retained Levy on Growth 2021/22 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2021/22 £
Burnley Borough Council	Tariff	6,043,499	-1,274,399	127,440	-1,146,959
Chorley Borough Council	Tariff	6,503,220	-958,378	95,838	-862,540
Fylde Borough Council	Tariff	8,101,273	-285,737	28,574	-257,163
Hyndburn Borough Council	Tariff	3,969,106	-1,216,541	121,654	-1,094,887
Pendle Borough Council	Tariff	3,388,618	-569,005	56,901	-512,104
Ribble Valley Borough Council	Tariff	4,311,424	-839,130	83,913	-755,217
Rossendale Borough Council	Tariff	2,713,519	-576,607	57,661	-518,946
South Ribble Borough Council	Tariff	10,327,203	-1,587,163	158,716	-1,428,447
West Lancashire Borough Council	Tariff	8,698,358	-688,578	68,858	-619,720
Wyre Borough Council	Tariff	6,837,509	-693,833	69,383	-624,450
Lancashire County Council	Top-Up	-158,098,681		-868,938	-868,938
Central Government	-	97,204,952		0	0
Total		0	-8,689,371	0	-8,689,371

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

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Playing Pitch Strategy Reserve</u>							
<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
Total Reserves for Shorter Term Service Commitments	171,098	8,118	-86,201	93,015	122,593	-79,783	136,125
Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs							
<u>Elections Fund</u>							
<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
<u>Revaluation of Assets Reserve</u>							
<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
<u>Pensions Triennial Revaluation Reserve</u>							
<i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	68,592			68,592			68,592
Total Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs	128,550	107,223	-56,665	179,108	94,000	-24,619	248,489
Reserves for Trading or Business Units							
<u>Building Control Fund</u>							
<i>Available to equalise net expenditure over a three-year period</i>	-57,759	23,120		-34,639	18,452		-16,187
Total Reserves for Trading or Business Units	-57,759	23,120	0	-34,639	18,542	0	-16,187
Reserves for Sums Set Aside for Major Schemes such as Capital Projects							
<u>Capital</u>							
<i>Used to fund the capital programme</i>	946,498	400,767	-472,957	874,308	433,242	-470,176	837,374
<u>ICT Renewals</u>							
<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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Vehicle & Plant Renewals Reserve</u>							
<i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	51,035			51,035			51,035
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,102,273	400,767	-484,957	1,018,083	452,712	-470,176	1,000,619
Reserves for Longer Term Strategic or Corporate Items							
<u>VAT Shelter Reserve</u>							
<i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,077,039	34,477	-62,028	1,049,488	97,033	-26,957	1,119,564
<u>Fleming VAT Claim</u>							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	44,497		-770	43,727		-32,872	10,855
<u>Insurance</u>							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<u>Repairs and Maintenance</u>							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	22,975		-5,255	17,720	7,750	-13,500	11,970
<u>Post LSVT</u>							
<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
<u>Restructuring Reserve</u>							
<i>To fund costs resulting from restructuring reviews</i>	187,903			187,903			187,903
<u>Equipment Reserve</u>							
<i>To fund essential and urgent equipment requirements</i>	78,457	19,082	-10,087	87,452	12,746	-15,167	85,031
<u>Invest to Save Fund</u>							
<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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
Planning Reserve <i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>	29,453			29,453			29,453
Housing Benefit Reserve <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
Business Rates Volatility Reserve <i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000			1,682,000
Business Rates Growth Reserve <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
New Homes Bonus Reserve <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
Arts Development Reserve <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
Grounds Maintenance Tuition Reserve <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
Local Plan <i>Resources set aside to fund work on the Local Plan</i>	0	271,147		271,147	14,597	-81	285,663
Total Reserves for Longer Term Strategic or Corporate Items	9,115,412	1,456,235	-384,235	10,187,412	1,222,165	-694,988	10,714,589
Reserves for External Funding where Expenditure has yet to be Incurred							
Performance Reward Grant <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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
Crime Reduction							
Partnership Reserve							
<i>To fund cost of crime reduction initiatives</i>	36,880		-282	36,598		-10,173	26,425
Exercise Referral and Up and Active Reserve							
<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
Housing Related Grants Reserve							
<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
Planning Policy Related Grants Reserve							
<i>To provide short term capacity support when dealing with housing planning applications</i>	5,850		-5,850	0			0
Community Right to Bid/Challenge							
<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
Grant Funded Sports Development							
<i>To finance future Sports Development grant funded expenditure</i>	10,687		-470	10,217			10,217
Whalley Moor Reserve							
<i>Grant received towards work at Whalley Moor Woodland</i>	4,520		-4,520	0			0
Rural Services Reserve							
<i>Grant received with the purpose of supporting rural services</i>	370		-370	0			0
Neighbourhood Planning Reserve							
<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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Repossession Prevention Fund Reserve</u>							
<i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u>							
<i>PRG resources set aside to fund the Parish Grant Scheme</i>	33,830		-16,000	17,830		-1,500	16,330
<u>Custom and Self-Build Register Grant Reserve</u>							
<i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	15,000			15,000			15,000
<u>Brownfield Register Grant Reserve</u>							
<i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	26,263			26,263			26,263
<u>Flood Resilience, Response and Recovery Grant Reserve</u>							
<i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	16,408		-16,408	0			0
<u>Cyber Resilience Grant Reserve</u>							
<i>Grant funding in respect of Cyber Resilience work</i>	13,600			13,600		-1,278	12,322
<u>Housing Benefits New Burden Grants Reserve</u>							
<i>Grant income to support new burdens in respect of Housing Benefits</i>	4,669			4,669			4,669
<u>LCTS New Burdens Grant Reserve</u>							
<i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	18,370		-10,000	8,370			8,370

