

# Statement of Accounts

Year Ending 31 March 2022

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# Narrative Report of the Chief Financial Officer

## Introduction

I am pleased to introduce the Statement of Accounts for the 2021/22 financial year for South Ribble Borough Council. The accounts are produced annually to give electors, local taxpayers, members of the Council, employees and other interested parties clear information on the Council's finances and the financial outlook for the future.

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting. The accounts provide all of the financial information for the 2021/22 financial year and there is a narrative that provides a high level overview of the key issues that affect the accounts including information on the Council's achievements during the year and a section that looks at the outlook for the future.

As the Covid pandemic continued beyond 2020/21, 2021/22 has again been a difficult year and has placed significant pressures on the services delivered. Through hard work and dedication, the staff at South Ribble Council have responded to the demands placed upon them, and have ensured that the Council has supported its residents and businesses whilst continuing to deliver its Corporate Strategy priorities.

Additional financial support from central government assisted the Council in meeting the financial impact arising from the pandemic, including funding that was paid via the Council to its local businesses. The Community Hubs that the Council established, continued to help the residents of the borough and support was increased for the homeless.

The Council faces continued challenges; as we emerge from the global pandemic we face a cost of living crisis with steep rises in inflation, particularly energy costs, all exacerbated by the war in Ukraine and global supply chain issues. This is compounded by the Council's operating environment in which costs and demands on services are growing each year, with finite resources to respond. This climate brings uncertainty over future costs and funding for the authority, but I am confident, given the way in which our staff have responded to date, that the Council will continue to meet and manage these challenges into the future on behalf of all our local residents.

During 2021/22 the Council established a wholly owned leisure company "South Ribble Leisure Limited" (incorporated 28th May 2021) to manage the running of its leisure services. Staff transferred to the Company on 1st September 2021, and the Company's accounts are consolidated into the Group Account statements within this report.

I hope you find this report and the Statement of Accounts useful in understanding the Council's financial position and performance for the year.

I'd also like to express my thanks for the hard work and dedication of staff across the whole of the Council who have worked to consolidate the financial stability of the Council and ensure the production of the Statement of Accounts in what are very unusual and difficult circumstances.



Louise Mattinson ACA  
Director of Finance

## South Ribble

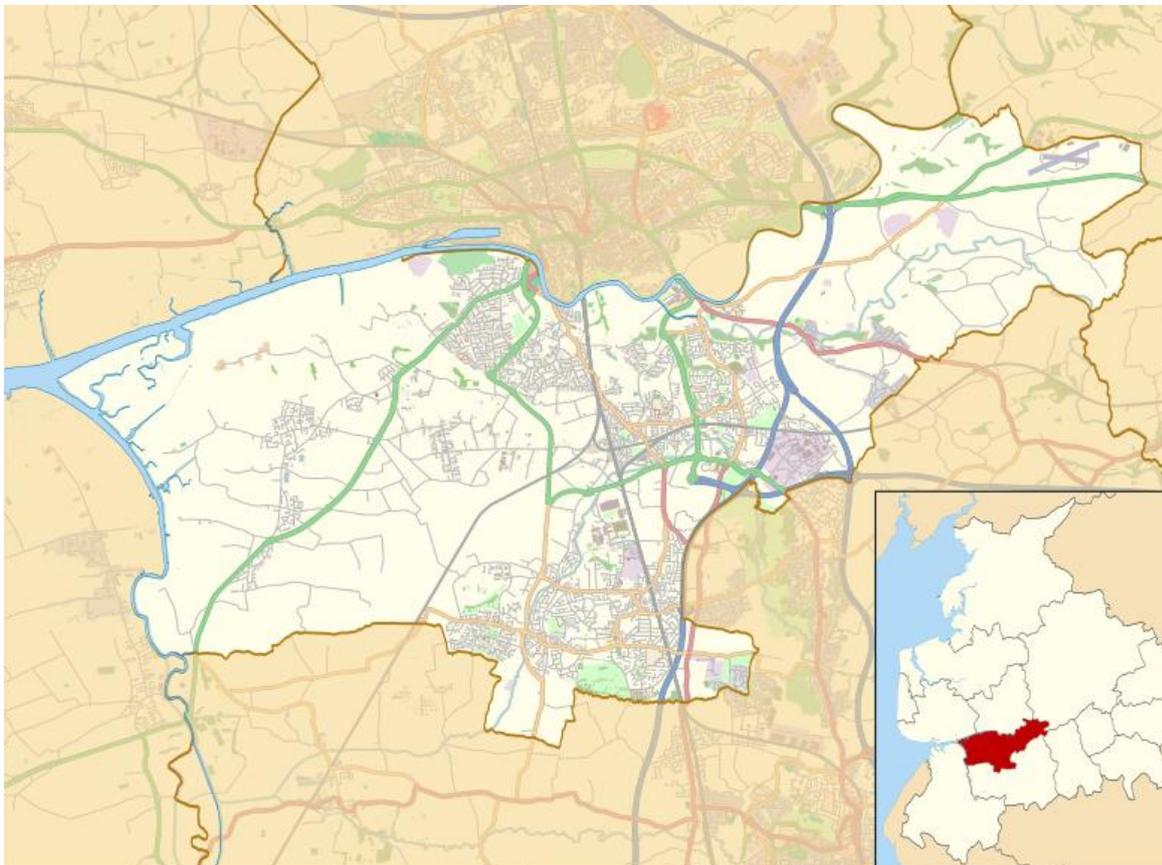
South Ribble Borough is located in Lancashire at the centre of the North West region, situated right on the M61, M6 and M65 motorways with easy access to the West Coast mainline and airports at Manchester and Liverpool with the Borough extending to about 113 km<sup>2</sup> (approximately 44 square miles). The Borough is on the edge of the West Pennine Moors with beautiful scenery and countryside and is just a short drive from the Lancashire coastline. The latest available Office for National Statistics (ONS) figures estimate that the total population of the borough was approximately 111,000 in 2022.

The Council is based in the town of Leyland in the south of the borough with other notable population areas being Penwortham, Longton, Hutton, Walton-le-Dale, Bamber Bridge, Lostock Hall, Moss Side and a significant part of Buckshaw Village.

The district was formed on 1st April 1974 under the Local Government Act 1972, from Leyland and Walton-le-Dale urban districts, along with part of Preston Rural District. The borough shares its borders with Chorley, West Lancashire, Blackburn with Darwen, Ribble Valley, Preston and Fylde Councils.

Regeneration, inward investment and working with partners on a range of initiatives and projects are recognised as very important for the future prosperity of the borough and are key priorities for the Administration. The Council must provide services such that it meets the needs of its citizens, serving both an urban and rural environment. Another key priority for the Council is its Green Links programme for the protection of its parks and open spaces, leisure and sports facilities, encouraging a green environment and taking on the increasing issues of Air Quality associated with the transport infrastructure.

### Location and map of South Ribble borough



## South Ribble Borough Council

South Ribble Borough Council is part of a two-tier system in Lancashire that consists of a County Council, two unitary councils and 12 district councils. South Ribble Borough Council works collaboratively with a wide range of partners to deliver its vision of 'Working together to make South Ribble and its communities, great places to live, work, visit and play'. The Council is committed to working across organisational boundaries to improve outcomes for local people and communities and to ensure that high-quality services are readily accessible to the people of the borough; during 2021/22, the Council continued to develop and expand its shared services arrangement with Chorley Borough Council to include ICT, Customer Services and Revenues and Benefits services.

The Council has 50 district councillors elected to cover all the electoral wards across the borough. District councillors represent their communities and bring their views into the Council's decision-making process. Council meetings are publicised on the Council's website alongside agendas, reports and minutes. The meetings are open to members of the public to attend bringing decision-making closer to the public.

The political structure of the Council at the end of the 2021/22 year was as follows, with a Labour administration supported by the Liberal Democrat group on the basis of a supply and confidence agreement:

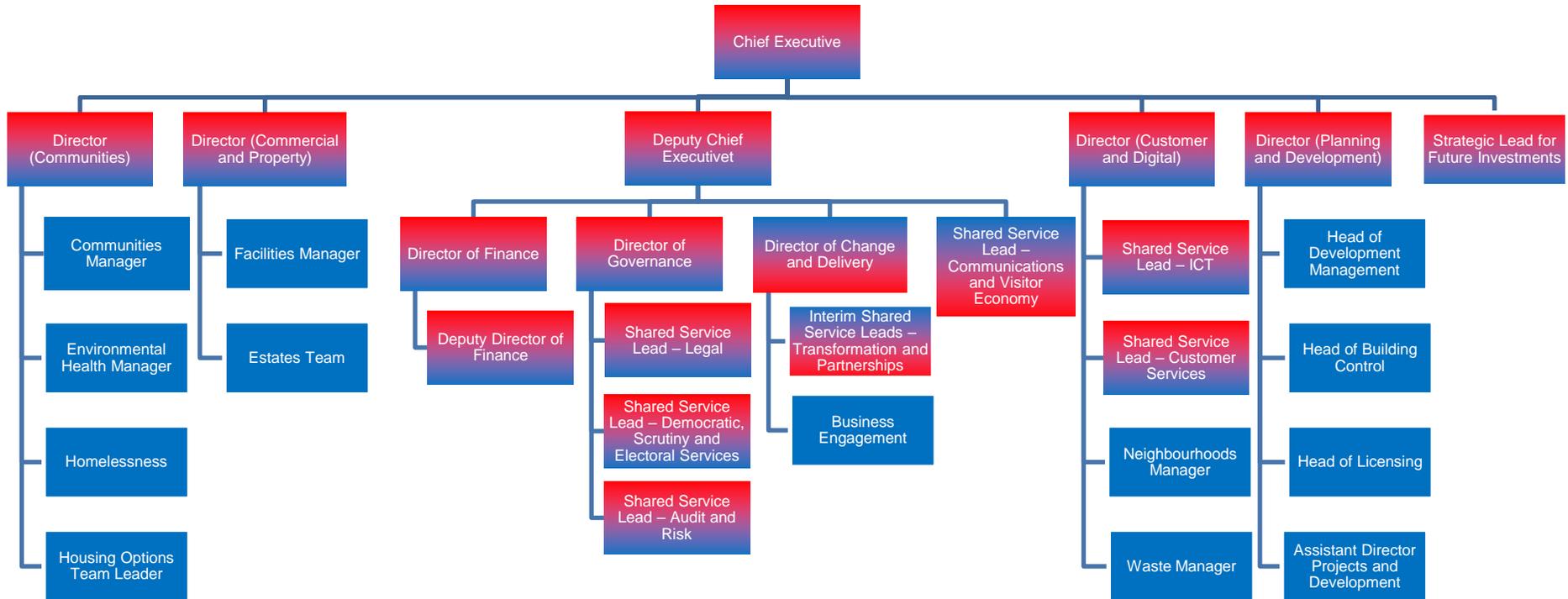
Party	No.
Conservative	22
Labour	23
Liberal Democrat	5
<b>TOTAL</b>	<b>50</b>

## Management Structure

The Senior Management Structure was reviewed during 2020/21 to enhance service sharing with Chorley Borough Council. This arrangement has been developed further in 2021/22 leading to further financial savings and to provide additional resilience and extra capacity in additional areas of service delivery. The current structure is shown on the next page.

Following the insourcing of South Ribble Council's leisure services April 2021, the Council established a wholly owned leisure company to manage the running of its leisure services on the Council's behalf. The leisure staff moved to South Ribble Leisure Ltd on 1<sup>st</sup> September 2021 and are employed by the company; they are managed by the Director of Commercial & Property.

## Leadership and Management Structure - South Ribble



The following key has been used:

	South Ribble
	Chorley
	Shared

Our staff are the most important resource we have to help us to achieve our goals. The Council, including its subsidiary, South Ribble Leisure Ltd, employs 492 staff in full time, part time and casual contracts. A breakdown of our workforce by age and gender is set out in the table below:

**No. of Employees by Age and Gender.**

	SRBC		SRLL		Total	
	Male	Female	Male	Female	Male	Female
<b>Under 20</b>	9	7	9	18	18	25
<b>21-30</b>	29	18	11	21	40	39
<b>31-40</b>	32	38	7	10	39	48
<b>41-50</b>	36	49	4	17	40	66
<b>51-60</b>	49	47	11	15	60	62
<b>61+</b>	22	18	4	11	26	29
<b>Total</b>	<b>177</b>	<b>177</b>	<b>46</b>	<b>92</b>	<b>223</b>	<b>269</b>

**Corporate Plan and Performance in 2021/22**

The Annual Corporate Plan Performance report for 2021/22 will be presented to Full Council at the end of September 2022. The report will provide an overview of how the Council performed against the identified deliverables for 2021/22, within the 2020/21 to 2022/23 Corporate Plan, which was reviewed and refreshed part way through the financial year; the refresh of the Corporate Plan 2021/22 – 2034/24 was completed and approved by Council in November 2021.

In summary, the Council has made good progress during the year, although it is important to understand that many of these Corporate Plan projects run across multiple years, therefore a significant amount of the work completed to date has been at a strategic planning and consultation level. Although this process can be time intensive, South Ribble Borough Council is committed to ensuring that the projects delivered meet the needs of South Ribble’s communities. Within the Corporate Plan, some projects are delivered directly by the Council itself, while others are led by other organisations, with the Council playing a supporting or influencing role.

The Corporate Plan is delivered with the purpose of achieving the Council’s vision and ambition.

This refreshed vision and priorities are outlined below.

# Corporate Strategy

2020/21 -2022/23

## Exemplary council Thriving communities

A council that:

- Delivers high performing services that represent value for money
- Understands the community and works with partners to make things better
- Is open and transparent in its activities

Places where:

- Residents have positive mental health
- People get involved and have a sense of belonging
- Communities can access services and support when they need them

## Good homes, green spaces, healthy places

A borough with:

- A choice of decent, affordable housing
- Commitment to protecting the local environment
- A choice of quality recreational activities

## A fair local economy that works for everyone

A council that:

- Increases access to training and jobs
  - Grows and supports sustainable businesses
- Invests in improving the borough



## Our vision:

A healthy and happy community, flourishing together in a safer and fairer borough that is led by a council recognised for being innovative, financially sustainable and accountable.

The areas of activity and the projects associated with each of these are identified below, together with examples of performance against them in 2021/22. A detailed report regarding performance was taken to Budget and Performance Scrutiny on 20 June 2022 and was approved at the Executive Cabinet meeting later that day; the report can be found here – [link](#)

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## AN EXEMPLARY COUNCIL

¶

A-COUNCIL-THAT:¶

¶

Delivers-high-performing-services-that-represent-value-for-money¶

Understands-the-community-and-work-with-partners-to-make-things-better¶

Is-open-and-transparent-in-its-activities¶

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### Achievements

As part of the Council's commitment to improvement, progress has been made to deliver actions in response to the recommendations made by the Local Government Association following the Peer Review that was undertaken in the summer of 2021. Key actions include the introduction of governance training for all staff and delivery of the 'Passport to People Management' programme to upskill all managers on key policies and practices. The Council then welcomed the Peer Team back to the Civic Centre to meet with staff and the Senior Management Team in person following the virtual review, during which the team sought to corroborate the findings of the review and capture positive progress made towards the recommendations.

Shared Services have prepared plans to outline how they will continue to develop and improve services under a single operating model. This includes the development of policies and procurement of systems and technology to ensure that exceptional services can be provided in line with increasing customer demand. Initial proposals for the future development of shared was presented to the Shared Services joint Committee in February 2022, this included the review of the principles and options for future sharing arrangements.

Working with partners through the Chorley and South Ribble partnership has been looking at the development of a data and intelligence solution that will enhance the way information can be shared across partners to inform decision making and enable partners to better focus resources on shared priorities. Building on the outcomes of the Economic Summit hosted in November 2021, a series of round table discussions have been commissioned to engage with businesses on key topics such as employment and skills and be targeted at key sectors such as hospitality and leisure, manufacturing and third sector employers.

Delivery of the WorkPlace Strategy has focussed on understanding the needs of different teams and services to inform plans for improving the office working environment. Initial designs have been prepared for reconfiguration of the office space to provide a basis for consultation with staff to gather feedback, ensuring high quality workspaces that enable productivity and excellent customer service.

Of the four projects within this priority, all four are rated green and on track.

Projects	2021-22 At Quarter 4
Deliver the peer challenge action plan to ensure continued improvement	Green
Deliver the shared services development plan to build a more resilient organisation	Green
Implement more efficient and effective working practices at the council through the WorkPlace Strategy	Green
Deliver more joined up public services through working with our partners	Green



## THRIVING COMMUNITIES

### A PLACE WHERE:

Residents have mental health

positive

People get involved and have a sense of belonging

Communities can access services and support when they need them

### Achievements

To mark the Queen's Platinum Jubilee the Council has worked during 2021/22 on preparations to host a weekend of entertainment over the extended Bank Holiday in June 2022, to provide an opportunity to bring communities together. The weekend events at Worden Park, and include a Great British themed Leyland Festival and an 80's themed Music in The Park event and following an application process, small amounts of funding has been allocated to support community events such as street parties.

Following the establishing of the Youth Council in October 2021, work has focussed on developing governance arrangements and proposals for a Youth Mayor. The formative council have already indicated a number of themes which they want to focus on, which include, Mental Health, Black, Asian, and Minority Ethnic (BAME), Veterans, Foodbanks and Knife Crime. The members of the Youth Council have also been supported to access emotional personal resilience and mental health workshops funded by the Cooperative Council Innovation network and delivered by Lancashire Youth Challenge ahead of them being rolled out to schools, including Lostock Hall, Worden, and Penwortham Girls. This supports long term outcomes relating to resident involvement and positive mental health.

A review of the Community Hubs model was carried out during the year and a report was presented to Cabinet in December 2021. Each Community Hub has developed their own terms of reference, setting out how they will operate going forward and progress on the key deliverables from their individual Action Plans reported to Council meetings.

The programme to develop South Ribble's visitor offer is focused around establishing a tourism strategy that in the long term will support an increase in the number of visitors to the borough, supporting local communities and the areas local economy. Initial conversations have been held

with local tourism businesses who are now forming a working group in the new financial year to support the development of the tourism strategy. A marketing agency has also been commissioned to undertake development of the 'Discover South Ribble' branding.

Of the four projects within this priority, all four are rated green and on track.

Projects	2021-22 As at Quarter 4
Develop the Youth Council to make sure the views of young people are represented	Green
Deliver Music in the Park 2022 and Queens Jubilee Celebrations	Green
Review and enhance the community hubs as a primary way to work closely with residents	Green
Develop the visitor offer in South Ribble	Green



## A FAIR LOCAL ECONOMY THAT WORKS FOR EVERYONE

### A COUNCIL THAT:

Increases access to training and jobs      Grows and supports sustainable businesses      Invests in improving the borough

### Achievements

Leyland was successful in its funding bid submission in October 2020 and has been announced as one of the towns in the government's Town Deal funding project with an allocation provided of up to £25m. Much work has been undertaken during the year and the Leyland Town Deal programme has positively moved forward meeting the key deadline to submit the business case to government by March 2022 for the two key proposed projects; The Town Centre Transformation (includes the Market Regeneration) and the Business Advice, Skills and Enterprise Hub (BASE2). The outcome of the business case from central government is expected in July 2022. Alongside the business case development, engagement with key stakeholders has continued over the year and a series of workshops were planned during the final quarter that were subsequently delivered in May 2022 which sought engagement and responses from market traders, Lancashire County Council Highways, local business, and residents.

In Penwortham, the development of the masterplan for improvements to the town centre have progressed. Following initial consultation, a number of changes have been incorporated with further consultation on the updated plans to be undertaken in the first quarter of 2022/23. In preparation,

informal discussion with landowners who may be affected by the proposals have been undertaken and further consultations have taken place in Kingsfold and Middleforth.

The impact of the pandemic and current economic factors continues to place pressure on communities, with vulnerable people more likely to be adversely impacted. In the last quarter of the year the Council delivered the first round of the Household support fund, (initial allocation of £210k and secondary allocation of £60k) whereby over 3,000 residents were able to benefit from support to assist them in meeting the rise in the cost of living. Support included adaptations to make homes more energy efficient, fresh food vouchers, school uniform, access to white goods and support with utility bills.

The project to support communities to access community cooperatives in South Ribble has progressed with engagement between Food Banks and members of the Communities Team to explore pathways to accessing affordable food and address the issues of food poverty within the Borough. In the next quarter, stakeholder meetings and engagement with local community partners (i.e. Community groups, Foodbanks and Housing providers, etc.) will commence to work with residents to identify possible needs that could be met through a cooperative approach including the development of skills to support the formation of a resident cooperative on a trial basis.

Of the three projects within this priority, all are rated green.

Projects	2021-22 As at Quarter 4
Deliver transformational regeneration projects including the Town Deal	Green
Support communities to access community cooperatives in South Ribble as part of growing a fair local economy	Green
Support residents to recover from the pandemic with advice, support, and key services	Green



## GOOD HOMES GREEN SPACES HEALTHY PLACES

### A BOROUGH WITH:

A choice of decent, affordable housing

Commitment to protecting the local environment

A choice of quality recreational activities

### Achievements

Phase one of improvement works to the existing leisure centres totalling £1.875m was agreed at Council in April 2022. The refurbishment to the centres will be undertaken in conjunction with the decarbonisation works, which will significantly reduce the carbon footprint of the estate and reduce energy costs. The planned work to Leyland, Bamber Bridge, Penwortham Leisure Centres and South Ribble Tennis Centre includes roofing works, the installation of a new building management system, distribution board upgrades and fire compartmentalisation works.

As part of the ongoing commitment to the environment and to help tackle climate change, work has commenced to provisionally identify locations for tree planting. Scoping activity is underway to enable the decarbonisation work to the Civic Centre, the depot, the tennis centre and the three leisure centres. Contracts are being established, including site plans and lease agreements for the 19 electric vehicle charging points across the borough. A public consultation is underway on the draft biodiversity strategy, which sets out where the South Ribble is regarding conservation and highlights ways to promote, conserve and enhance biodiversity across the Borough. The consultation will end in June 2022, and the strategy then presented to Full Council.

The Worden Hall refurbishment project has progressed over the year and will be partially open to the public for the Jubilee weekend. Works have included the construction of the Courtyard Hall and roof, completion of the brick work to the clock tower, and commencement of works on the external cladding to the front of the hall. The new café is set to open by the end of May and the project is set to be fully completed with all elements handed over by the end of July 2022.

The schemes for McKenzie Arms and Jubilee Gardens Extra Care Facility have progressed in line with plans; both schemes are focused on providing access to high quality affordable homes. The construction phase of the McKenzie Arms development started in January 2022, and in support of the project the Council has successfully received funding from Homes England totalling £675k.

The Jubilee Gardens Extra Care development has progressed to Stage 3 design and development of the planning application. The main contractor has been appointed through 2 stage appointment process and is to be formalised in quarter one of 2022/23. Going forward, a funding application will be submitted to Homes England, the planning application will be submitted for approval and the Stage 4 technical design of the development will commence.

Of the four projects within this priority, three are rated green and one is rated amber.

<b>Projects</b>	<b>2021-22 As at Quarter 4</b>
Improve leisure facilities in South Ribble to improve wellbeing	Green
Deliver the new Worden Hall complex as a flagship venue	Amber
Lead action to address climate change for South Ribble	Green
Deliver affordable homes	Green

## Performance of the Corporate Strategy Measures

 Worse than target, outside threshold (5%)	 Worse than target but within threshold (5%)	 Performance is better than target
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Indicator Name	Polarity	Target	Comparison	Quarter 4 2021/22	Symbol	Trend
<b>An Exemplary Council</b>						
At least 40% of service requests will be received via self-service channels	Bigger is better	40%	22.75% (Q3 2021/22)	46.1%		Better than Q4 2020/21
<b>Thriving Communities</b>						
The number of claimants as a proportion of resident population of area aged 16-64 is better than North West average	Smaller is better	4.8%	2.6% (Q3 2021/22)	2.5%		Better than Q4 2020/21
% of the population with NVQ level 3 and above will increase	Bigger is better	56.2%	58.1% (NW average)	53.1%		Worse than Q4 2020/21
Number of new savers with Unify Credit Union in South Ribble	Bigger is better	200 (Annual)	47 (Q3: 2021/22)	15		New for 2021/22
<b>A fair local economy that works for everyone</b>						
Overall employment rate greater than north west average	Bigger is better	72.9%	79.1% (Q3: 2021/22)	75.9%		Worse than Q4 2020/21
% 16 -17year olds not in education or training (NEET)	Smaller is better	3.5%	2.6% (Q3: 2021/22)	3.1%		Better than Q4 2020/21
Median workplace earnings in the borough will be better than the national average	Bigger is better	£612.80	£571.70 (Q4: 2020/21)	£591.70		Better than Q4 2020/21
Median earnings by residence (residents of South Ribble) will be better than the national average	Bigger is better	£613.10	£540.00 (Q4: 2020/21)	£550.40		Better than Q4 2020/21
<b>Good homes green spaces healthy places</b>						
Number of meals provided to school age children through holiday hunger offer	None	No Target (Monitor Trend)	11020 (Q3: 2021/22)	1020	N/A	Worse than Q4 2020/21
The number of wellbeing sessions delivered by the Active Health Team	Bigger is better	Target to be set 2022/23	1969 (Q3: 2021/22)	2794	N/A	New for 2021/22

27,500 Trees will be planted in the borough this year (Cumulative)	Bigger is better	27,500 (Annual)	4,435 (Q3: 2021/22)	34504	★	Better than Q4 2020/21
The number of people who are prevented from becoming homeless or have had their homelessness relieved	Bigger is better	No Target (Monitor Trend)	239 (Q3: 2021/22)	290	N/A	Worse than Q4 2020/21
Number of affordable homes delivered	Bigger is better	80	59 (Q2: 2021/22)	86	★	Better than Q4 2020/21

### Key Organisational Performance Measures

Indicator Name	Polarity	Target	Comparison (Previous Quarter)	Quarter 4 2021/22	Symbol	Trend
Number of households in temporary accommodation at the end of the quarter	Smaller is better	Target to improve trend	51 (Q3: 2021/22)	36	★	Better than Q4 2020/21
Number of accidents reported to Health and Safety from work related activity	Smaller is better	Target to improve trend	10 (Q3: 2021/22)	7	★	Worse than Q4 2020/21
No. of accidents reported to Health Safety Executive for work related activity (RIDDOR)	Smaller is better	4	0 (Q3: 2021/22)	0	★	Better than Q4 2020/21
Number of near miss incidents reported to Health and Safety	Bigger is better	Target to improve trend	1 (Q3: 2021/22)	3	★	Same as Q4 2020/21
The average number of working days from Disabled Facilities grant referral received from LCC to application approved	Smaller is better	167 Days	106 days (Q3: 2021/22)	138 days	★	Better than Q4 2020/21
% planning applications decided within 13 weeks (major applications)	Bigger is better	80%	100% (Q3: 2021/22)	85.7%	★	Worse than Q4 2020/21
% planning applications decided within 8 weeks (minor / other applications)	Bigger is better	85%	186.3% (Q3: 2021/22)	85.8%	★	Same as Q4 2020/21

## Financial Performance

In 2021/22, the Council set a balanced annual budget of £14.480m.

The draft outturn report for 2021/22, approved by Cabinet on 20 June 2022, showed a forecast net surplus of £0.484m. The report and appendices can be found here – [link](#)

The outturn position is summarised in the table below

Directorate	Original Budget £'000	Current Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Commercial & Property	1,708	1,750	1,827	77
Communities	1,697	1,690	1,449	(241)
Customer & Digital	6,325	6,217	5,906	(311)
Governance	1,794	1,796	1,706	(90)
Planning & Development	659	582	(67)	(649)
Policy	1,883	1,881	2,125	244
Provision for repayment of debt	298	298	298	0
Interest payable / (receivable)	(118)	(118)	(90)	28
Parish Precepts	434	434	478	44
Pensions cost	(10)	(10)	227	237
Savings target	(190)	(40)	-	40
Covid-19	-	-	13	13
<b>Funding Requirement</b>	<b>14,480</b>	<b>14,480</b>	<b>13,872</b>	<b>(608)</b>
Funding	Original Budget £'000	Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Council Tax	(8,599)	(8,599)	(8,599)	-
Lower Tier Support Grant	(100)	(100)	(100)	-
New Homes Bonus	(363)	(363)	(363)	-
Reserves	(124)	(124)	-	124
Retained Business Rates	(3,829)	(3,829)	(3,829)	-
Section 31 Government Grants	(1,465)	(1,465)	(1,465)	-
<b>Total Funding</b>	<b>(14,480)</b>	<b>(14,480)</b>	<b>(14,356)</b>	<b>124</b>
<b>Net Outturn</b>	<b>-</b>	<b>-</b>	<b>(484)</b>	<b>(484)</b>

It was approved to utilise the underspend as follows:

- a. Transfer of £392k to the Covid Recovery Reserve
- b. Transfer of £92k to ear-marked reserves for the future costs of Planning Appeals and inquiries

The outturn position will be considered as part of future updates of the Council's Medium-Term Financial Strategy (MTFS) to ensure that ongoing additional income, or reduced expenditure, is fully reflected in the strategy.

In recent years austerity measures have been implemented by Central Government to reduce overall public sector spending. This has resulted in changes in the way the Council is funded and has seen the withdrawal of central government grants including the revenue support grant and, in the future,

the anticipated withdrawal of New Homes Bonus. This has been in part replaced by an increase in locally retained business rates as the Council, as part of the Lancashire Business Rate Pooling arrangement, benefits annually by approximately £1.6m per annum through this pooling.

There is risk and uncertainty in relation to future years funding, not only because it is directly linked to growth in the borough, but also because it will be impacted by the pending outcome of Central Government's Fair Funding review and any potential reset to the business rates retention system. The implementation of these has been delayed now for several years, firstly due to government's focus on Brexit and then due to the Covid-19 pandemic. Whilst uncertainty remains regarding the implementation of the business rates baseline reset, which may have a major impact on the council's future income from business rates, it has been assumed in the budget that the Council will retain its benefit from membership of the Lancashire Business Rates Pool going forward; the associated funding has been assumed as a proxy for any future funding adjustments when further Government announcements are made. Along with all other assumptions in the MTFs, this will be kept under review.

In light of this, and the fact that Council Tax is the major source of funding for local services, it is essential that all councils monitor their collection rates and raise as much income as possible. Any under recovery of income can have a significant impact on the ability of a Council to fund its service delivery. South Ribble continues to perform well in this area, despite the effect of Covid-19 on businesses and residents, with collection rates of 96.50% for council tax and 96.14% for business rates in 2021/22. These collection rates have held up despite the impact of Covid, however in light of the cost of living crisis and the impact of rising inflation, these will be monitored closely as part of the Council's performance management framework during 2022/23.

Total reserves for the Council were £24.421m by the end of 2021/22 of which £4.141m is held in a general reserve. The remaining reserves are earmarked for specific programmes of work or costs that are known to the Council. Monitoring of reserves will continue to ensure they remain appropriate and reflect the level of risk that exists around unplanned/unforeseen expenditure or loss of income. A detailed breakdown of the individual reserves held is shown in Note 11 of the Statement of Accounts, which includes £1.117m of Covid-19 specific reserves to enable the Council to recover from the impact of the pandemic in 2022/23 onwards.

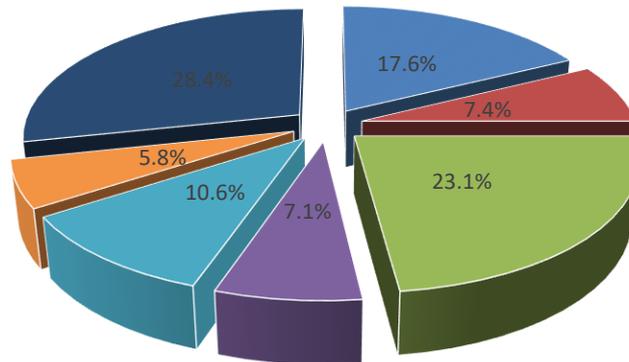
The following table shows the reconciliation between the outturn position on General Fund Reserves as shown in the Outturn Report and the total shown in the Expenditure and Funding Analysis (EFA), which forms Note 1 to the Statement of Accounts below:

<b>General Fund Reserves as at 31 March 2022</b>	<b>£'000</b>
Amounts as per Outturn Report:	
Earmarked Reserves	16,538
Final transfers to/from Collection Fund Deficit Distribution Reserve	3,795
Transfer of balance of Covid-19 Council Tax Hardship Fund to fund reliefs granted in 2021/22	(53)
	20,280
General Reserve	4,141
Amounts as per EFA	24,421

The following charts show where the Council's money came from and how it was spent on services.

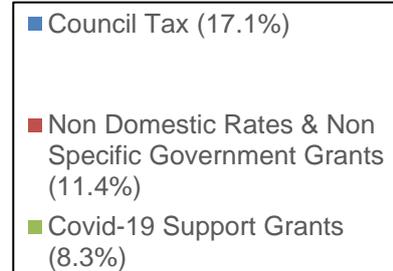
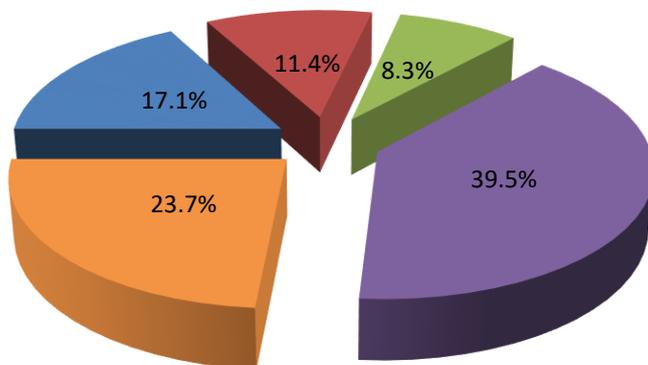
The gross expenditure for the Council is detailed in the Comprehensive Income and Expenditure Statement. In 2021/22 it consisted of:

## Where the money was spent



The gross income for the Council is disclosed in the Comprehensive Income and Expenditure Statement. It consisted of:

## Where the money came from



### Capital Programme

In February 2022 the Council approved a 3-year capital strategy of £57.842m. This programme delivers a number of key projects to the benefit of the residents of South Ribble:

- Health, Leisure and Wellbeing Programme (£30.504m) - including upgrades to key green infrastructure sites, completion of the Worden Hall refurbishment and investment in Worden Park, an extensive programme of works across other parks and open spaces in the borough, updating existing leisure assets and facilities and delivery of a new sports pitch hub with artificial grass pitches.
- Master planning and regeneration of key strategic sites (£6.433m)

- Housing (£16.878m) - the council has several large-scale projects to bring forward affordable housing in the borough. It will continue to implement these projects, bringing forward the development of better quality of homes in South Ribble. The council will develop over 70 self-contained extra care units embracing the principles of the lifetime homes standard that ensures the homes will be accessible and adaptable. It is forecast this development will generate a net income to the council in 2025/26 onwards
- Improved and updated ICT systems and technology (£1.488m) including mobile technology, replacement of Council service vehicles (£1.841m) and updates to the Civic Centre and corporate buildings (£0.700m).

The capital programme budget for 2021/22 approved by Council in February 2021 was £15.814m. With approved slippage from 2021/21, along with other changes to the programme during the year, the final budget was £13.352m.