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Parks Improvement</u>							
<u>Funding Reserve</u>							
<i>Grant funding to support improvements to parks</i>	4,102		-4,102	0			0
<u>Covid-19 Response</u>							
<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
<u>Ribble Valley Strategic Partnership</u>							
<i>Ribble Valley Strategic Partnership funds held in reserve to meet the cost of future community projects</i>	24,326		-24,326	0			0
<u>Self-isolation Grants Reserve</u>							
<i>Reserve established to hold the balance of self-isolation grant support funds received but not yet distributed</i>	30,750		-30,750	0			0
<u>Restoring Your Railways Reserve</u>							
<i>Balance of grant income received to fund the preparation of a business case for the reopening of the Clitheroe to Hellifield railway to passengers.</i>	7,485		-7,485	0			0
<u>Business Rates S31 Grant Adjustment Reserve</u>							
<i>Short term reserve to hold Section 31 grant received in 2020/21 in respect of business rates relief - to fund collection fund deficit in 2021/22</i>	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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Tax Income Guarantee Reserve</u>							
<i>Short term reserve to hold Section 31 grant in respect of lost business rates income due to Covid. The grant will be released in future years to ease the impact from the collection fund deficit</i>	119,388		-119,388	0			0
<u>Air Quality New Burdens Grant Reserve</u>							
<i>Reserve to hold New Burdens funding received in respect of new enforcement measures</i>	0			0	11,710		11,710
<u>Council Tax Energy Rebates Reserve</u>							
<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
<u>Electoral Integrity Reserve</u>							
<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
<u>UK Shared Prosperity Fund Reserve</u>							
<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
<u>Business Rates Relief New Burdens</u>							
<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 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £	Transfers In 2022/23 £	Transfers Out 2022/23 £	Balance at 31 March 2023 £
<u>Biodiversity Net Gain Reserve</u>							
<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
Total Reserves for External Funding where Expenditure has yet to be Incurred	4,460,808	2,105,112	-2,926,990	3,638,930	686,297	-1,702,703	2,622,524
Total of all Earmarked Reserves	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 £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>						
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
At 31 March 2023	15,701	5,686	345	1,693	0	23,425
<i>Accumulated Depreciation and Impairments</i>						
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
At 31 March 2023	-131	-3,686	-114	-41	0	-3,972
Net Book Value						
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 £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>						
At 1 April 2021	13,154	5,683	345	1,599	25	20,806
Additions/Acquisitions	80	387		27		494
Derecognition - Disposal		-520				-520
Reclassifications					-25	-25
Revaluation decreases recognised in the Revaluation Reserve	2,342					2,342
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	74					74
At 31 March 2022	15,650	5,550	345	1,626	0	23,171
<i>Accumulated Depreciation and Impairments</i>						
At 1 April 2021	-88	-3,710	-92	-31	-1	-3,922
Derecognition - Disposal		519				519
Depreciation Charge	-381	-466	-11	-4	-1	-863
Depreciation written out to the Revaluation Reserve	402					402
Depreciation written out to the Surplus/Deficit on the Provision of Services	-42					-42
Reclassification					2	2
Impairment reversals recognised in the Revaluation Reserve	-205					-205
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	205					205
At 31 March 2022	-109	-3,657	-103	-35	0	-3,904
Net Book Value						
at 31 March 2021	13,066	1,973	253	1,568	24	16,884
at 31 March 2022	15,541	1,893	242	1,591	0	19,267