The draft outturn position of the 2021/22 capital programme is set out in the following table and outlined further in Appendix B of the outturn report approved Cabinet on 20 June 2022. The report and appendices can be found here - [link](#)

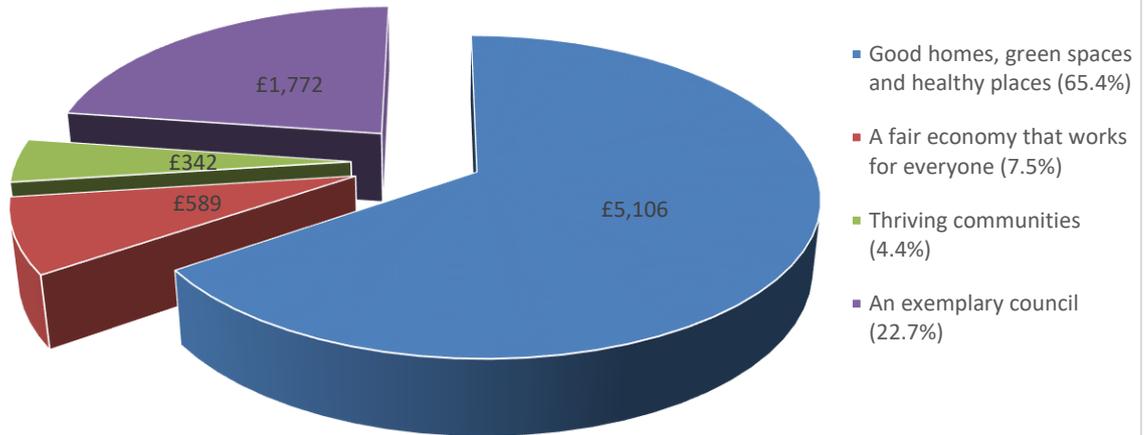
## Capital Programme Outturn 2021/22

### 2021/22 Capital Programme

Scheme Name	Original Budget 2021/22	Revised Budget 2021/22	Slippage/ reprofiling of budget (to 22/23)/from 22/23	Outturn 2021/22
<b>Good homes, green spaces and healthy places</b>				
Green Links	438	292	(73)	219
Worden Park Total	1,720	2,321	(1,255)	1,066
Other Parks and Open Spaces Total	1,416	1,298	(245)	1,053
Sports and Leisure Total	3,700	2,739	(1,563)	1,176
Housing Total	3,064	2,271	(678)	1,593
<b>Good homes, green spaces and healthy places</b>	<b>10,338</b>	<b>8,921</b>	<b>(3,814)</b>	<b>5,107</b>
<b>A fair economy that works for everyone</b>				
<b>A fair economy that works for everyone</b> – incl Master Planning and regeneration, Town Deal RIBA Stage 3 and site acquisitions	<b>2,200</b>	<b>2,191</b>	<b>(1,603)</b>	<b>588</b>
<b>Thriving communities</b>				
<b>Thriving communities</b> – incl Leisure Local, St. Mary's, Penwortham, Churchyard and Vernon Carus Sports Club	<b>350</b>	<b>299</b>	<b>(1)</b>	<b>298</b>
<b>An exemplary council</b>				
IT Programme Total	337	302	(125)	177
Corporate Buildings	400	455	1	456
Vehicles and Plant replacement programme	2,189	1,184	(1)	1,183
<b>An exemplary council</b>	<b>2,926</b>	<b>1,941</b>	<b>(125)</b>	<b>1,816</b>
<b>Total</b>	<b>15,814</b>	<b>13,352</b>	<b>(5,543)</b>	<b>7,809</b>

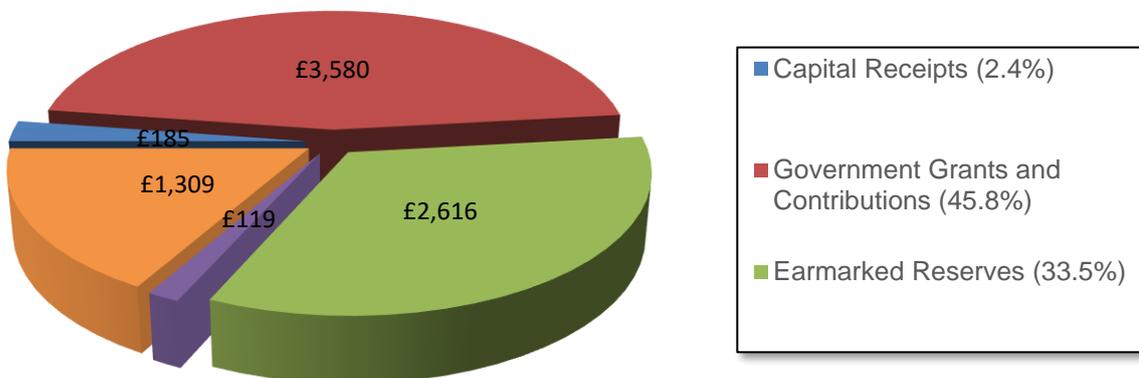
A summary position of capital expenditure and capital financing is set out below.

## Capital Expenditure £'000



The Council has financed this expenditure through a number of different sources outlined in the charts below.

## Capital Financing £'000



The significant areas of spend on projects (over £20k) in 2021/22 are outlined below:

<b>Project</b>	<b>2021/22 Outturn £'000</b>
<b>Good homes, green spaces and healthy places</b>	
Leyland Loop	68
Bridleway in western Leyland	63
Electric Vehicle charging points	83
Worden Hall Refurbishment	1,057
Hurst Grange Coach House Phase 2	465
Open Spaces – Bent Lane	177
Playground – Haig Avenue	172
Playground – Bellis Way	20
Playground – Bent Lane	166
A Tree for every Resident	39
Tennis Centre Car Park	90
Leisure Centre receptions	23
Lostock Hall Football facility (St Gerard's)	117
Sports Pitch Hub	836
Council Leisure facilities other than leisure centres	92
Affordable Housing – McKenzie Arms	510
Affordable Housing – Pearson House	151
Disabled Facilities Grants	736
Extra Care Scheme	207
Next Steps Accommodation	70
<b>A fair economy that works for everyone</b>	
Masterplanning and regeneration - Penwortham	48
Parking meter replacements	20
Site Acquisitions	29
Town Deal RIBA Stage 3	491
<b>Thriving Communities</b>	
St Mary's, Penwortham - Churchyard wall repairs	31
Vernon Carus Sports Club	265
<b>An Exemplary Council</b>	
ICT - hardware	163
Air quality monitors	21
Corporate buildings	123
Civic Centre - building management system	33
Civic Centre – LED lighting	58
Civic Centre Solar Panels	53
Fire Safety – Civic Centre, Depot and Kingsfold	150
Vehicle Replacement Programme	1,184

## The Corporate Risk Register

Strategic Risk Register Risk management is a cornerstone of good corporate governance and the Council has established a system of risk management which involves the creation of risk registers at a strategic level, service level and individual project levels. Compiling the Strategic Risk Register requires a collective effort involving Senior Leadership Team (SLT) to identify the key strategic risk issues facing the Council.

The Strategic Risk Register is stored and managed within the Council's risk management system GRACE. SLT are responsible for identifying, owning monitoring and mitigating strategic risk including ensuring that any actions against each risk are completed.

The GRACE system also contains separate risk registers for individual projects and service level risk registers owned and controlled by individual services managers and project managers. All strategic risks are now contained and embedded within the GRACE system have been reviewed to inform this latest position. Directors and service leads continue to own individual risks with actions being owned by the most relevant Senior Officer within the organisation. All risks are stored within the GRACE system and are scored on a 4x4 risk matrix as outlined below:

<b>Major</b>	4	4 Low	8 Medium	12 High	16 High
<b>Serious</b>	3	3 Low	6 Medium	9 Medium	12 High
<b>Minor</b>	2	2 Low	4 Low	6 Medium	8 Medium
<b>Insignificant</b>	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4
		Rarely – there is a slight possibility that the event will occur	Unlikely- there is a possibility that the event will occur or there is a history of occasional occurrence within the authority	Likely – There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority	Highly likely -there is little doubt that the event will occur

The latest Corporate Risk Register was reported to Governance Committee on 26 July 2022, the full report can be found here - [link](#).

A summary of the updated risks for 2022/23 is outlined in the table below. This includes a summary of the existing control measures and actions in place to mitigate risk and any changes to the risk level since the last review.

The close management and delivery of actions to mitigate and control risks means that the majority of risks have remained stable, with three risks being identified as decreasing in risk level and two as increasing.

The highest scoring risks are highlighted in **Red** in the table below. Many of these risks focus on delivering Council priorities, including service delivery, large scale capital projects, new ways of working, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and changes to funding that we will have to continue to address in order to meet the demand for services and needs of residents. Similarly, the impact of the national job market on staffing resources and capacity is a significant risk to service delivery and performance. There are strong control measures in place to mitigate these risks, including as part of the council's governance framework and budget setting and monitoring processes.

Risk	Description	Inherent	Residual	Direction	Comment	Planned actions
R01- Service Delivery	The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents	8	6	↓	<p>Decrease in inherent risk from 16 to 8 and residual risk from 9 to 6 to reflect reduction in risk as we emerge from the Covid-19 pandemic. Cyber security risks used to be contained as part of this risk but are now to be covered by R7 'Risk to ICT Security impacting on service delivery and data protection including failure to comply with GDPR regulations and data legislation.'</p> <p>Measures in place to control the risk of incidents affecting service delivery include the business continuity plan, emergency plan, command and control structure and national, regional and local security plans and ICT continuity plan.</p>	A new action has been identified to establish a forward plan of testing of business continuity plans to ensure they are robust and fit for purpose, and for SMT to monitor the impact of the Ukraine crisis on business continuity in relation to areas such as supply chains and security.
R02- Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal	12	9	↓	<p>Risk reduced from 16 (high) to 12 (high) to reflect that the risk of delivering objectives through partnerships has now reduced as the Leisure and Waste services have been insourced. The risk level still remains high as the Council works with partners to achieve several strategic objectives, such as the City Deal, and whilst this brings benefits in terms of wider influence and capacity to deliver, it also means that the Council has less control over successful delivery. Current risk score maintained with</p>	<p>Planned actions to mitigate risk further include a mid-term review of the City Deal to identify the future direction of the partnership.</p> <p>New actions have also been identified to engage with emerging system changes at a Lancashire Level including in relation to Levelling Up and the delivery of the corporate strategy project to 'join up public services by working through the Chorley and South Ribble Partnership'</p>

					existing control measures including the Key Strategic Partnership Framework to provide regular monitoring of key contracts, alongside shared governance arrangements, agreed structures and partnership boards.	
R03- Financial Sustainability	Reduction in current funding streams including government grant and key public sector and third party partners	12	9	→	Current risk score maintained with existing control measures to reduce the risk of poor financial stability include the MTFS and reporting, budget monitoring arrangements and the transformation strategy. Whilst risk remains high due to uncertainty in relation to government funding, the rising cost of living and inflation, the control measures help to ensure that the council is in a strong financial position.	Planned actions to further mitigate risk include engaging in plans aligned to Levelling Up and monitoring the impact of this and any future funding streams and bids to ensure South Ribble benefits from future funding opportunities. The budget planning process for 2022/23 has commenced which will closely monitor any updates from central government regarding future funding, including the UK Shared Prosperity Fund and ensure that our MTFS plans for any reduction.
R04- Management of Capital Programme and Capital Funding	Poor management and monitoring of capital funding and expenditure to deliver large scale improvements to the corporate plan - ensuring that is on track and up to date and projects delivered within agreed timescales and budget	12	9	→	Current risk score maintained. Current measures in place to mitigate risk include quarterly monitoring of the Capital programme, regular budget monitoring arrangements for projects within the capital programme, contract management and staffing support available through informal shared services arrangements with Chorley Council.	Planned actions to be delivered include regular updates of funding arrangements, with the Finance team to meet with service areas to identify alternative funding and to maintain membership of professional bodies to ensure that the staff skills are in place to manage the capital programme.
R05- External Legislation	Failure to account for and/or respond to	12	8	→	Current risk score maintained. Existing control measures in place include	

and Policy Change	external legislation and policy change for example those brought about by BREXIT, Universal Credit, GDPR , local government transformation, Green agenda				regular policy reviews, policy and legislation briefings, response to government consultations, officer and member training and interaction with partner agencies.	
R06- Staff Capacity and Skills	Lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment,) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy	16	12	↑	At the last review of the risk register, the inherent risk score for staff capacity and skills was increased from 9 (medium) to 12 (high) based on risk of vacancies in key areas for service delivery with the risk that these vacancies might be difficult to fill due to national recruitment patterns. Based on feedback from members and the continuation of recruitment issues which are affecting some service areas, the risk has been increased from 12 (high) to 16 (high) and the residual risk from 9 (medium) to 12 (high) to reflect that this is currently an issue being faced by the Council. Current control measures in place include the OD strategy which continues to develop staff's skills, HR mapping of the key gaps and recruitment drives to mitigate this, reviewed employee benefits and the performance review process.	Despite the increasing risk and issues experienced, actions have been identified which will help to mitigate this risk moving forwards. Anew action has been identified for the review of management capacity, which will help to ensure that there is the right level of capacity at the head of service level. The new People Strategy will also support recruitment, retention and staff development through: <ul style="list-style-type: none"> <li>- delivery of a review of recruitment and onboarding to ensure this is as efficient as possible</li> <li>- consistent graduate and apprentice process to grow our own</li> <li>- annual development day to give staff more time for developing their skills</li> <li>- annual workforce review to provide information on any current or upcoming skills gaps</li> </ul>
R07- ICT Security and	Risk to ICT Security impacting on service	12	8	→	Current risk score maintained. Current measures in place include security	Planned actions to further mitigate risk include the delivery of the Digital

Data Protection	delivery and data protection including failure to comply with GDPR regulations and data legislation				arrangements and policies including Information Security, security testing, implementation of the SOCITIM review and Government briefings and guidance.	Strategy and ICT Plan to ensure that the right technology and infrastructure is in place to support ICT security and mandatory Information Security Framework training to be completed by all staff.
R08- Covid Recovery	Failure to adjust practices and processes to reflect the impact of the Covid-19 pandemic.	9	6	↓	Reduction in inherent risk from 12 (high) to 9 (medium) and inherent risk from 8 (medium) to 6 (medium) to reflect reduced risk as Covid-19 measures have relaxed and the council has adapted to new ways of working.  Current control measures in place include Covid-19 working practices and procedures and government guidance in respect of grants/provision of services.	A new corporate strategy project has been identified in relation to recovery from the pandemic which will look to improve pathways and access to support communities in their recovery.
R09- New Ways of Working	Failure to adapt business models and services to reflect changes in the way people interact and do business with the council (including consideration of communities post Covid-19, impact of local economy, and council services)	12	6	→	Risk level maintained to reflect current control measures in place to minimise the risk of not adapting to new ways of working include the Transformation Strategy, Digital Strategy and business planning process which all support the councils to identify and adapt changes to business models and the way people work.	Planned actions to further mitigate risk include a review of the Customer Access Strategy, implementation of the Digital Strategy and ICT Plan and implementation of the Workplace Strategy action plan to ensure that the right processes, technology and culture are in place to support agile and flexible working.
R10- Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including	12	6	→	The risk score for staff satisfaction and morale was increased at the last review of the risk register to reflect the amount of organisational change being	A new action has been identified to embed regular pulse surveys to be carried out to monitor staff wellbeing and allow for early recognition of

	increase in sickness absence				<p>undertaken by the council and the recovery of the Covid-19 pandemic. This risk score has been maintained as whilst steps have been taken to support staff wellbeing and morale, further time is needed to embed these steps and realise their impact.</p> <p>Current control measures in place to minimise the risk of low staff satisfaction and morale include consistent HR processes and policy, staff communications and OD strategy, with the Internal Communications Strategy and Organisational Development (as the new People Strategy) to be refreshed as part of planned actions.</p>	<p>issues impacting on staff satisfaction. Other actions have also been identified in relation to the delivery of the People Strategy including an interactive staff experience and review and relaunch of staff rewards and recognition.</p>
R11- Brexit	Potential detrimental impact of Brexit upon service delivery or costs	9	6	→	<p>Current risk score maintained as whilst there has been a minimal impact from the BREXIT transition date, the longer-term impact on legislation remains uncertain. Existing control measures include ongoing awareness from SMT.</p>	<p>There is an ongoing planned action in place to review relevant policies and procedures as the longer-term impacts of BREXIT emerge.</p>
R12- Corporate Governance Failure	Failure to implement and maintain the corporate governance framework action plan leading to continued fundamental	9	6	→	<p>Current risk score maintained. Existing control measures in place include the AGS action plan, Council Constitution, Code of Corporate Governance, Member and Officer protocols and Internal Audit.</p>	<p>Planned actions include a review of the Constitution, to develop the council's approach to fraud, and the develop a range of reports for risk management in line with the annual governance statement actions to allow for more frequent risk information to be shared with Directors around service and project risks.</p>

	weaknesses in internal controls.					
R13- Political Relationships	Failure to maintain political stability and Officer- Member relationships	9	6	→	Current risk score maintained. Regular portfolio reviews, annual refresh of corporate strategy projects and member briefings are in place as existing measures to minimise the risk of the breakdown of political relationships.	Planned actions include ongoing member training and a review of the approach to committee meetings in line with the Local Government Association to ensure best practice and review effectiveness of the scrutiny function.
R14- Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction	9	4	→	Current risk score maintained. Current measures in place to minimise risk to the council's reputation include strong governance arrangements and frameworks for measuring and monitoring performance including conduct and capability policies, communication and engagement channels, complaints policy, resident satisfaction survey, performance monitoring, the corporate strategy and budget setting process, and the strategic partnership framework.	Actions planned to further mitigate risk include a reviewed customer strategy in line with the shared Customer Services review which will aim to improve the resident experience and thus satisfaction.
R15- Shared Services Arrangements	Failure of existing shared service arrangements/ failure to expand shared services arrangements	9	4	→	Current risk score maintained based on work that has been carried out to strengthen the approach to future phases of shared services.  The risk of failure to shared services arrangements has several control measures in place to minimise risk including governance arrangements, shared Chief Executive and SMT and regular performance reporting and	Planned actions include a reviewed approach to future phases of shared services, using lessons learned from previous phases to minimise impact on service delivery and ensure successful shared services.

					monitoring of shared services to Shared Services Joint Committee.	
R16- Council Performance	Failure to sustain performance of Corporate Strategy projects and general organisational performance	12	6	↑	Risk score increased from 9 (medium) to 12 (high) to reflect that whilst there has been relatively stable Council performance during the Covid-19 pandemic, there is a risk in relation to the delivery of work and capacity across the council. Measures in place include quarterly monitoring and reporting through the refreshed performance management framework, business planning process and local indicators.	Further work to develop the performance and project management systems will help embed the approach to performance management and further mitigate risk. The Programme Management Office has support in place to drive forward the delivery of key projects and programmes including the ICT plan, which provides the basis of infrastructure and technology to support the effective use of new technology, and the Delivery Plan, which priorities key projects and programmes to ensure we are delivering against key priorities.

The highest scoring risk, with an inherent risk score of 16, is R6 'staff capacity and skills.' This has a high risk score due to the current issues being experienced in relation to the current national job market and recruitment challenges which are causing issues in recruitment to some services. Despite the high risk, the council has several control measures in place including the OD strategy which continues to develop staff's skills, HR mapping of the key gaps and recruitment drives to mitigate this, and reviewed employee benefits to attract and retain staff. Planned actions to mitigate this risk further include the review of management capacity which will help to ensure that there is the right level of capacity at the head of service level. The new People Strategy, which is currently being consulted on with staff, will also support recruitment, retention and staff development through:

- delivery of a review of recruitment and onboarding to ensure this is as efficient as possible
- consistent graduate and apprentice process to grow our own
- annual development day to give staff more time for developing their skills
- annual workforce review to provide information on any current or upcoming skills gaps

The majority of strategic risk levels have remained similar to 2021/22, as mitigating actions and controls have ensured that the risks have been effectively managed and therefore not escalated across the year. All actions and controls have been reviewed and updated against these risks to ensure any new activity is captured and this will be recorded within the GRACE system following Governance Committee. Key changes are summarised below:

#### **Decreasing risk scores:**

- A decrease in inherent risk for R1 'the ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents' from 16 (high risk) to 8 (medium risk) and residual risk from 9 (medium risk) to 6 (medium risk.) This is to reflect that there is now a reduced risk to service delivery from the Covid-19 pandemic, with government guidance and restrictions lifted, the virus being managed at a local level and nation-wide mitigating actions such as the vaccine programme. Potential future risks to service delivery are also well managed with well-established business continuity plans in place.
- The scope of R1 has also changed with the cyber security risk element now included within R7 'Risk to ICT security impacting on service delivery and data protection' to better reflect the specific control measures and mitigating actions in place in relation to ICT and cyber security.
- A decrease in the inherent risk for R2 'failure to achieve desired outcomes through strategic relationships' from 16 (high) to 12 (high.) This reflects that the risk of delivering objectives through partnerships has now reduced as the Leisure and Waste services have been insourced. The risk level still remains high as the Council works with partners to achieve several strategic objectives, such as the City Deal, and whilst this brings benefits in terms of wider influence and capacity to deliver, it also means that the Council has less control over successful delivery.
- A decrease in risk score for R8 'failure to adjust our practices and services to reflect the impact of the Covid-19 pandemic' from an inherent risk of 12 (high) to 9 (medium) and a residual risk of 8 (medium) to 6 (medium.) This reflects the reduced impact of Covid-19 as government guidance and legislation has been lifted and the council has adapted to new ways of working, such as through hybrid and remote work. The council has adapted well to deliver new services as required, such as the administration of grants and rebates, and there is a corporate strategy project in place to reflect the need to adjust services to meet the changing needs of residents.

## **Increasing risk scores:**

- An increase in risk score for R6 'Lack of staff capacity and/ or skills (including as a result of issues in relation to recruitment,) to enable service delivery or for the Council to deliver large-scale capital projects to support the Corporate Strategy' from 12 (high) to 16 (high.) This reflects ongoing capacity issues impacted by the national job market and recruitment patterns. As outlined above, the upcoming People Strategy will deliver a set of interventions targeted as improving the council's ability to recruit, train and retain our workforce.
- An increase in risk score for R16 'council performance' from 9 (medium) to 12 (high) to reflect that whilst there has been relatively stable Council performance during the Covid-19 pandemic, there is a risk in relation to the delivery of work and capacity across the council including as a result of the risk to staffing resources and recruitment to key posts. Further work to develop the performance and project management systems will help embed the approach to performance management and further mitigate risk. There is also Programme Management Office support in place to support the delivery of key programmes such as the ICT plan, which will ensure that the right technology and infrastructure is in place to support service delivery, and the Delivery Plan Project Team, which will help to ensure that priority projects are well coordinated and delivered.

## **Coronavirus Pandemic**

In March 2020, the whole of the UK was affected by the pandemic and central government issued various instructions and guidance to combat this. Like all Councils, South Ribble took action to protect itself, its staff and the community.

The impact of the restrictions were felt throughout 2020/21 and 2021/22. The financial implications have been reported quarterly to members within the revenue and capital budget monitoring papers. To date the funding from Government has met the increased costs and loss of income that the Council has experienced during the pandemic, and earmarked reserves are held of £1.171 million to support the recovery in 2022/23 and beyond.

## **Outlook for the Future**

All local authorities are facing financial challenges; this has been recognised and changes to the funding mechanisms was expected through the Government's Fair Funding Review which was due to be issued for implementation back in the autumn of 2019. This was postponed firstly due to BREXIT and then as a result of the Covid-19 pandemic and to date remains outstanding. As such financial planning over the medium to long term is laden with assumptions.

In February 2022, the Council updated its MTFS to reflect the Council's new corporate priorities, and changes in funding and expenditure. Gaps between the budget required and the likely funding available were approved by Full Council, based on prudent economic growth and Council Tax increases to achieve a balanced three-year Medium Term Financial Strategy. There are however savings that will be required over the next couple of years due to the anticipated impact of changes in government grant funding. The Council continues to develop and refine its Transformation Plan to close the budget gap through the delivery of savings and/or generation of additional income. The MTFS is kept under constant review in order to take account of changes in demand and/or funding that may impact on the financial position going forward.

Efficiencies identified and reported in previous years will continue to be progressed and options for the delivery of more efficiency savings and investment returns are being developed. The Council is also developing robust arrangements to ensure that plans for efficiencies are realistic and deliverable over agreed timescales. Updates are provided to Cabinet at regular intervals and the Council is developing the delivery of the Transformation Strategy.

The Council is in a potentially high growth area for housing and business. As such it needs to manage this growth to ensure that the Council services and the wider infrastructure are reshaped accordingly. To deliver this the Council has embarked on an ambitious capital programme utilising its own reserves, external funds and borrowing, where the appropriate business case exists to repay debt, to facilitate this transformational programme for its residents. This focus will be both on front line service delivery and back office support such that the Council has the resilience for growth from within existing resources. The Council also plans to deliver an ambitious housing programme to facilitate housing options within the borough. Growth delivered without infrastructure can have negative environmental impacts such as Air Quality. Therefore at the same time the Council is investing in its Green Links programme to promote the wider Health Leisure and Wellbeing priorities associated with its Parks and Open Spaces and sports facilities as well as working with the County Council on highway infrastructure to offset these wider impacts.

## **Treasury Management**

The treasury operations of the Council are conducted in accordance with its annual Treasury Strategy. This strategy document identifies the investment and borrowing policies of the Council over a three-year period, specifying, amongst other things, the criteria for investment counterparties, the maximum duration and amount of investments, and the need for borrowings.

The key facts for 2021/22 were:

- Investments were short-term, the maximum period permitted by the Council's Treasury Strategy being one year.
- The average cash balance invested was £58.294m at an average rate of 0.15% and generated £0.087m of interest during the year.
- There was an increase of £1.309m in the underlying Prudential Borrowing requirement from funding the capital programme. In accordance with the approved Borrowing Strategy, this was funded by the use of internal balances and no external borrowing was entered into.

## **Pension Fund Liability**

The pension fund deficit has decreased during the year by £5.794m, from £37.289m to £31.495m. This includes allowance for an increase of £2.756m to recognise the transfer to the council, on 1st April 2021, following the end the leisure outsourcing contract, of the net pension liability for employees of South Ribble Community Leisure Limited. This was under the terms of the guarantee of these costs provided by the council at the outset of the contract in 2004/05. Without this, the decrease in the net liability would have been £8.550m. These figures reflect the value of pension liabilities which the Council is required to pay in the future when they fall due, offset by the value of assets invested in the pension fund. The Council's pension fund is revalued every three years to set future contributions into the fund; the last valuation was undertaken in 2019 which reported a funding level of just over 100%, the result of the Lancashire County Pension Fund being one of the most successful Local Authority funds in the country. The Council has a deficit recovery plan in place with the Administering Authority which aims to maintain a 100% funding level by making additional Deficit Recovery Contributions over a 16-year period. The next valuation will be as at 31 March 2022 and is currently underway.

This deficit figure is an estimate, based on the actuary's assessment of the present value of the liabilities to be met by the fund over a long period, less its current assets and anticipated future receipts. Note 37 presents detailed information about the Defined Benefit Pension Scheme.

## **Going Concern**

South Ribble Borough Council's MTFS outlines the strategies it will pursue to meet current and future funding shortfalls. A balanced budget for 2022/23 has been approved and there is no reason to believe that the budget gap identified in the Council's budget in future years will not be entirely

mitigated through the Transformation Programme. As such, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Further Information**

If you would like to receive any further information about these accounts, please do not hesitate to contact South Ribble Borough Council on 01772 625625, by email at [info@southribble.gov.uk](mailto:info@southribble.gov.uk) or by post at the Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH.

# Introduction to the Statement of Accounts

The Accounts and Audit Regulations 2015 (as amended) require the council to produce a Statement of Accounts for each financial year.

This Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code), which is based on International Financial Reporting Standards.

The Statement of Accounts contain a number of sections and statements and these are explained below:

## STATEMENTS TO THE ACCOUNTS

- Page 39     **The Independent Auditor’s Report** – This gives the auditor’s opinion of the financial statements and of the council’s arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- Page 45     **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the council and the Responsible Financial Officer in relation to the Statement of Accounts.
- Page 127    **The Annual Governance Statement** – The council is required to conduct an annual review of the effectiveness of its system of corporate governance and to publish a statement on the adequacy of the system with its annual accounts. This statement is referred to as the Annual Governance Statement (AGS). The AGS explains our governance arrangements, the review of the governance framework against the Local Code of Governance and future plans to improve and strengthen the governance environment.

## CORE FINANCIAL STATEMENTS

The core financial statements consist of the following:

- Page 46     **Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Page 47     **Movement in Reserves Statement** – Levels of reserves, and movements therein, are indicators of the financial strength of the organisation. This statement distinguishes usable from unusable reserves. The distinction is explained in the Balance Sheet comment below.

The Movement in Reserves Statement shows the surplus or deficit arising in the year on the Provision of Service. This is the true economic cost of providing the authority’s services (as detailed in the Comprehensive Income and Expenditure Statement). For the purposes of council tax setting, however, a series of statutory adjustments are then made, resulting in a line entitled “Increase/Decrease in year”.

- Page 48     **The Balance Sheet** – this shows the value of the assets and liabilities recognised by the authority. The total of these, the Net Assets, is matched by the authority’s reserves, as shown in the lower part of the Balance Sheet.

Reserves are categorised into “Usable”, i.e. available to fund expenditure or reduce local taxation, and “Unusable”. The latter includes the Revaluation Reserve (holding

unrealised gains in property values), and other reserves holding amounts arising from differences between the accounting basis used in compiling the Comprehensive Income and Expenditure Statement and statutory basis prescribed for taxation purposes.

Page 49 **Cash Flow Statement** – this shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

Page 50 **Notes to the Main Financial Statements** – these add to and interpret the individual statements.

## **SUPPLEMENTARY FINANCIAL STATEMENTS**

Page 112 **Collection Fund** – this is an agents statement that reflects the statutory obligation for billing authorities to record transactions relating to the collection of Council Tax and Non-Domestic Rates, and their distribution to precepting authorities, the Government, and the council itself.

Page 113 **Notes to the Collection Fund** – these add to and interpret the Collection Fund statement.

Page 116 **Group Accounts** – these are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries, plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.

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

## Report on the Audit of the Financial Statements

### Opinion on financial statements

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

In our opinion, the financial statements:

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the

group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

### **Opinion on other matters required by the Code of Audit Practice**

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements**

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012 .
- We enquired of senior officers and the Governance Committee, concerning the group and Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and

- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that impacted income and expenditure or posted during the accounts production
  - potential management bias in accounting estimates; and
  - transactions outside the normal course of business.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of Finance has in place to prevent and detect fraud;
  - journal entry testing, with a focus on journals which impacted income and expenditure or posted during the accounts production;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, the valuation of investment property and defined benefit pensions liability valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of land and buildings, the valuation of investment property and defined benefit pensions liability valuations.
- Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

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

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

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

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

### **Responsibilities of the Authority**

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

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

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

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

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

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

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

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

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

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

### **Use of our report**

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

*Georgia Jones*

Georgia Jones, Key Audit Partner

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

Liverpool

22 March 2023

# Statement of Responsibilities

This statement defines the responsibilities of the council and the Responsible Financial Officer in respect of the council's financial affairs.

## The council's Responsibilities

The council shall:

- Make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Director of Finance/S151.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## The Chief Financial Officer's Responsibilities

The Director of Finance/S151 Officer. is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Complied with the local authority Code;
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Further Information

Further information about the accounts is available from the Shared Financial Services Team, Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH

## Certification

I certify that the Statement of Accounts gives a true and fair view of the financial position of South Ribble Borough Council as at 31 March 2022 and its Income and Expenditure for the year ended 31 March 2022.



Louise Mattinson  
Director of Finance

Date: 20 March 2023

# CORE FINANCIAL STATEMENTS

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This is not the amount to be funded from taxation, since authorities raise taxation to cover expenditure in accordance with regulations. The taxation position is shown in the Movement in Reserves Statement.

2020/21				Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
546	(511)	35	Commercial & Property *		9,284	(1,536)	7,748
2,848	(619)	2,229	Communities		3,740	(1,299)	2,441
25,130	(18,626)	6,504	Customer & Digital		26,195	(18,041)	8,154
3,225	(1,284)	1,941	Governance		3,599	(1,627)	1,972
4,214	(3,731)	483	Planning & Development		5,368	(5,251)	117
2,585	(4,379)	(1,794)	Policy		2,919	(740)	2,179
2,498	(41)	2,457	Budgets Not in Directorates		2,684	(2,670)	14
<b>41,046</b>	<b>(29,191)</b>	<b>11,855</b>	<b>Cost of Services</b>		<b>53,789</b>	<b>(31,164)</b>	<b>22,625</b>
440	(27)	413	Other operating expenditure	12	478	(185)	293
2,822	(3,137)	(315)	Financing and investment income and expenditure	13	2,547	(3,404)	(857)
10,871	(25,150)	(14,279)	Taxation and non-specific grant income	14	10,977	(31,821)	(20,844)
<b>55,179</b>	<b>(57,505)</b>	<b>(2,326)</b>	<b>(Surplus) / deficit on provision of services</b>		<b>67,791</b>	<b>(66,574)</b>	<b>1,217</b>
		(521)	(Surplus)/deficit on revaluation of Property, Plant and Equipment				273
		8,346	Re-measurement of the net defined benefit liability	37d			(13,019)
		<b>7,825</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>(12,746)</b>
		<b>5,499</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>(11,529)</b>

\* The expenditure figure for Commercial and Property includes an amount of £2.931m to recognise the transfer to the council, on 1<sup>st</sup> April 2021, following the end the leisure outsourcing contract, of the net pension liability for employees of South Ribble Community Leisure Limited. This was under the terms of the guarantee of these costs provided by the council at the outset of the contract in 2004/05. The increase is subject to a statutory adjustment (see 'Note B Net Change for Pension Adjustments' under Note 8 below) and so has no effect on the levels of the council's reserves at 31<sup>st</sup> March 2022.

## Movement in Reserves Statement

This statement shows the movements in the year on the different reserves held by the council, analysed between those that are “usable” (available to fund expenditure or reduce local taxation), and other reserves.

The line “(Surplus)/deficit on provision of services” shows the true economic cost of providing the authority’s services, as detailed in the Comprehensive Income and Expenditure Statement. For the purposes of council tax setting however, a series of statutory adjustments are then made. These adjustments are shown in total below and are also detailed in Note 10.

	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2020</b>	<b>(20,813)</b>	<b>0</b>	<b>(10,269)</b>	<b>(31,082)</b>	<b>(6,714)</b>	<b>(37,796)</b>
<b><u>Movements in 2020/21</u></b>						
Total Comprehensive Income & Expenditure	(2,326)	0	0	(2,326)	7,825	5,499
Adjustments between accounting basis & funding basis (note 10)	(3,774)	0	1,986	(1,788)	1,788	0
<b>(Increase) / Decrease in year</b>	<b>(6,100)</b>	<b>0</b>	<b>1,986</b>	<b>(4,114)</b>	<b>9,613</b>	<b>5,499</b>
<b>Balance at 31 March 2021</b>	<b>(26,913)</b>	<b>0</b>	<b>(8,283)</b>	<b>(35,196)</b>	<b>2,899</b>	<b>(32,297)</b>
<b><u>Movements in 2021/22</u></b>						
Total Comprehensive Income & Expenditure	1,217	0	0	1,217	(12,746)	(11,529)
Adjustments between accounting basis & funding basis (note 10)	1,275	0	(2,350)	(1,075)	1,075	0
<b>(Increase) / Decrease in year</b>	<b>2,492</b>	<b>0</b>	<b>(2,350)</b>	<b>142</b>	<b>(11,671)</b>	<b>(11,529)</b>
<b>Balance at 31 March 2022</b>	<b>(24,421)</b>	<b>0</b>	<b>(10,633)</b>	<b>(35,054)</b>	<b>(8,772)</b>	<b>(43,826)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. It shows the net assets of the authority which are matched by the reserves held. Reserves are reported in two categories. 'Usable Reserves' includes reserves available to provide services and other reserves which may only be used to fund capital expenditure or repay debt. 'Unusable Reserves' fall into two categories. The first consists of the Revaluation Reserve which holds unrealised gains and losses in asset values. The second category holds amounts resulting from the "adjustments between the accounting basis and the funding basis", as shown in the Movement in Reserves Statement (MiRS).

31 March 2021 £'000		Notes	31 March 2022 £'000
33,868	Property, Plant & Equipment	15	36,374
10,144	Investment Property	16	11,159
163	Intangible Assets	17	112
39	Long Term Debtors	18	186
<b>44,214</b>	<b>Long Term Assets</b>		<b>47,831</b>
29,017	Short Term Investments	18	34,026
111	Inventories	19	114
10,462	Short Term Debtors	20	6,631
15,148	Cash and Cash Equivalents	21	21,272
<b>54,738</b>	<b>Current Assets</b>		<b>62,043</b>
(25,291)	Short Term Creditors	22	(31,306)
(2,081)	Provisions	23	(2,351)
<b>(27,372)</b>	<b>Current Liabilities</b>		<b>(33,657)</b>
(152)	Long Term Creditors	18	(152)
(37,289)	Net Pension Liability	37	(31,160)
(1,842)	Grant Receipts in Advance - Capital	33	(1,078)
<b>(39,283)</b>	<b>Long Term Liabilities</b>		<b>(32,390)</b>
<b>32,297</b>	<b>Net Assets</b>		<b>43,827</b>
(35,196)	Usable Reserves	24 & MiRS	(35,054)
2,899	Unusable Reserves	25	(8,773)
<b>(32,297)</b>	<b>Total Reserves</b>		<b>(43,827)</b>

The audited accounts were authorised for issue on 20 March 2023.