Notes to the Core Financial Statements

Depreciation

The Council charges its service accounts depreciation for all fixed assets (except freehold land) used in the provision of services. The Council operates a straight-line method for depreciation. Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets. The useful economic life generally used for assets is as follows:

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

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

Assets are not depreciated in the year of acquisition, but they are depreciated in the year of disposal. If an asset has major components with different estimated useful lives, these components are depreciated separately.

Revaluation gains are also depreciated with the difference between the current value depreciation and the historical cost depreciation being transferred from the Revaluation Reserve to the Capital Adjustment Account.

Capital Commitments

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

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 £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Assets Measured at Amortised Cost</u>				
Investments	25,232,767	25,232,767	23,102,858	23,102,858
Total Investments	25,232,767	25,232,767	23,102,858	23,102,858
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
Total Debtors	1,959,969	1,959,969	1,606,117	1,606,117
Total Financial Assets	27,192,736	27,192,736	24,708,975	24,708,975

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 £	Fair Value £	Carrying Amount £	Fair Value £
<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
Total Borrowings	-105,197	-124,639	0	0
Short-Term Creditors	-4,878,486	-4,878,486	-2,395,260	-2,395,260
Total Creditors	-4,878,486	-4,878,486	-2,395,260	-2,395,260
Total Financial Liabilities	-4,983,683	-5,003,125	-2,395,260	-2,395,260

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

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 £	31 March 2023 £
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
Total	3,589,245	1,805,712

17 CASH AND CASH EQUIVALENTS

	31 March 2022 £	31 March 2023 £
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
Total	20,222,767	22,902,858

18 SHORT TERM CREDITORS

	31 March 2022 £	31 March 2023 £
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
Total	-13,549,924	-7,950,345

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 £	2022/23 £
Balance at 1 April	852,793	923,122
Movements in provisions in the year	70,329	-6,934
Balance at 31 March	923,122	916,188

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 £		31 March 2023 £
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
19,765,921	Total Usable Reserves	19,276,590

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

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 £	2022/23 £
14,920,382 Opening Earmarked General Fund Reserves	15,081,909
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
15,081,909 Closing Earmarked General Fund Reserves	14,706,159

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

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

21 UNUSABLE RESERVES

31 March 2022 £	31 March 2023 £
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
119,048 Total Unusable Reserves	28,648,303

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
£		£
8,671,245	Balance at 1 April	8,799,563
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement	
-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
-1,003,209		-1,404,055
130,969	Adjusting amounts written out of the Revaluation Reserve	233,587
-872,240	Net written out amount of the cost of non-current assets consumed in the year	-1,170,468
	Capital financing applied in the year	
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
1,000,558		1,262,347
8,799,563	Balance at 31 March	8,891,442

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 £		2022/23 £
-3,264,848	Balance at 1 April	-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	Balance at 31 March	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 £		2022/23 £
6,013,615	Balance at 1 April	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	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	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	Amount written off to the Capital Adjustment Account	-233,587
8,473,418	Balance at 31 March	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 £		2022/23 £
-21,042,000	Balance at 1 April	-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	Balance at 31 March	10,994,000

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	Balance at 1 April	-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	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
-179,207	Balance at 31 March	-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	Net Interest	-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 £	2022/23 £
-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
-1,316,265	-1,382,186

23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £	2022/23 £
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
4,992,155 Net cash flows from investing activities	-5,135,978

24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

Notes to the Core Financial Statements

25 MEMBERS' ALLOWANCES

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
	234,104	253,491

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

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)

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

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)

² 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 £	2022/23 £
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2021/22	53,432	
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 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. <i>Work completed in 2023/24 but relating to the 2022/23 financial year claims</i>		33,810
Total	69,862	88,929

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 £	2022/23 £
<u>Credited to Taxation and Non-Specific Grant Income</u>		
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
<i>Grants Received for Capital Purposes</i>		
DLUHC – ICT Funding		-125,000
DLUHC - UK Shared Prosperity Fund		-189,000
Total Credited to Taxation and Non-Specific Grant Income	-4,875,398	-4,278,139

Notes to the Core Financial Statements

	2021/22 £	2022/23 £
Credited to Services		
Grants Received for Capital Purposes		
Disabled Facilities Grant - Main Funding	-393,008	-393,008
Funding from Onward Homes towards Disabled Facilities Grant	-47,377	-48,799
Grants Received for Revenue Purposes		
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
Covid-19 Grant Funding (for distribution)		
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 £	2022/23 £
<i>Covid-19 Grant Funding (service specific)</i>		
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
<i>Other Grant Funding (for distribution)</i>		
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
Total Credited to Services	-8,676,630	-7,235,909

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

29 RELATED PARTY TRANSACTIONS

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

- Central Government
- Elected Members of the Council (including any organisation over which they or their close family may exert control or influence)
- Senior Officers of the Council (including any organisation over which they or their close family may exert control or influence)
- Other Public Bodies
- Entities controlled or significantly influenced by the Council.

Central Government

Central Government has effective control over the general operation of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills, housing benefits). Grants received from government departments are set out in Note 28 on grant income.

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid is shown at Note 25.

Each year, Members declare interests by completing a 'Disclosable Pecuniary Interests' form (these are available for public inspection at the Council Offices, Clitheroe, and on the Council's website) and a 'Close Family Relationships Declaration of Interests' form.

In 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 £	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

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 £	2022/23 £
Opening Capital Financing Requirement	3,248,269	3,141,032
<u>Capital Investment</u>		
Property, Plant and Equipment	515,383	816,295
Revenue Expenditure Funded from Capital Under Statute	377,938	341,162
<u>Sources of Finance:</u>		
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
Closing Capital Financing Requirement	3,141,032	3,036,143
<u>Explanation of Movements in Year</u>		
Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	-107,237	-104,889
Decrease in Capital Financing Requirement	-107,237	-104,889

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 £	31 March 2023 £
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
	583,956	554,502

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 £	31 March 2023 £
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
	-732,595	-668,354

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

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
Net liability arising from defined benefit obligation	15,072	-10,994

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

Local Government Pension Scheme	2021/22	2022/23
	£'000	£'000
Opening fair value of scheme assets	58,434	66,296
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
Closing fair value of scheme assets	66,296	67,405

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

Local Government Pension Scheme	2021/22	2022/23
	£'000	£'000
Opening balance at 1 April	79,476	81,368
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
Closing balance at 31 March	81,368	56,411