Louise Mattinson  
Director of Finance  
20 March 2023

## Cash Flow Statement

This shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

2020/21 £'000		Note	2021/22 £'000
2,326	Net surplus or (deficit) on the provision of services (CIES page 46)		(1,217)
13,665	Adjustments to net surplus or deficit on the provision of services for non-cash movements	26a	15,051
(134)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	26b	(5,969)
<b>15,857</b>	<b>Net cash flows from Operating Activities</b>	<b>26</b>	<b>7,865</b>
5,384	Investing Activities	27	(5,262)
(18,141)	Financing Activities	28	3,521
<b>3,100</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>6,124</b>
12,048	Cash and cash equivalents at the beginning of the reporting period		15,148
<b>15,148</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>21</b>	<b>21,272</b>

# Notes to the Main Financial Statements

**NOTE:** values throughout these accounts are presented rounded to whole numbers (usually thousands or millions of pounds). Totals in supporting tables and notes may appear not to exactly match to the Core Financial Statements or other tables, due to rounding differences.

## 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis Note, which is a note to the core financial statements, shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). More information on the adjustments between expenditure charged to the General Fund and the CIES is provided in Notes 8 and 10.

2020-21				2021-22		
Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000		Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000
(35)	70	35	Commercial & Property	1,576	6,172	7,748
3,357	(1,128)	2,229	Communities	1,402	1,039	2,441
5,347	1,157	6,504	Customer & Digital	5,793	2,361	8,154
1,806	135	1,941	Governance	1,696	276	1,972
301	182	483	Planning & Development	(36)	153	117
(2,172)	378	(1,794)	Policy	2,211	(32)	2,179
2,401	56	2,457	Budgets Not in Directorates	(570)	584	14
<b>11,005</b>	<b>850</b>	<b>11,855</b>	<b>Net cost of Service</b>	<b>12,072</b>	<b>10,553</b>	<b>22,625</b>
(17,105)	2,924	(14,181)	Other Income and Expenditure	(9,579)	(11,829)	(21,408)
<b>(6,100)</b>	<b>3,774</b>	<b>(2,326)</b>	<b>(Surplus) / Deficit in year</b>	<b>2,493</b>	<b>(1,276)</b>	<b>1,217</b>
(20,813)			Opening General Fund Balance at 1 April	(26,913)		
(6,100)			Add (Surplus) / Less Deficit on General Fund Balance in Year	2,493		
<b>(26,913)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(24,420)</b>		

## 2. Accounting Policies

### General Principles

The Statement of Accounts summarises the council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2021. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), 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.

### Accruals of Income and Expenditure (Revenue Recognition)

The Income and Costs of the council are accounted for in the period to which they relate, regardless of when the cash is paid 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 the performance obligations in the contract.
- Revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings 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.

### Cash and Cash Equivalents

Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand.

- Cash consists of cash in hand and deposits repayable without penalty on notice of not more than 24 hours.
- Cash Equivalents consist of highly liquid investments which mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with depreciation charges, revaluation and impairment losses in excess of accumulated revaluation gains, and amortisation charges in respect of intangible assets.

The Authority is not required to raise council tax to meet these charges. Instead it has 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 Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (the Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Council Tax and Non-Domestic Rates**

Billing authorities such as South Ribble Borough Council act as agents, collecting council tax and non-domestic rates (NDR) 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 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 National Non-Domestic Rates**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority'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 authority'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.

### **Contingent Assets and Liabilities**

These are assets and liabilities arising from past events the existence of which will only be confirmed by future events not wholly within the council's control. They are disclosed in the notes to the main financial statements. See Note 38 to the accounts.

### **Exceptional Items**

When items of income or expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement, or in the notes to the main financial statements, depending on their significance.

### **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 for current employees and are recognised as an expense for services in the year in which employees render service to the authority. 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.

### Termination benefits

These are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date, or a decision to accept voluntary redundancy. The costs are recognised when the council commits itself to terminate the employment of an officer or group of officers or makes an offer to encourage voluntary redundancy. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

### Post-Employment Benefits

Employees who are members of the Local Government Pension Scheme which provides defined benefits to those members. Full details of transactions are given in Note 37 to the accounts. The following notes explain the methodology.

The liabilities of the fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate for the year (based on the indicative rate of return on high quality corporate bonds).

The assets of the fund attributable to the Authority 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 net pension liability is analysed into the following components:

#### Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service 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 will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
- net interest on the net defined benefit liability i.e. net interest expense for the council - the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

#### Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – 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 paid to the pension fund:

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the 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 Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities thus arising 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.

#### **Events after the Reporting Period**

Where an event occurs after the Balance Sheet date and it provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts is adjusted.

Where an event that occurs after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted. The “non-adjusting event”, and an estimate of the financial effect, is however disclosed in the notes to the main financial statements.

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

#### **Financial Instruments**

##### Financial Liabilities

Borrowings are initially measured at fair value and carried at their amortised cost. The annual charge to the Comprehensive Income and Expenditure Statement (CIES) is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the Balance Sheet is the outstanding principal payable plus interest accrued at 31 March 2022.

Gains or losses on premature redemption are charged to the Comprehensive Income and Expenditure Statement unless they are the result of a restructure that involves the modification or exchange of existing instruments, in which case they are added to the amortised cost and charged over the life of the modified or exchanged loan. Where charged to the Comprehensive Income and Expenditure Statement, regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

##### Financial Assets

Financial assets measured at amortised cost are initially measured at fair value and carried at amortised cost. The annual credit to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the Balance Sheet is the outstanding principal receivable plus interest accrued at 31 March 2022.

The authority recognises expected credit losses on all of its financial assets measured 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 authority. Where a financial asset measured at amortised cost is identified as being subject to an expected credit loss, this shall be recognised as an impairment and the loss charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

### **Going Concern**

The accounts have been prepared on the assumption that the council will continue in existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

### **Government Grants and Other Contributions**

Government grants and other contributions for both revenue and capital purposes are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with. If compliance has not been achieved, cash received is held on the Balance Sheet as a long-term creditor.

The postings in the Comprehensive Income and Expenditure Statement relating to capital grants and contributions are reversed out of the General Fund balance in the Movement in Reserves Statement. If the monies have not been used, they are credited to the Grants Unapplied Reserve. If they have been applied to fund capital expenditure, they are credited to the Capital Adjustment Account.

### **Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. The Authority charges for and collects the levy, which is a planning charge. The levy income will be used to fund a number of infrastructure projects to support the development of the area. CIL received is limited by regulations. It is therefore recognised at the commencement date of the development in the Comprehensive Income and Expenditure Statement in accordance with the above core accounting policy for grants and contributions. CIL charges will be largely to fund capital expenditure with a small proportion used to fund revenue.

### **Intangible assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the council (e.g. software licences), is capitalised at cost if it is expected that future economic benefits or service potential will flow to the council for more than one financial year. Internally generated assets are capitalised where it is demonstrated that these will generate future economic benefits or service potential for the council.

The cost is amortised over the economic life to reflect the pattern of consumption. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

The postings in the Comprehensive Income and Expenditure Statement are reversed from the General Fund balance in the Movement in Reserves Statement and charged to the Capital Adjustment Account.

### **Interests in companies and other entities**

The authority has material interests in a wholly owned company, South Ribble Leisure Limited, that has the nature of a subsidiary and requires it to prepare group accounts. In the authority's own single-entity accounts, the interests in the company are recorded as financial assets at cost, less any provision for losses.

## **Inventories and Long-term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First in First Out (FIFO) costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **Investment Properties**

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value. Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. They are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Gains and losses on revaluation and disposal are not permitted by statute to impact on the council tax. A reversal is therefore done between the General Fund Balance and the Capital Adjustment Account (or, in the case of sale proceeds exceeding £10,000, to the Capital Receipts Reserve).

Operating income and expenditure from investment properties are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **Leasing**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. If the lease covers both land and buildings, then the land and building elements are considered separately for classification.

Assets 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.

### **The Authority as lessee**

#### Finance leases

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset is matched by a liability, being the obligation to the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are split between a finance charge, charged to the Comprehensive Income and Expenditure Statement, and the principal element, applied to write down the lease liability. Assets held under a finance lease will be subject to depreciation and revaluation in the same way as any other asset.

#### Operating leases

Rentals are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the asset.

### **The Authority as lessor**

#### Finance leases

Where the Authority grants a finance lease over an asset, it is written out of the Balance Sheet and charged to the "gain or loss on disposals" line in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The Authority's net investment in the lease is credited to the same line, matched by a Long-Term Debtor in the Balance Sheet. Lease rental receipts are split

between finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement), and the principal element applied to write down the Long-Term Debtor.

#### Operating leases

Where the Authority grant an operating lease over an asset it remains on the Balance Sheet, and the income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. See Note 36 to the accounts.

#### **Non-Current Assets Held for Sale**

Accounting treatment is detailed in the Property Plant and Equipment, Disposal and Non-Current Assets Held for Sale policy.

#### **Overheads**

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

#### **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 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 practice or if the change provides more reliable or relevant information about the effect of transactions on the council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods. Material errors will also require a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

#### **Property Plant and Equipment (PPE)**

All expenditure on the acquisition, creation, or enhancement of fixed assets is capitalised on an accruals basis in the accounts provided it exceeds the 'de minimis' threshold of £5,000 and provides benefits to the council for a period of more than one year.

#### Measurement

Assets are initially measured at cost, comprising the purchase price, and 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 the council. Should they be incurred, the Authority would capitalise borrowing costs incurred whilst major assets are under construction.

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

- Community Assets, Assets under Construction, and equipment are held at depreciated historical cost.
- Infrastructure Assets are held at depreciated historical cost, however, in accordance with the Temporary Relief offered by the Update to the CIPFA Code of Practice on infrastructure assets the gross cost and accumulated depreciation are not separately disclosed.
- All other assets are measured at current value, determined as the amount that would be paid for the asset in its existing use.

In respect of specialised assets, if there is an absence of market-based evidence of value, depreciated replacement cost is used as an estimate of current value.

Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. Assets held 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 credited to the Revaluation Reserve unless they reverse previous losses charged to the Comprehensive Income and Expenditure Statement, in which case the gain shall be credited to that account. A fall in value will be charged firstly against any balance held in the Revaluation Reserve. If this is insufficient or non-existent, the charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

### Depreciation

Non-current assets held for sale are not depreciated. Other property is depreciated over its useful life on a straight-line basis. Depreciation is based on the closing value of assets. Components are separately depreciated if

- The total value of the host asset (excluding land) exceeds £0.500m and
- The value of the component exceeds 20% of the asset value (excluding land)

Depreciation periods are as follows:

	<u>years</u>
Property (excluding components separately identified)	5-60
Property components - mechanical	25
Portable office facilities	10-15
Vehicles	3-10
IT equipment	3-5
Other equipment	5-15

Revaluation gains are also depreciated by transfer of the difference between the current valuation depreciation charge and the historic cost depreciation charge, from the Revaluation Reserve to the Capital Adjustment Account.

### Impairment

All assets are reviewed annually for impairment. Impairment losses are charged against revaluations held in the Revaluation Reserve. If these are inadequate the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. If an impairment loss is subsequently reversed, the reversal, up to the amount of the original loss adjusted for depreciation, is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

### Disposal 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 continuing use, it is reclassified as an Asset Held for Sale and shown within current assets. The asset is re-valued immediately and carried at the lower of this amount and current value less costs to sell. If assets subsequently fail to 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) and their recoverable amount at the date of the decision not to sell.

On disposal the carrying amount of an asset is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. Receipts exceeding £10,000 from disposal are credited to the same line; lesser receipts are included as service income in cost of services. Any revaluation gains accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

### Capital Charges and Council Tax

The postings in the Comprehensive Income and Expenditure Statement in respect of depreciation, impairment, disposal and revaluation are reversed in the Movement in Reserves Statement to avoid impacting on council tax. Capital Receipts exceeding £10,000 are reversed to the Capital Receipts Reserve. Other reversals are to the Capital Adjustment Account.

### **Provisions**

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing is uncertain. Provisions are charged to the appropriate revenue account, Expenditure, when incurred, is charged direct to the provision.

### **Reserves**

Reserves are created by appropriating amounts from the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the relevant service in the Comprehensive Income and Expenditure Statement, and the reserve is appropriated back into the General Fund Balance through the Movement in Reserves Statement.

### **Revenue Expenditure Funded From Capital Under Statute**

Expenditure incurred during the year that may be capitalised under statutory provision 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.

If the Authority has determined to use capital resources to meet the cost (as opposed to funding from revenue) a transfer is done in the Movement in Reserves Statement, from the General Fund Balance to the Capital Adjustment Account, so that there is no impact on the council tax.

### **Value Added Tax**

VAT is included in the accounts only to the extent that it is irrecoverable.

### **Fair Value Measurement**

The council measures some of its non-financial assets such as investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Valuations of non-financial assets are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS.

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

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

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

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

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

### 3. Accounting standards that have been issued but have not yet been adopted

The 2021/22 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2021/22 and 2022/23 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

- IFRS 16 Leases
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.

### 4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 2, the Authority has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### Fair Values

When measuring the fair value of a non-financial asset, the council uses judgement to ascertain 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. It also uses judgements regarding inputs to valuation techniques, particularly whether they are applicable and relevant to the assets or liabilities, either directly or indirectly, being valued.

## **Business Rates Appeals**

With business rates, ratepayers who consider the rateable values of their properties to be too high can lodge an appeal with the Valuation Office to have it reviewed. Any resulting reduction in bills can be backdated, perhaps over several years. This creates an uncertainty, because it means that the amount of income for the year from business rates, which has been included by the council in this Statement of Accounts, may later be reduced. Given that the gross income (before reliefs) in each financial year is over £40m and that the provision is required to cover several years, even a relatively low percentage allowance produces a material amount, so the council must acknowledge this in its Statement.

Given that the uncertainties involved, i.e. the numbers of future appeals, their value and how far they will be backdated are all unknown, the question arises as to whether this should be treated as a provision or as a contingent liability. It is considered that it should be recognised as a provision, rather than as a contingent liability, because it meets the definition of a provision under IAS 37, in that there is:

- (1) a present obligation arising from a past event;
- (2) payment is probable;
- (3) the amount can be estimated reliably.

In respect of (1), the 'present obligation' can (under IAS 37) be either legal or constructive. For appeals already lodged the present obligation would be legal. However, for appeals not yet lodged, the present obligation is constructive, on the basis that the past practice of the council, in processing liability adjustments and associated refunds, creates a valid expectation on the part of the business rates payer that refunds will be granted in the future, as a result of equivalent liability adjustments. The past event is the raising of the business rates charge.

In respect of (2), there is a probability of payment, although there is a chance that refunds may not be payable, if individual businesses no longer exist. However, the number of such credits written off is very low. Any credits that are written off require liability adjustment (effectively re-raising the debt for refunds that are not payable). As such they are included in the data that feeds into the provision calculation.

In respect of (3), because of the nature of the revised appeals process introduced from April 2017 onwards, there are particular issues in estimating the potential value of appeals against valuations effective from that time onwards. The pattern of liability movements resulting from successful appeals across the years from 2010/11 to 2016/17 have been reviewed, together with information on the numbers and potential values of cases at the 'Check' and 'Challenge' stages of the process for 2017 list appeals. These, together with comments by the Valuation Office that the approach adopted for the 2017 revaluation was the same as for earlier valuations and a review of the approaches adopted by other authorities, supports the view that the level of provision made by the council at the end of 2021/22 is of an appropriate level.

The need for local authorities to consider making a business rates appeals provision developed as a result of the change to 'Business Rates Retention' within the local government finance system from 2013/14 onwards. Prior to this, the impact of appeals was absorbed within the amounts paid by the council into the then national business rates pool. The relevant CIPFA guidance clarified the view on whether authorities should include an element for refunds on appeals not yet lodged. It quoted IAS 37, paragraph 39 which deals with situations involving large populations where the obligation is estimated by weighting all possible outcomes by their associated probabilities. It is considered that the appeals provision methodology adopted by the council is entirely consistent with this 'expected value' methodology.

## 5. Assumptions about the future and other major sources of estimation uncertainty

The Statement of Accounts contains figures estimated on the basis of historical experience, current trends and other relevant factors. The following table notes items for which there is a significant risk of material future adjustment:

Item	Uncertainty	Effect if actual results differ
Pensions liability and assets	<p>The estimated liabilities depend on a number of complex judgements. These include future retirement ages, mortality rates, salary increases, returns on investments and discount rates. A firm of consulting actuaries is engaged to provide advice on these assumptions.</p> <p>The scheme holds a varied portfolio of assets, details of which are shown at Note 37h. The valuations shown in this Statement are those assessed as at 31 March 2022 and again these are provided by a firm of consulting actuaries.</p>	<p>Sensitivity to the factors contributing to this estimate is shown in Note 37i. Small changes have major impacts on the pension deficit. At 31 March 2022, a 1% increase in the council's pensions obligations would increase the net liability by £1.446m, while a 1% increase in the scheme's assets would reduce the net liability by £1.129m.</p> <p>The council anticipates that it will spend £1.144m on current pension contributions in 2021/22 (see Note 37j). A 1% upward variation on this would produce an increased cost of £11k.</p>
Pensions Assets	<p>The scheme holds a varied portfolio of assets, details of which are shown at Note 37h. The valuations shown in this Statement are those assessed as at 31 March 2022 and again these are provided by a firm of consulting actuaries.</p>	<p>A 1% variation in asset values would increase or decrease the estimated net pensions liability by £1.105m (see Note 37i).</p>
Asset valuations	<p>Note 15e shows that fixed assets valued at £53.899m are carried at either current value (£27.885m) or historical cost value (£26.014m).</p> <p>Note 16 shows that investment properties valued at £11.159m are carried at current value.</p> <p>The valuations have been carried out by qualified valuers in accordance with Royal Institution of Chartered Surveyors Guidance.</p>	<p>The values are only estimates and thus could over or understate the actual values realisable if sale actually occurred.</p> <p>The valuations in respect of Investment Properties are those most subject to market variations. A fall in the value of these would result in a charge to the CI&amp;ES. Every 10% fall in the total value of the council's investment properties would result in a £1.116m charge to the CI&amp;ES.</p>

Item	Uncertainty	Effect if actual results differ
		Likewise, a 10% in the value of other assets valued at current cost would produce a variation of £1.033m. How much, if any, of this would be chargeable to the CIES would depend on the individual assets affected and on whether or not there were associated balances in the Revaluation Reserve.
Provisions	A provision of £2.351m has been recognised for the best estimate of the amount that businesses have been overcharged business rates up to 31 March 2022. The estimate in respect of appeals against the rating lists prior to that for 2017 has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date. In respect of the 2017 list, there have, as yet, been only a very limited number of appeals at a national level and so the appropriate level of provision is more difficult to gauge. The council's provision has been set at 4% of the net rates payable for each year, after making allowance for reductions in rateable values at the 'Check' and 'Challenge' stages of the 2017 List appeals process. Benchmarking information indicates that this is a little higher than the average for councils of this size and type. See Note 23.	If the value of successful appeals exceeded the provision there would be a reduction in the local share of business rates income available to fund the Authority's services. Similarly, an increase in the provision to cover such appeals would be a charge to the Collection Fund which would also reduce the local share of business rates income available to fund the Authority's services. A 1% increase in the provision would result in an additional charge to the Collection Fund of £0.059m, of which this Authority's share of the cost would be 40% or £0.024m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets and liabilities. Where Level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the council's Senior Valuer). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Notes 2, 16 and 18.	The council uses the market approach to value of some of its investment properties and financial assets. The unobservable inputs used in the fair value measurement include management assumptions regarding rent yield and growth, vacancy levels (for investment properties). Significant changes in any of the unobservable inputs would result in a lower or higher fair value measurement for the investment properties and financial assets.