Notes to the Core Financial Statements

Local Government Pension Scheme Assets Comprised:

Local Government Pension Scheme Fair value of scheme assets	Quoted Y/N	31 March 2022 £'000	31 March 2023 £'000
Equities			
- Financials	Y	79	78
Subtotal Equities		79	78
Cash			
- Cash accounts	N	1,839	536
- Net Current Assets/(Liabilities)	N	-171	0
Subtotal Cash		1,668	536
Bonds			
- UK corporate	Y	272	0
- Overseas corporate	N	245	139
Subtotal Bonds		517	139
Property			
- Offices	N	31	13
- Industrial/warehouse	N	494	486
- Shops	N	59	136
- Multi let commercial building	N	475	381
Subtotal Property		1,059	1,016
Alternatives			
- 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
Subtotal Alternatives		62,973	65,635
Total		66,296	67,404

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
Mortality Assumptions		
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 Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'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
Deficit in the scheme	15,413	14,971	21,042	15,072	-10,994

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

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

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

- 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

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

- 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 March 2023	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2023	Estimated maximum exposure to default and uncollectability at 31 March 2023	Estimated maximum exposure at 31 March 2022
	£ A	% B	% C	£ (A x C)	£
Deposits with banks and building societies	22,740,000	0.00%	0.00%	0	0
Customers (Sundry Debt including overpaid Housing Benefits recovered 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 2022 £'000	As at 31 March 2023 £'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
	1,181	641

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
	105	0

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 £	Gross Income £	Net Expenditure £	
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 £	Gross Income £	Net Expenditure £	
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

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 Total £'000		2022/23 Council Tax £'000	2022/23 Business Rates £'000	2022/23 Total £'000	Notes
Income					
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	
Expenditure					
Precepts and Demands:					
34,959	- Lancashire County Council	37,180		37,180	3
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	(Deficit)/Surplus for the Year	-486	4,885	4,399	
-7,689	(Deficit)/Surplus Brought Forward	1,367	-5,069	-3,702	
-3,702	(Deficit)/Surplus Carried Forward	881	-184	697	
Allocated to					
-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%
	50%
Central Government	50%
Total	100%

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
Totals		27,814	25,100.4	25,842.9
			Adjustments	-1,104.4
			Adjustment for Collection Rate	-185.5
			Council Tax Base	24,553

3 BAND D COUNCIL TAX

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

	2021/22 £	2022/23 £
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
Total to be Met From Council Tax	45,867,774	48,828,552
Divided by Council Tax Base (Band D Equivalent Dwellings)	24,007	24,553
Band D Council Tax (Average excluding Parishes)	£1,910.60	£1,988.70

4 PROVISION FOR LOSSES

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

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

5 PROVISION FOR BUSINESS RATES APPEALS

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

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

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
46,371	1,367	Total	49,345	881

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
15,115	-5,069	Total	12,907	-184

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 January 2022			(Deficit) or Surplus Declared January 2023		
Business Rates £'000	Council Tax £'000	Total £'000	Business Rates £'000	Council Tax £'000	Total £'000
-2,187		-2,187	-303		-303
-394	951	557	-55	667	612
	148	148		104	104
-44	47	3	-6	34	28
-1,749	115	-1,634	-242	80	-162
-4,374	1,261	-3,113	-606	885	279

7 COLLECTION RATES

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

	2021/22 %	2022/23 %
Council Tax	99.0%	99.1%
Business Rates	99.1%	98.5%

Glossary of Terms

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

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

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

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

Glossary of Terms

Spending on day-to-day items including employees' pay, premises costs and supplies and services.

Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset. The expenditure is charged to the Comprehensive Income and Expenditure Statement

Revenue Support Grant

A grant paid by Central Government, currently paid to every Local Authority to help to finance its expenditure generally and not specific services. It is based on the Government's assessment of how much the Council needs to spend in order to provide a standard level of service.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date.