## **6. Material items of income and expense**

All material items have been disclosed in the statement or in the notes to the main financial statements. For the purposes of this note the council considers material items to be those greater than £0.780m (2020/21 £0.723m). This equates to 1.9% (2020/21 1.75%) of the council's gross service expenditure for the financial year and matches the level of the threshold stated by the council's auditor in the External Audit Plan, as received by Governance Committee at its meeting of 24 May 2022.

## **7. Events after the reporting period**

The audited Statement of Accounts was authorised for issue by the Director of Finance on 20 March 2023. Subsequent events are not reflected in the financial statements or in the notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Following the issue of the Draft accounts The Council has adopted the temporary relief to the disclosure requirements for Infrastructure Assets. This will apply to the reporting periods commencing 1 April 2021 through to 31 March 2025 whereby local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. The changes are reflected in Note 15 Property, Plant and Equipment.

## 8. Note to the Expenditure and Funding Analysis

The Expenditure and Funding Analysis, which forms Note 1 to the Accounts, can be found on page 50.

2021/22	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Statutory Adjustments (Note C)	Total Statutory Adjustments	Non-Statutory Adjustments (Note D)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Commercial & Property	2,577	2,903	7	5,487	685	6,172
Communities	812	220	7	1,039	0	1,039
Customer & Digital	1,694	565	(17)	2,242	119	2,361
Governance	19	275	(18)	276	0	276
Planning & Development	0	151	2	153	0	153
Policy	16	100	3	119	(151)	(32)
Budgets Not In Directorates	2	581	1	584	0	584
<b>Net Cost of Service</b>	<b>5,120</b>	<b>4,795</b>	<b>(15)</b>	<b>9,900</b>	<b>653</b>	<b>10,553</b>
Other income and expenditure from the Expenditure and Funding Analysis	(10,203)	879	(1,852)	(11,176)	(653)	(11,829)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(5,083)</b>	<b>5,674</b>	<b>(1,867)</b>	<b>(1,276)</b>	<b>0</b>	<b>(1,276)</b>

<b>2020/21 Comparative Figures</b>	<b>Adjustments for Capital Purposes (Note A)</b>	<b>Net change for the Pensions Adjustments (Note B)</b>	<b>Other Statutory Adjustments (Note C)</b>	<b>Total Statutory Adjustments</b>	<b>Non-Statutory Adjustments (Note D)</b>	<b>Total Adjustments</b>
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commercial & Property	(1,277)	38	6	(1,233)	465	(768)
Communities	391	56	30	477	0	477
Customer & Digital	152	315	64	531	63	594
Governance	23	121	45	189	0	189
Planning & Development	0	73	20	93	0	93
Policy	18	40	0	58	(119)	(61)
Budgets Not In Directorates	2	311	13	326	0	326
<b>Net Cost of Service</b>	<b>(691)</b>	<b>954</b>	<b>178</b>	<b>441</b>	<b>409</b>	<b>850</b>
Other income and expenditure from the Expenditure and Funding Analysis	(3,014)	628	5,719	3,333	(409)	2,924
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(3,705)</b>	<b>1,582</b>	<b>5,897</b>	<b>3,774</b>	<b>0</b>	<b>3,774</b>

#### **Note A 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
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP).
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

#### **Note B Net Change for Pension Adjustments**

The net change for the removal of pension contributions and the addition of the IAS 19 Employee Benefits pension related expenditure and income are reflected as follows:

- For services this represents the removal of the employer pension contributions made by the authority as determined by statute and their 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 (CIES).

### Note C Other Statutory Adjustments

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are:

- For financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- For taxation and non-specific grant income - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under GAAP. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

### Note D Other Non-Statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement. These are:

- For financing and investment income and expenditure, adjustments in respect of the income and expenditure on investment properties and in respect of charges for the provision for non-collection of outstanding debts.

## 9. Expenditure and Income Analysed by Nature

The authority's expenditure and income are analysed as follows:

<b>Expenditure/Income</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
<b>Expenditure</b>		
Employee benefits expenses	12,890	18,523
Other service expenses	29,483	31,155
Depreciation, amortisation and impairment	(1,141)	3,992
Interest payments	2,998	3,078
Precepts and levies	10,949	10,968
Loss on the disposal of assets	0	74
<b>Total Expenditure</b>	<b>55,179</b>	<b>67,790</b>
<b>Income</b>		
Fees, charges and other service income	(8,860)	(19,267)
Interest and investment income	(2,313)	(2,303)
Income from Council Tax and Non-Domestic Rates	(17,094)	(20,577)
Government grants and contributions	(29,211)	(24,241)
Gain on disposal of assets	(27)	(185)
<b>Total Income</b>	<b>(57,505)</b>	<b>(66,573)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(2,326)</b>	<b>1,217</b>

## **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 the statutory provisions as being available to the council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year and includes Earmarked Reserves (see Note 11).

### **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 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.

2021/22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b><u>Adjustments to the Revenue Resources</u></b>			
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	5,674	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	(1,855)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	(12)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	2,268	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>6,075</b>	<b>0</b>	<b>0</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	(185)	185	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	(298)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	(2,734)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(3,217)</b>	<b>185</b>	<b>0</b>
<b><u>Adjustments to Capital Resources</u></b>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	(185)	0
Application of capital grants to finance capital expenditure (MiRS)	(4,133)	0	2,351
<b>Total Capital Resources</b>	<b>(4,133)</b>	<b>(185)</b>	<b>2,351</b>
<b>Total Adjustments</b>	<b>(1,275)</b>	<b>0</b>	<b>2,351</b>

2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b><u>Adjustments to the Revenue Resources</u></b>			
<b>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</b>			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	(1,582)	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	(5,718)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	(179)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	2,998	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(4,481)</b>	<b>0</b>	<b>0</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	27	(27)	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	619	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	2,047	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,693</b>	<b>(27)</b>	<b>0</b>
<b><u>Adjustments to Capital Resources</u></b>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	27	0
Application of capital grants to finance capital expenditure (MiRS)	(1,986)	0	1,986
<b>Total Capital Resources</b>	<b>(1,986)</b>	<b>27</b>	<b>1,986</b>
<b>Total Adjustments</b>	<b>(3,774)</b>	<b>0</b>	<b>1,986</b>

## 11. Transfers to / from earmarked reserves

The movements in earmarked reserves during the year were as follows. The movements in the general reserve are also included, producing the overall total for general fund reserves that appears in the Movement in Reserves Statement on page 47.

	Balance 31 March 2020	Transfers In 2020/21	Transfers Out 2020/21	Balance 31 March 2021	Transfers In 2021/22	Transfers Out 2021/22	Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Hubs	(67)	(43)	1	(109)	(131)	109	(131)
Borough Council Elections	(160)	0	0	(160)	0	0	(160)
Housing Needs Survey	(100)	(20)	40	(80)	0	0	(80)
Local Development Framework	(255)	(100)	88	(267)	0	59	(208)
Performance Reward Grant	(27)	0	16	(11)	0	0	(11)
Organisation Restructure Costs	(200)	0	0	(200)	0	0	(200)
Borough Investment Account	(4,577)	0	172	(4,405)	0	938	(3,467)
Business Rates Retention	(3,309)	0	165	(3,144)	0	236	(2,908)
City Deal Reserve	(1,851)	0	0	(1,851)	0	0	(1,851)
Capital Funding Reserve	(3,514)	(45)	1,708	(1,851)	(20)	1,387	(484)
Repairs and Maintenance Fund	(500)	0	0	(500)	0	114	(386)
Transformation Fund	(415)	0	185	(230)	(661)	177	(714)
Apprenticeship Reserve	0	0	0	0	0	0	0
Climate Change	(250)	0	0	(250)	0	0	(250)
Credit Union	(150)	0	1	(149)	0	66	(83)
CIL Administration Fund	(248)	0	248	0	0	0	0
Section 106 Reserve	0	(242)	0	(242)	0	0	(242)
Asset Management	0	(400)	0	(400)	0	0	(400)
Business Grants Reserve	0	(150)	0	(150)	(71)	221	0
Community Wealth Building	0	(150)	0	(150)	0	0	(150)
Mental Health for Young People	0	(50)	0	(50)	0	6	(44)
Covid Recovery Fund	0	(675)	0	(675)	(392)	0	(1,067)
Covid Commitments	0	(654)	0	(654)	0	604	(50)
Income Equalisation	0	(150)	0	(150)	0	0	(150)
Leisure Reserve	0	(546)	0	(546)	0	17	(529)
Income Investment Reserve	0	(250)	0	(250)	0	0	(250)
Collection Fund Deficit Distribution Fund	0	(5,244)	0	(5,244)	(3,200)	4,295	(4,149)
Other Earmarked Reserves	(951)	(561)	222	(1,290)	(1,201)	175	(2,316)
<b>Total Earmarked Reserves</b>	<b>(16,574)</b>	<b>(9,280)</b>	<b>2,846</b>	<b>(23,008)</b>	<b>(5,676)</b>	<b>8,404</b>	<b>(20,280)</b>
General Reserve	(4,239)	(31)	129	(4,141)	0	0	(4,141)
<b>Total General Fund Reserves</b>	<b>(20,813)</b>	<b>(9,311)</b>	<b>2,975</b>	<b>(27,149)</b>	<b>(5,676)</b>	<b>8,404</b>	<b>(24,421)</b>

Below is a description of the purpose of each of the earmarked reserves identified above:

Earmarked Reserve	Reason / Use
Community Hubs	An accumulation of unspent core funding allocated to be spent in accordance with the local priorities determined by each of the Community Hub forums.
Elections Provision	An annual transfer from revenue is made to cover the four yearly Borough Elections. The next election is due to take place in May 2023.
Housing Needs Survey	Annual contribution made to fund the costs of carrying out detailed Housing Needs Surveys.
Local Development Framework	To fund one-off costs in relation to the production of planning policy documents in relation to the Local Development Framework.
Performance Reward Grant	External revenue funding held by the council on behalf of South Ribble Partnership set aside for spending on South Ribble Partnership projects in future years.
Organisation Restructure Costs	To be used to assist in funding the one-off costs of any service reviews designed to improve the efficiency of the council.
Borough Investment Account	To facilitate income generation schemes and create a diverse and self-sustaining income portfolio to enable the council to bridge potential funding gaps.
Business Rates Retention	To mitigate the potential risk to the council's medium-term financial strategy by providing funds to smooth out the inherent fluctuations that occur in the Business Rates Retention System.
City Deal	To be used to fund additional costs in relation to the delivery of City Deal projects and outcomes.
Capital Funding Reserve	This is to fund capital expenditure in line with the council's Corporate Plan priorities, as set out in the approved Capital Strategy and Medium-Term Financial Strategy.
Repairs and Maintenance Fund	The revenue budget includes an annual provision for the costs of repairs and maintenance of the council's property assets. The purpose of the reserve is to meet the costs of any major repairs and maintenance works which cannot be met from this base budget.
Transformation Fund	The purpose of the reserve was to provide funding for projects which will generate a payback into the council's revenue budget through sustainable income generation and/or recurring cost savings. The fund has been allocated to the IT Digital Strategy capital costs in the capital programme.
Apprenticeship Reserve	This relates to funding set aside to fund Apprenticeship costs. The reserve is no longer required because the staffing costs for apprenticeship posts have been built into the base budget. Therefore, the reserve has been transferred back to the general reserve.
Climate Change	To facilitate spending on initiatives that will reduce the council or the borough's impact on climate change.
Credit Union	To support the creation of a Credit Union within the borough.
CIL Administration Fund	This reserve was created in 2019-20 using the proportion of Community Infrastructure Levy (CIL) which the council is entitled to retain in respect of administration costs. The reserve was released in 2020-21 to reflect the funding of historic costs in administering CIL.
Asset Management	To fund potential future maintenance costs and part-fund future capital expenditure on short-life assets such as ICT and vehicles.
Business Grants Reserve	To deliver an extended programme of support for businesses beyond government grants to ensure that the council is doing as much as possible to help businesses get back on their feet.

Earmarked Reserve	Reason / Use
Community Wealth Building	To implement a plan to retain wealth and grow the local economy through a progressive procurement framework and social value policies.
Mental Health for Young People	To support positive mental health for young people through officer resource to deliver a programme of early intervention activity.
Covid Recovery Fund	To support the borough's recovery from covid-19
Covid Commitments	To cover existing Covid-19 expenditure.
Income Equalisation	To cover any potential temporary reliefs and losses on investment income over the recovery period from Covid-19.
Leisure Reserve	To fund one-off costs associated with bringing the leisure service in-house and then transferring it to a newly created trading company, and to offset expected deficits in the first year of operation.
Income Investment Reserve	To fund the costs of developing new income generation projects which may not be able to be capitalised.
Collection Fund Deficit Distribution Fund	In 2021/22, the continuing Government support measures in respect of the Covid 19 pandemic again resulted in a surplus in grant income for Business Rates Reliefs and a corresponding shortfall in Business Rates income, although at a lower level than for 2021/22. Together with other smaller movements, the total surplus was £3.200m (2020/21 £5.244m). This amount has been transferred to the reserve to be applied to cover deficits allocated to the council in future years. In addition, a transfer of £4.295m was made from the reserve to cover the share of the 2020/21 deficit borne by the council in 2021/22 (there was no corresponding transfer in 2020/21).
Other	This reserve comprises three elements: approved carry forwards of underspends that have not yet been allocated, surplus income relating to Sports Development service, and miscellaneous ring-fenced grant income specific to certain service areas.

## 12. Other operating expenditure

2020/21 £'000		2021/22 £'000
440	Parish Council precepts	478
(27)	(Gains) and losses on the disposal of non-current assets	(185)
<b>413</b>	<b>Total</b>	<b>293</b>

## 13. Financing and investment income and expenditure

2020/21 £'000		2021/22 £'000
120	Interest payable and similar charges	0
626	Net interest on the net defined benefit liability (note 37d)	866
(186)	Interest receivable and similar income	(91)
(84)	Income and Expenditure in relation to investment properties and changes in their fair value (note 16)	(1,322)
56	Allowance for impairment of outstanding debts	31
(847)	Losses or (surplus) on trading accounts (note 29)	(341)
<b>(315)</b>	<b>Total</b>	<b>(857)</b>

## 14. Taxation and non-specific grant income and expenditure

2020/21 £'000		2021/22 £'000
(8,394)	Council tax income	(8,630)
1,808	Non-domestic rates income and expenditure	(1,460)
(7,518)	Non-ring fenced government grants	(3,820)
0	Covid-19 Additional Relief Fund (CARF)	(960)
(310)	Other Covid-19 Funding Grants	(192)
(1,600)	Capital grants and developer contributions	(5,782)
1,735	Amounts transferred between Capital Grants Unapplied and Capital Grants Received In Advance	0
<b>(14,279)</b>	<b>Total</b>	<b>(20,844)</b>

### Impact of Covid-19 pandemic on income from business rates and non-ringfenced government grants

During 2020/21 the council received a range of additional government grants, falling into three main categories:

- Grants to compensate the council for payments made of support grants to local businesses, under schemes established by the government.

- Grants to directly support the council and its activities, both to compensate for reduced income and to support additional expenditure.
- Additional amounts of Section 31 grant to compensate for the loss of business rates income resulting from supplementary statutory business rates reliefs, specifically expanded retail discount and nursery discount.

In 2021/22, the same pattern continued, but the overall amounts involved were significantly lower.

In respect of the first, in making these payments, the council was effectively acting as an agent, distributing the grants on behalf of the government and was fully reimbursed for the cost. The grants and the associated expenditure are therefore accounted for separately and are excluded from the council's accounts (see also Note 33).

In respect of the second, the figure of £192k shown above relates principally to grants received to compensate the council for generally lower collection rates for council tax and business rates.

In respect of the third, the amount of additional grant received was £2.886m, being £1.926m for expanded retail and nursery reliefs, plus £0.960m for CARF (see table). The reverse side of this is a corresponding reduction in net income from business rates, which although significantly higher than in 2020/21 (reflecting the scaled down level of support to businesses), remains well below its pre-pandemic levels. As was the case for 2020/21, the overall financial impact on the council is broadly neutral, with transfers to and from reserves being made to even out the effects of the timing of the actual cash flows for each type of income.