Useful Life

The period over which the local authority will derive benefits from the use of a fixed asset.

Abbreviations used within the Statement of Accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Consumer Price Index
DRC	Depreciated Replacement Cost
DVS	District Valuer Services
DWP	Department for Work and Pensions
EUV	Existing Use Value
FRS	Financial Reporting Standard
GAAP	Generally Accepted Accounting Principles
MHCLG	Ministry of Housing, Communities and Local Government
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LASAAC	Local Authority Accounts Advisory Committee
LGPS	Local Government Pension Scheme
NDR	Non-Domestic Rates
PSAA	Public Sector Audit Appointments
PWLB	Public Works Loan Board
RSG	Revenue Support Grant
SeRCOP	Service Reporting Code of Practice

Glossary of Terms

SIC	Standing Interpretations Committee
SSAP	Statements of Standard Accounting Practice
TMPs	Treasury Management Practices
UITF	Urgent Issues Task Force
VOA	Valuation Office Agency



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Grant Thornton

An instinct for growth™

A guide to local authority accounts

March 2014



Contents

Introduction	1
Explanatory foreword	2
Annual governance statement	3
Movement in reserves statement	4
Comprehensive income and expenditure statement	6
Balance sheet	8
Other statements	9
Additional disclosures	10
And finally...	11
About us	12

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.”

Mary Archer
British scientist



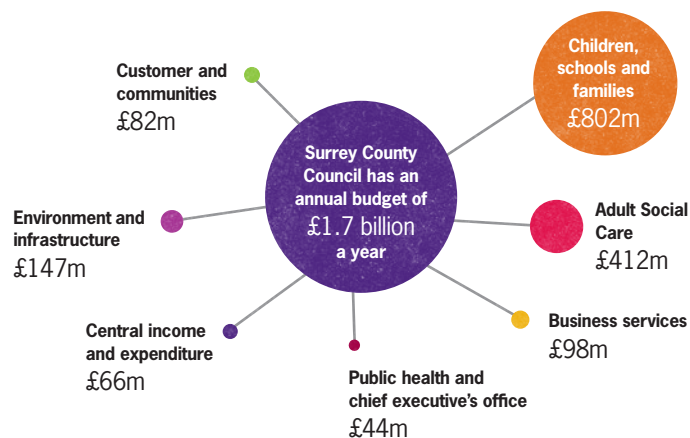
Explanatory foreword

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.

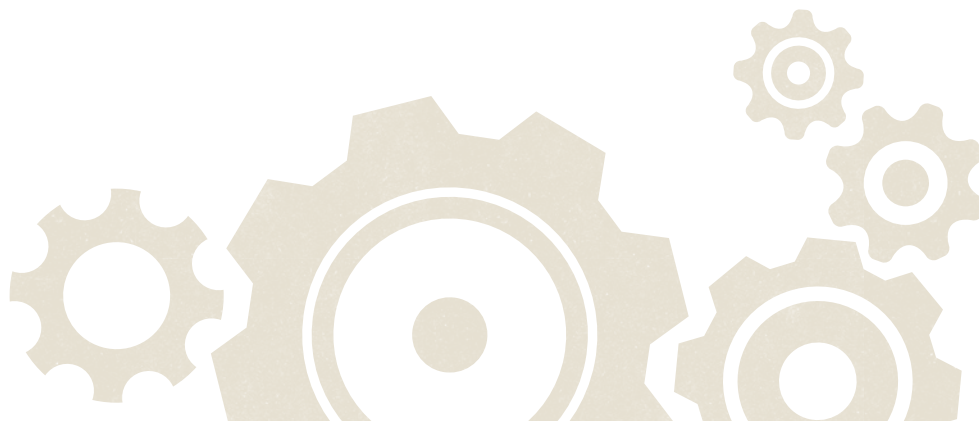
The AGS should be consistent with:

- 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**



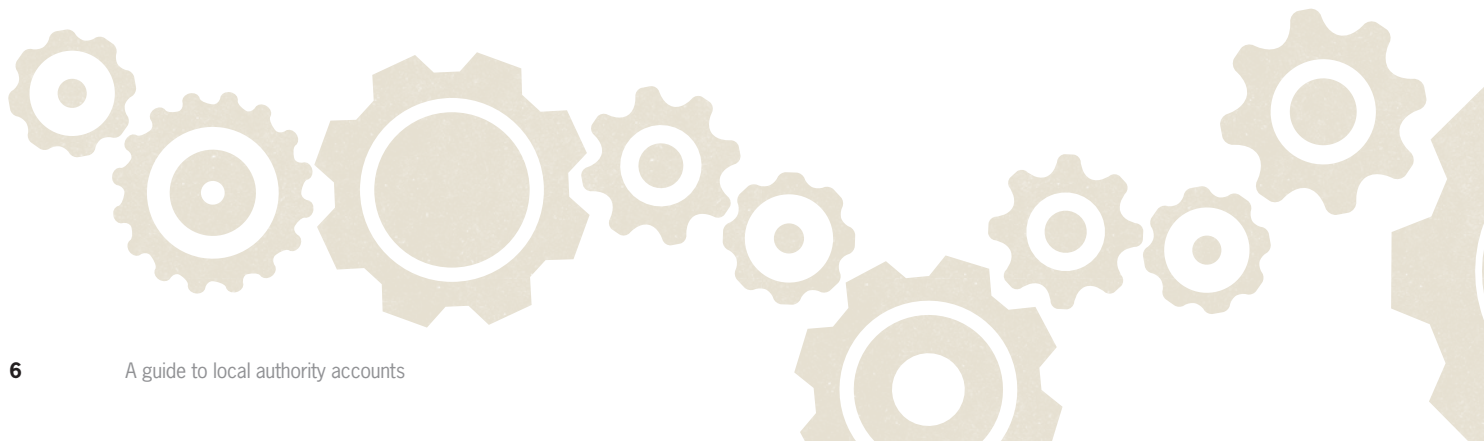
Comprehensive income and expenditure statement

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

Cost of services

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.

Other operating income and expenditure

Includes the surplus or deficit from the sale of property, plant and equipment.

Financing and investment income and expenditure

Includes interest payable and receivable.

Taxation and general grant income

Includes revenue from council tax and the revenue support grant.

Other comprehensive income and expenditure

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).

Non current assets including: <ul style="list-style-type: none">• property, plant and equipment• heritage assets• intangible assets• investment property	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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Current assets	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.
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Current liabilities	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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Long-term liabilities	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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Provisions	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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Reserves	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?

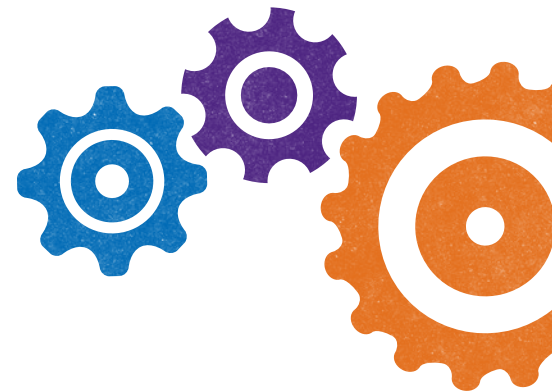
Other statements

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

Cash flow statement	<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>
Collection fund	<p>Shows the transactions in respect of council tax and business rates during the year.</p>
Housing revenue account	<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>
Pension fund accounts	<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>
Group accounts	<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>

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.

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: <ul style="list-style-type: none">• provide additional information where needed• remove accounting policies that are not relevant or apply to immaterial amounts.
Critical judgments	Show the key areas where officers have made judgements about the application of accounting policies. For example: <ul style="list-style-type: none">• 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.
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.
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.
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.
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.
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 for legal claims.

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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