### **Non-domestic Rates Income and Expenditure - The Lancashire Business Rates Pool**

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

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

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

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

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

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

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

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

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

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% Levy Payable to/received by Lancashire County Council	Net Retained Levy 2021/22
		£'000	£'000	£'000	£'000
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
<b>Total</b>		<b>0</b>	<b>(8,689,371)</b>	<b>0</b>	<b>(8,689,371)</b>

Lancashire Business Rates Pool Members 2020/21	Authority Type	Tariffs and Top-Ups in Respect of 2020/21	Retained Levy on Growth 2020/21	10% Levy Payable to/received by Lancashire County Council	Net Retained Levy 2020/21
		£'000	£'000	£'000	£'000
Burnley Borough Council	Tariff	6,043,499	(1,402,433)	140,243	(1,262,190)
Chorley Borough Council	Tariff	6,503,220	(931,716)	93,172	(838,544)
Fylde Borough Council	Tariff	8,101,273	(483,263)	48,326	(434,937)
Hyndburn Borough Council	Tariff	3,969,106	(600,284)	60,028	(540,256)
Pendle Borough Council	Tariff	3,388,618	(272,822)	27,282	(245,540)
Ribble Valley Borough Council	Tariff	4,311,424	(575,916)	57,592	(518,324)
Rossendale Borough Council	Tariff	2,713,519	(102,546)	10,255	(92,291)
South Ribble Borough Council	Tariff	10,327,203	(1,281,013)	128,101	(1,152,912)
West Lancashire Borough Council	Tariff	8,698,358	(653,963)	65,396	(588,567)
Wyre Borough Council	Tariff	6,837,509	(893,050)	89,305	(803,745)
Lancashire County Council	Top-Up	(158,098,681)		(719,700)	(719,700)
Central Government	-	97,204,952			0
<b>Total</b>		<b>0</b>	<b>(7,197,006)</b>	<b>0</b>	<b>(7,197,006)</b>

The Net Retained Levy for this Council is shown within Business Rates Retention income on the Comprehensive Income and Expenditure Statement, along with the council's own share of growth achieved in the year.

## 15. Property, plant and equipment

### 15a Movements in Property Plant and Equipment

2021/22	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>					
<b>At 1 April 2021</b>	<b>28,383</b>	<b>14,796</b>	<b>157</b>	<b>1,535</b>	<b>44,871</b>
Additions	533	2,119	38	3,937	6,627
Revaluations recognised in the Revaluation Reserve (RR)	(341)	0	(6)	0	(347)
Revaluations recognised in CIES	(1,753)	0	0	0	(1,753)
De-recognition - disposals	(476)	(846)	0	0	(1,322)
Assets reclassified	1,606	57	30	(1,575)	118
Other Movements	1	2	1	0	4
<b>At 31 March 2022</b>	<b>27,953</b>	<b>16,128</b>	<b>220</b>	<b>3,897</b>	<b>48,198</b>
<b>Depreciation and Impairment</b>					
<b>At 1 April 2021</b>	<b>(1,025)</b>	<b>(11,850)</b>	<b>0</b>	<b>0</b>	<b>(12,875)</b>
Depreciation charge	(1,071)	(898)	0	0	(1,969)
Depreciation written out of Revaluation Reserve	74	0	0	0	74
Depreciation written out of CIES	71	0	0	0	71
Impairment losses recognised in Revaluation Reserve	0	0	0	0	0
Impairment losses recognised in CIES	0	0	0	0	0
De-recognition - disposals	402	846	0	0	1,248
Assets reclassified	0	0	0	0	0
Other Movements	0	(1)	0	0	(1)
<b>At 31 March 2022</b>	<b>(1,549)</b>	<b>(11,903)</b>	<b>0</b>	<b>0</b>	<b>(13,452)</b>
<b>Net Book Value</b>					
<b>At 31 March 2022</b>	<b>26,404</b>	<b>4,225</b>	<b>220</b>	<b>3,897</b>	<b>34,746</b>
<b>At 31 March 2021</b>	<b>27,358</b>	<b>2,946</b>	<b>157</b>	<b>1,535</b>	<b>31,996</b>

2020/21	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>						
<b>At 1 April 2020</b>	<b>28,711</b>	<b>13,291</b>	<b>3,262</b>	<b>131</b>	<b>702</b>	<b>46,097</b>
Additions	225	1,787	180	26	1,229	3,447
Revaluations recognised in the Revaluation Reserve (RR)	(2,347)	0	0	0	0	(2,347)
Revaluations recognised in CIES	1,794	0	0	0	0	1,794
De-recognition - disposals	0	(678)	0	0	0	(678)
Assets reclassified	0	396	0	0	(396)	0
Other Movements	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>28,383</b>	<b>14,796</b>	<b>3,442</b>	<b>157</b>	<b>1,535</b>	<b>48,313</b>
<b>Depreciation and Impairment</b>						
<b>At 1 April 2020</b>	<b>(4,727)</b>	<b>(11,794)</b>	<b>(1,310)</b>	<b>0</b>	<b>0</b>	<b>(17,831)</b>
Depreciation charge	(161)	(734)	(260)	0	0	(1,155)
Depreciation written out of Revaluation Reserve	2,868	0	0	0	0	2,868
Depreciation written out of CIES	995	0	0	0	0	995
Impairment losses recognised in Revaluation Reserve	0	0	0	0	0	0
Impairment losses recognised in CIES	0	0	0	0	0	0
De-recognition - disposals	0	678	0	0	0	678
Assets reclassified	0	0	0	0	0	0
Other Movements	0	0	0	0	0	0
<b>At 31 March 2021</b>	<b>(1,025)</b>	<b>(11,850)</b>	<b>(1,570)</b>	<b>0</b>	<b>0</b>	<b>(14,445)</b>
<b>Net Book Value</b>						
<b>At 31 March 2021</b>	<b>27,358</b>	<b>2,946</b>	<b>1,872</b>	<b>157</b>	<b>1,535</b>	<b>33,868</b>
<b>At 31 March 2020</b>	<b>23,984</b>	<b>1,497</b>	<b>1,952</b>	<b>131</b>	<b>702</b>	<b>28,266</b>

## Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

As indicated above the Council has taken the temporary relief offered by the update to the code, not to report gross cost and accumulated depreciation for infrastructure assets but this information is maintained in the permanent records of the Council. In adopting the temporary relief users of the financial statements are therefore only able to assess the remaining economic benefit to the council rather than the historical data.

<b>Infrastructure Assets</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
<b>Net Book Value (modified historical cost)</b>		
At 1 April 2021	1,952	1,872
Additions	180	165
Assets reclassified	0	226
Depreciation charge	(260)	(634)
<b>At 31 March 2022</b>	<b>1,872</b>	<b>1,628</b>
<b>Net Book Value</b>		
At 1 April 2021	1,952	1,872
Cumulative movements	(80)	(244)
<b>At 31 March 2022</b>	<b>1,872</b>	<b>1,628</b>

### Reconciliation of note 15 to Property, Plant & Equipment on the Balance Sheet

	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Infrastructure Assets	1,872	1,628
Other Property, Plant & Equipment	31,996	34,746
	<b>33,868</b>	<b>36,374</b>

### 15b Depreciation

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

<b><u>Type of Asset</u></b>	<b><u>Years</u></b>
Other Land & Buildings	5-60
Vehicles, Plant, Furniture & Equipment	3-15
Infrastructure	5-60

### 15c Capital Commitments

At 31 March 2022 there were five significant contractual commitments, totalling £6.169m, relating to capital expenditure, as listed in the table below.

<b>Value (£'000)</b>	<b>Description</b>
1,897	Bamber Bridge Sports Pitches
2,550	McKenzie Arms Affordable Housing Bamber Bridge
1,510	Worden Hall
69	Leyland Town Deal
143	Electric Vehicle Charging Points

### 15d Effects of Changes in Estimates

There were no material changes in accounting estimates for Property, Plant and Equipment in 2021/22.

## 15e Property, Plant and Equipment Valuations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. During 2021/22 the valuations were carried out on behalf of the council by Sanderson Weatherall LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis of valuation is set out in Note 2 Accounting Policies.

	Other land & Buildings £'000	Vehicles Plant Furniture & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
<b>Carried at historical cost</b>	<b>0</b>	<b>16,128</b>	<b>119</b>	<b>3,897</b>	<b>20,144</b>
Valued at current value as at:					
31 March 2022	3,673	0	24	0	3,697
31 March 2021	17,488	0	0	0	17,488
31 March 2020	214	0	0	0	214
31 March 2019	2,040	0	12	0	2,052
31 March 2018	4,538	0	65	0	4,603
<b>Total cost or valuation</b>	<b>27,953</b>	<b>16,128</b>	<b>220</b>	<b>3,897</b>	<b>48,198</b>

## 16. Investment properties

Details of rental income and operational expenditure are given in Note 29 and have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or its right to receipt of income or the proceeds of disposal.

At 31 March 2022, the council had no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of investment properties over the year.

	2020/21 £'000	2021/22 £'000
Fair Value 1 April	10,055	10,144
Additions – Subsequent expenditure	4	38
Disposals	(113)	0
Net gains / (losses) from fair value adjustments	198	1,322
Transfers (to) / from Property Plant and Equipment	0	(345)
<b>TOTAL</b>	<b>10,144</b>	<b>11,159</b>

### **Fair Value Hierarchy – Investment Properties**

All the council's investment properties have been value assessed as Level 2 (other significant observable inputs) on the fair value hierarchy for valuation purposes. See the Fair Value Measurement section of Note 2 Accounting Policies for an explanation of the fair value levels.

### **Transfers between Levels of the Fair Value Hierarchy**

There were no transfers between levels 1 and 2 during the year.

### **Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties**

#### Significant Observable Inputs - Level 2

The fair value for the level 2 investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### **Highest and Best Use of Investment Properties**

In estimating the fair value of the council's investment properties, the highest and best use of the properties is their current use.

### **Valuation Techniques**

There has been no change in the valuation techniques used during the year for investment properties.

### **Valuation Process for Investment Properties**

The fair value of the council's investment property is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). During 2021/22 the valuations of investment properties were carried out on behalf of the council by Sanderson Weatherall LLP. The basis of valuation is set out in Note 2 Accounting Policies.

## 17. Intangible assets

The council accounts for its software as intangible assets, to the extent that software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The following periods have been used in amortising the Authority's significant intangible assets.

Asset Description	Amortisation Period
IT work programme	5 years
Customer Contact Centre and Relationship Management System	5 years
Revenues and Benefits System	5 years
Human Resources System	5 years
Licensing Management System	5 years
Planning & Building Control System	5 years
Committee Management System	5 years
Financial Management Information System	5 years
Performance Management System	5 years

Amortisation is on a straight-line basis. In 2021/22 amortisation of £0.065m was charged to the following lines in the Comprehensive Income and Expenditure Statement.

	2020/21 £'000	2021/22 £'000
Customer Experience & Ops	77	43
Finance & Assurance	4	2
Legal HR & Democratic Serv	21	20
<b>Total</b>	<b>102</b>	<b>65</b>

The movements on Intangible Asset balances during the year are as follows: -

	2020/21 £'000	2021/22 £'000
Cost at start of year	1,490	1,614
Additions in year	124	14
Reclassifications in year	0	0
<b>Gross cost at end of year</b>	<b>1,614</b>	<b>1,628</b>
Accumulated amortisation at start of year	(1,349)	(1,451)
Amortised in year	(102)	(65)
<b>Accumulated amortisation</b>	<b>(1,451)</b>	<b>(1,516)</b>
Net carrying amount at the start of the year	141	163
<b>Net carrying amount at the year end</b>	<b>163</b>	<b>112</b>

At 31 March 2022, there were no significant contractual commitments, and no individual intangible assets the amortisation of which is materially significant to the council.

## 18. Financial instruments

### 18a Categories of Financial Instrument

The following categories of Financial Instruments are carried in the Balance Sheet:

Long Term 31 March 2021 £'000	Current 31 March 2021 £'000		Long Term 31 March 2022 £'000	Current 31 March 2022 £'000
		<b>Financial Assets</b>		
		<i>Carried at Amortised Cost</i>		
0	15,148	Cash & cash equivalents (note 21) net of bank overdraft	0	21,272
0	29,017	Short Term Investments	0	34,026
39	2,083	Debtors	186	2,747
<b>39</b>	<b>46,248</b>	<b>Total Financial Assets</b>	<b>186</b>	<b>58,045</b>
		<b>Financial Liabilities</b>		
		<i>Carried at Amortised Cost</i>		
(152)	(3,443)	Creditors	(152)	(3,717)
<b>(152)</b>	<b>(3,443)</b>	<b>Total Creditors</b>	<b>(152)</b>	<b>(3,717)</b>
		<i>Memo: Items that are not Financial Instruments</i>		
0	8,379	Debtors	0	3,884
0	(21,848)	Creditors	0	(27,590)

There has been no reclassification of assets and no pledges of collateral have been made in the periods reported in these statements.

In March 2020, with the onset of the Covid 19 pandemic and the implementation of measures to support local businesses, and the need for this to be done promptly, the possibility arose that the council would make substantial payments of grants shortly before receipt of the associated financial support from Central Government. The council's investments, which had been made in accordance with the approved Investment Policy, were mostly committed for longer periods and so the funds were not immediately available without incurring financial penalties. Given that the costs of short-term borrowing were less than those potential penalties, short term loans of £10m were taken out to support immediate cash flow requirements. This borrowing was repaid in April 2021 and no further borrowing was entered into in 2021/22.

All of the financial instruments included in the table above are carried at amortised cost and so there are no risks associated with movements in fair values.

### 18b Income, Expense, Gains and Losses

The amounts charged in the Comprehensive Income and Expenditure Statement to the Financing and Investment Income and Expenditure line (and shown in Note 13) are as follows:-

	2020/21			2021/22		
	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000
Interest revenue on Financial Assets measured at amortised cost	(186)	0	(186)	(91)	0	(91)
Interest expense	120	0	120	0	0	0
<b>Net (gain) / cost for the year</b>	<b>(66)</b>	<b>0</b>	<b>(66)</b>	<b>(91)</b>	<b>0</b>	<b>(91)</b>

### 18c The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2 of the fair value hierarchy), using the following assumptions:

- For non-PWLB loans payable (such as Finance Leases), PWLB new borrowing rates have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

All financial assets and liabilities held by the council are carried in the Balance Sheet at amortised cost.

## **Financial Liabilities**

	31 March 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short Term Borrowing	0	0	0	0
Finance Lease (short and long-term)	0	0	0	0
Short Term Creditors	(3,443)	(3,443)	(3,717)	(3,717)
Long Term Creditors	(152)	(152)	(152)	(152)
<b>Total Liabilities</b>	<b>(3,595)</b>	<b>(3,595)</b>	<b>(3,869)</b>	<b>(3,869)</b>

The Leisure Finance Lease fair value represented the value of the liability if the council were to prematurely repay the debt and so would incur a premium. Given the nature of the calculation of the fair value for this type of asset, it was not affected by potential market fluctuations as a result of the Covid 19 pandemic. By the end of 2021/22, the liability was fully discharged.

Long-term creditors comprise numerous commuted sums relating to grounds maintenance. Any difference between carrying amount and fair value of each of these small sums would be immaterial, and therefore they are carried at cost as a fair approximation of their value.

## **Financial Assets**

	31 March 2021		31 March 2022	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	15,148	15,148	21,272	21,272
Investments - Loans	29,017	29,017	34,026	34,026
Short Term Debtors	2,083	2,083	2,747	2,747
Long Term Debtors	39	39	186	186
<b>Total Assets</b>	<b>46,287</b>	<b>46,287</b>	<b>58,231</b>	<b>58,231</b>

Long-term debtors comprise a number of small debts such as some small loans. Any difference between carrying amount and fair value of each of these small sums would be immaterial, and therefore they are carried at cost as an approximation of their fair value.

## **18d Nature and extent of risks arising from financial instruments**

### **Key risks**

The authority's activities potentially expose it to a variety of financial risks:

- Credit risk – that other parties might fail to pay amounts due to the council.
- Liquidity risk – that the Authority might not have liquid funds available to make payments when due.
- Market risk – the possibility of financial loss arising from movements in interest rates.

## **Overall procedures for managing risk**

In managing investment risk, the council works within the legal framework set out in the Local Government Act 2003 and associated regulations. This requires compliance with the CIPFA Code of Practice, the Prudential Code, and investment guidance issued through the Act. A key requirement is that the council should annually consider its Treasury Management Strategy which incorporates the following:

Prudential indicators specifying:

1. Maximum and minimum exposure to fixed and variable rates;
2. Limits on the maturity structure of the debt portfolio;
3. Limits on total borrowing.

An Investment Strategy specifying:

1. The use that should be made of credit ratings and other indicators to determine the financial standing of counterparties;
2. The use of sovereign ratings to limit investments to specific countries;
3. The maximum amounts that might be deposited with any institution;
4. The lengths of time for which deposits can be made.

## **Credit risk**

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

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

## **Credit Risk Management Practices**

The authority's credit risk management practices are set out in paragraphs 12.2-3 of the Annual Investment Strategy, which forms part of the council's Treasury Strategy for the year. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy:

- requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services, and
- it also considers maximum amounts and time limits with a financial institution located in each category.

This council uses the creditworthiness service provided by its external treasury management advisors. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, ie Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swap spreads (an indication of the level of risk involved in lending to a particular organisation) to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2021/22 was approved by Full Council on 24<sup>th</sup> February 2021 and is available on the council's website.

## Expected Credit Loss

The council is required to disclose any material expected credit loss on its financial assets held at the end of the financial year, both in the following twelve months and over the lifetime of those assets.

The council's material financial assets consist of a combination of:

- deposits and investments, all of which have a life of less than twelve months, and
- short term debtors for trade receivables

The council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. As noted above, the council's Investment Strategy restricts investments to a narrow range of counterparties. At 31 March 2022 it had deposits totalling £55.297m (£44.163m at 31 March 2021) with a number of different institutions. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. Review of the specific deposits and investments held at 31 March 2022, including consideration of the uncertainties resulting from the Covid 19 pandemic, has indicated that there is no material risk of credit loss.

Assessment of the expected credit loss on the outstanding balance of trade receivables is made using a provision matrix based on the age of the outstanding debt and previous experience of recovery rates. At 31 March 2022, the outstanding gross amount was £3.958m (£3.403m at 31 March 2021) and the maximum exposure to credit loss was assessed as £2.748m (£2.083m at 31 March 2021).

Loss allowances on Debtors has been assessed using past due information and calculates losses based on lifetime credit losses for all debtors more than 30 days past due. Debtors are assessed individually where information on the likelihood of collection exists; otherwise debtors are collectively assessed for credit risk as one group. No collateral is held as security

## Liquidity risk

The authority has ready access to borrowing from the Public Works Loan Board and the money markets. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

The council manages its liquidity position through the risk management procedures outlined above as well as through cash flow management procedures required by the council.

## Market risk

Interest rate risk – The council has limited exposure to interest rate movements on its investments. Short term investments are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate investments do not impact on the Surplus or Deficit on the Provision of Service or Other Comprehensive Income and Expenditure.

To mitigate risk the Treasury Strategy reviews interest rate forecasts and fixes prudential indicators for fixed and variable interest rate exposure.

If all variable interest rates had been 1% higher (with all other variables held constant) the financial effect would have been as shown in the following table:

	£'000
Gain - Increase in interest receivable on variable rate investments	578
Gain - Impact on the Surplus or Deficit on the Provision of Service	578

The impact of a 1% fall in interest rates would be as above but with the movements being reversed (although, in practice, given that the average rate of interest earned in 2021/2 was limited to 0.15% and earnings to £87k, the maximum level of possible loss was limited to this amount).

### Price risk

The council has no material exposure to this risk.

### Foreign Exchange Risk

The council has no material exposure to this risk.

## 19. Inventories

	2020/21			2021/22		
	Consumable Stores £'000	Maintenance Materials £'000	Total £'000	Consumable Stores £'000	Maintenance Materials £'000	Total £'000
Balance at 1 April	68	24	92	85	26	111
Purchases	607	281	888	658	288	946
Issued in year	(611)	(279)	(890)	(671)	(284)	(955)
Written off in year	21	0	21	12	0	12
<b>Balance at year end</b>	<b>85</b>	<b>26</b>	<b>111</b>	<b>84</b>	<b>30</b>	<b>114</b>

## 20. Short term debtors

	31 March 2021 £'000	31 March 2022 £'000
Trade receivables	709	1,988
Prepayments	2,833	593
Other receivable amounts	9,537	7,578
<b>Gross carrying amount at the year end</b>	<b>13,079</b>	<b>10,159</b>
Less provision for bad debts	(2,617)	(3,528)
<b>Net carrying amount at the year end</b>	<b>10,462</b>	<b>6,631</b>

## 21. Cash and cash equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2021 £'000	31 March 2022 £'000
Cash held by the Authority	1	1
Bank current and call accounts	15,147	17,271
Short term deposits (maturing within 3 months)	0	4,000
<b>Total cash and cash equivalents</b>	<b>15,148</b>	<b>21,272</b>

## 22. Short term creditors

	31 March 2021 £'000	31 March 2022 £'000
Trade payables	(2,078)	(4,173)
Other payables	(23,213)	(27,134)
<b>Total</b>	<b>(25,291)</b>	<b>(31,307)</b>

## 23. Provisions

The movements in provisions during the year were as follows:

	Business Rates Appeals £'000
Balance at 1 April 2020	(2,685)
Re-apportionment of opening balance on move from 75% to 50% local retention	767
Additional provisions made in 2020/21	(391)
Amounts used in 2020/21	228
<b>Balance at 31 March 2021</b>	<b>(2,081)</b>
Re-apportionment of opening balance on move from 75% to 50% local retention	0
Additional provisions made in 2021/22	396
Amounts used in 2021/22	(666)
<b>Balance at 31 March 2022</b>	<b>(2,351)</b>

The council has only one class of provision, this relates entirely to Business Rates Appeals. Due to the localisation of Business Rates, which became effective from the 1st April 2013, the council now bears part of the risk for future appeals against rateable valuations of business premises. Therefore, the council has set aside a provision for any potential liabilities as a result of appeals. At the end of 2021-22, the council is responsible for a 40% share of this liability along with the Department of Levelling Up, Housing and Communities (50%), Lancashire County Council (10%) and the Lancashire Fire Authority (1%). These were borne wholly by the Government under the old scheme. The council's estimate of the value of outstanding appeals up to 31 March 2022 is £5.878m (£5.202m at 31 March 2021). The council has made a provision for 40% of this figure totalling £2.351m

(£2.081m at 31 March 2021). Appeals are assessed and decided by the Valuation Office Agency, an executive agency of HM Revenue & Customs, rather than by the council and as such the timing of the settlement of any successful appeals is uncertain.

## 24. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement (page 47).

## 25. Unusable reserves

	Note	31 March 2021 £'000	31 March 2022 £'000
Revaluation Reserve	25a	(6,476)	(5,987)
Capital Adjustment Account	25b	(35,191)	(38,139)
Deferred Capital Receipts Reserve	25c	(20)	(20)
Pensions Reserve	25d	39,770	32,424
Collection Fund Adjustment Account	25e	4,490	2,636
Accumulated Absences Account	25f	326	314
<b>Total Unusable Reserves</b>		<b>2,899</b>	<b>(8,772)</b>

### 25a Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the valuation of Property, Plant & Equipment and Intangible Assets. 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 holds only gains accumulated since 1 April 2007, the date it was created. Gains prior to that date are consolidated in the Capital Adjustment Account.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(6,172)</b>	<b>(6,476)</b>
Upward revaluation of assets	(1,320)	(372)
Downward revaluation & impairment not charged to the Comprehensive Income and Expenditure Statement	800	645
Difference between fair value and historic cost depreciation	216	216
<b>Balance at 31 March</b>	<b>(6,476)</b>	<b>(5,987)</b>

## 25b Capital Adjustment Account

This 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. The account contains the following:

- Sums set aside to finance capital expenditure.
- Accumulated gains and losses on Investment Properties.
- Revaluation gains on Property, Plant and Equipment accumulating prior to 1 April 2007.
- The difference between the charges required by accounting practice for the amortisation of assets (depreciation and impairment) and the de-recognition of assets, and the capital charges required by statute.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(29,283)</b>	<b>(35,191)</b>
<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>		
Charges for depreciation of non-current assets	1,155	2,915
Revaluation (gains)/losses on property, plant & equipment	(2,916)	1,369
Amortisation of intangible assets	102	65
Revenue expenditure funded from capital under statute	587	964
Net cost of disposal of assets	113	74
	<b>(959)</b>	<b>5,387</b>
Adjusting amounts written out of the Revaluation Reserve	(89)	(216)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>(1,048)</b>	<b>5,171</b>
<i>Capital financing applied in the year:</i>		
Capital receipts used to finance new capital expenditure	(27)	(185)
Grants and contributions used in the year to fund capital expenditure	(1,971)	(3,580)
Statutory & voluntary provision for the financing of capital investment charged against the General Fund	(619)	(298)
Capital expenditure charged to the General Fund Balance	(2,047)	(2,734)
	<b>(4,664)</b>	<b>(6,797)</b>
Movements in the market value of Investment Properties	(196)	(1,322)
<b>Balance at 31 March</b>	<b>(35,191)</b>	<b>(38,139)</b>

## 25c Deferred Capital Receipts Reserve

This account shows the sums recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(20)</b>	<b>(20)</b>
Transfer to Capital Receipts Reserve on receipt of cash	0	0
<b>Balance at 31 March</b>	<b>(20)</b>	<b>(20)</b>

## 25d Pensions Reserve

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of pensions. The costs of benefits are charged to the Comprehensive Income and Expenditure Statement when they are earned rather than when they are paid. Statutory arrangements however require that benefits be financed only when the Authority makes contributions to the pension fund. The debit balance on the Pension Reserve therefore shows that benefits earned by employees exceeds the payments made by the authority to fund them. Statutory arrangements require that adequate funding will ultimately be set aside.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>29,842</b>	<b>39,770</b>
Re-measurements of the net defined benefit liability.	8,346	(12,771)
Reversal of charges posted to the Comprehensive Income and Expenditure Statement.	3,216	7,231
Employer contributions and direct payments to pensioners payable in the year.	(1,634)	(1,806)
<b>Balance at 31 March</b>	<b>39,770</b>	<b>32,424</b>

## 25e Collection Fund Adjustment Account

This account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>(1,226)</b>	<b>4,490</b>
Amount by which Council Tax and Business Rate income credited to the Comprehensive Income and Expenditure Statement differs from the amount required by statute.	5,716	(1,854)
<b>Balance at 31 March</b>	<b>4,490</b>	<b>2,636</b>

The following table breaks down the above total into the amounts in respect of each source of Collection Fund income.

	2020/21 £'000	2021/22 £'000
Amounts in respect of Council Tax	(17)	(3)
Amounts in respect of Business Rates	4,546	2,639
Additional amount in respect of element for Renewable Energy Schemes in Business Rates	(39)	0
<b>Balance at 31 March</b>	<b>4,490</b>	<b>2,636</b>

## 25f Accumulated Absences Account

The cost of compensated absences (e.g. leave entitlement) not taken by employees during the year of account, is charged to the Comprehensive Income and Expenditure Statement. Statutory arrangements require however that the impact on the General Fund Balance is neutralised by transfers to or from this account.

	2020/21 £'000	2021/22 £'000
<b>Balance at 1 April</b>	<b>146</b>	<b>325</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	179	(11)
<b>Balance at 31 March</b>	<b>325</b>	<b>314</b>

## 26. Cash flow statement – operating activities

### 26a Adjust net surplus or deficit on the provision of services for non-cash movements

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

	2020/21 £'000	2021/22 £'000
Depreciation	1,155	2,604
Impairment and valuation changes	(2,789)	1,682
Amortisation	102	65
Increase / (decrease) in impairment for bad debts	490	911
(Increase) / decrease in debtors	(6,060)	510
Increase / (decrease) in creditors	19,894	3,369
(Increase) / decrease in inventories	(19)	(3)
Movement in pension liability	1,582	6,891
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	113	74
Contributions (to) / from Provisions	(605)	270
Movement in investment property values	(198)	(1,322)
<b>Net adjustment</b>	<b>13,665</b>	<b>15,051</b>

### 26b Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

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

	2020/21 £'000	2021/22 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(27)	(185)
Capital Grants credited to surplus or deficit on the provision of services	(107)	(5,784)
<b>Net adjustment</b>	<b>(134)</b>	<b>(5,969)</b>

### 26c Interest received and interest paid

The cash flows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest received	186	91
Interest paid	(121)	0
<b>Net cash flow in / (out)</b>	<b>65</b>	<b>91</b>

## 27. Cash Flow Statement – investing activities

The following items have been included within investing activities in the cash flow statement:

	2020/21 £'000	2021/22 £'000
Purchase of property, plant & equipment, investment property & intangible assets	(3,513)	(6,190)
Purchase of short and long term investments	(32,017)	(21,026)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	27	185
Proceeds from short and long term investments	41,071	16,017
Other receipts relating to investing activity (government grants)	(184)	5,752
<b>Total cash flows from investing activities</b>	<b>5,384</b>	<b>(5,262)</b>

## 28. Cash Flow Statement – financing activities

The following have been included within financing activities in the cash flow statement:

	2020/21 £'000	2021/22 £'000
Cash Receipts from Short and Long Term Borrowing	(10,000)	0
Cash paid to reduce lease liabilities.	(283)	0
Other Payments for financing activities - change in indebtedness relating to NNDR (due from Government and Preceptors) and Council Tax (due from Preceptors).	(7,858)	3,521
<b>Total cash flows from financing activities</b>	<b>(18,141)</b>	<b>3,521</b>

## 29. Trading operations

The council manages an investment portfolio consisting of 75 industrial units (28 Investment managed, 47 economic regeneration), 53 other properties (Worden, shops, offices and residential), 24 plots of leased land, others (allotments, garages, parking plots, grazing).

2020/21 £'000		2021/22 £'000
(824)	Turnover	(1,101)
422	Direct costs	641
(445)	Capital charges	119
<b>(847)</b>	<b>Net (surplus) or deficit</b>	<b>(341)</b>

## 30. Members allowances

The council paid the following amounts to its members during the year:

2020/21 £'000		2021/22 £'000
363	Allowances	353
<b>363</b>	<b>Total</b>	<b>353</b>

### 31. Officers remuneration

2021/22 Remuneration										
	Note	Salary	Expenses / Allowances	Compensation for Loss of Offi	Benefits in Kind	Pension Contribution	Total Remuneration	Charges to CBC (50%)	Charges from CBC (50%)	Net Cost to SRBC
Post Title		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	A	146	0	0	2	0	148	(74)	0	74
Deputy Chief Executive	B	0	0	0	0	0	0	0	61	61
Director (Customer & Digital)	C	0	0	0	0	0	0	0	54	54
Director (Commercial & Property)	D	0	0	0	0	0	0	0	47	47
Director (Communities)	E	78	1	0	0	13	92	(46)	0	46
Director (Governance)	F	78	0	0	0	13	91	(46)	0	46
Director (Finance & s151 Officer)	G	0	0	0	0	0	0	0	46	46
Director (Planning & Development)	H	76	1	0	0	13	90	(45)	0	45

- A) The Chief Executive is a shared post with Chorley Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.
- B) The Deputy Chief Executive is a shared post with Chorley Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.
- C) The Director (Customer & Digital) is a shared post with Chorley Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.
- D) The Director (Commercial & Property) is a shared post with Chorley Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.
- E) The Director (Communities) is a shared post with Chorley Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.
- F) The Director (Governance) is a shared post with Chorley Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.
- G) The Director (Finance & s151 Officer) is a shared post with Chorley Borough Council; the postholder was appointed on 26th April 2021 and is employed by Chorley Borough Council; South Ribble Borough Council have been charged 50% of the cost of the post. Prior to 26th April 2021, the s151 Officer role was undertaken by the Deputy Director of Finance on an interim basis with costs shared equally between South Ribble and Chorley Borough Councils.
- H) The Director (Planning & Development) is a shared post with Chorley Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.

The comparative information for 2020/21 is shown below.

2020/21 Remuneration							
Post Title	Note	Salary and allowances £	Expenses allowances £	Compensation for loss of office £	Benefits in Kind £	Pension Contribution £	Total Remuneration £
Chief Executive	A	56,994	413	-	-	6,324	63,731
Interim Chief Executive	B	83,258	-	35,000	-	16,973	135,231
Director of Communities	C	68,536	1,239	-	-	11,720	81,495
Director of Planning and Development	D	68,320	1,239	-	-	11,683	81,242
Director of Customer Experience and Operations	E	48,712	929	5,780	-	8,330	63,751
Director of Governance	F	75,522	-	-	-	13,090	88,612

- I) The Chief Executive left the Authority on 15<sup>th</sup> July 2020.
- J) The Interim Chief Executive was employed by Chorley Borough Council (CBC) up to 27<sup>th</sup> March 2021 and 50% of the salary and pension costs were recharged to South Ribble Borough Council (SRBC), which are shown in the table. Compensation for loss of office show in the table reflects 50% of the costs which were recharged to SRBC. From 5<sup>th</sup> April 2021 he will be employed by SRBC as Chief Executive for both councils and 50% of the costs will be recharged to CBC. Salary and allowances include an ex-gratia payment of £40k, which is 50% funded by SRBC.
- K) The Director of Communities was re-designated from Director of Neighbourhoods and Development with effect from 1<sup>st</sup> January 2021 following the expansion of shared services between the two councils. The post-holder is formally employed by SRBC, and CBC has been charged 50% of the cost of the post from the effective date.
- L) The Director of Planning and Development was re-designated from Director of Planning and Property with effect from 1<sup>st</sup> January 2021 following the expansion of shared services between the two councils. The post-holder is formally employed by SRBC, and CBC has been charged 50% of the cost of the post from the effective date.
- M) The Director of Customer Experience and Operations left the authority on 18<sup>th</sup> January 2021. The post was re-designated as Director of Customer and Digital following the expansion of shared services between the two councils with effect from 1<sup>st</sup> January 2021. The current post-holder is employed by CBC, and 50% of the costs have been charged to SRBC from the effective date.
- N) Following the expansion of shared services, the Director of Governance was established from 1<sup>st</sup> April 2021. 50% of the costs for the post were charged to CBC. In addition to the posts detailed above, there are two posts that reported directly to the Interim Chief Executive: Deputy Chief Executive and Director of Commercial and Property. Both these posts are formally employed by CBC and 50% of the costs are charged to SRBC.

The table below shows the number of employees, other than senior officers listed above, that has a total remuneration of £50,000 or more, excluding pension contributions.

Total Remuneration Banding	Number of employees 2020-21	Number of employees 2021-22
£50,000 to £55,000	4	9
£55,001 to £60,000	0	2
£60,001 to £65,000	2	4
£70,001 to £75,000	0	2
<b>Total</b>	<b>6</b>	<b>17</b>

The following table gives details of employee exit packages in 2020-21 and 2021-22.

Exit Package cost banding	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages		Total cost of exit packages	
	20-21	21-22	20-21	21-22	20-21	21-22	20-21	21-22
£0 to £20,000	0	0	3	11	3	11	£28,339	£106,290
£20,001 to £40,000	0	0	1	3	1	3	£35,000	£78,929
£40,001 to £60,000	0	0	0	1	0	1	£0	£55,000
£60,001 to £80,000	0	0	0	0	0	0	£0	0
£80,001 to £100,000	0	0	0	0	0	0	£0	0
£100,001 to £150,000	0	0	0	1	0	1	£0	£102,231
<b>Total</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>16</b>	<b>4</b>	<b>16</b>	<b>£63,339</b>	<b>£342,450</b>

### 32. External audit costs

The Authority has incurred the following costs relating to external audit:

	2020/21 £'000	2021/22 £'000
Fees for statutory inspection and audit	71	65
Fees for the certification of grant claims and returns	14	18
<b>Balance at 31 March</b>	<b>85</b>	<b>83</b>

### 33. Grant income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2020/21 £'000	2021/22 £'000
<b>Credited to Taxation and Non-Specific Grant Income (Note 14)</b>		
National non-domestic rates	(6,858)	(3,332)
New Homes Bonus	(660)	(363)
Covid-19 Additional Relief Fund (CARF)	0	(960)
Other Covid-19 Funding Grants	(310)	(192)
Other Revenue Grants & Contributions	0	(125)
Community Infrastructure Levy & Other Developer Contributions	(197)	(2,495)
Developer Contributions - Amounts Transferred to Grants Received In Advance	1,735	0
Other Capital Grants & Contributions	(1,403)	(3,287)
<b>Total</b>	<b>(7,693)</b>	<b>(10,754)</b>
<b>Credited to Services</b>		
Benefits Related Grants	(15,553)	(14,600)
Covid-19 Funding Grants	(3,538)	(2,663)
Other Grants & Contributions	(3,293)	(2,109)
Developer's Contributions payable to City Deal	(2,616)	(3,757)
<b>Total</b>	<b>(25,000)</b>	<b>(23,129)</b>
<b>Grand Total</b>	<b>(32,693)</b>	<b>(33,883)</b>

In addition to the above amounts, a further £5.829m was paid to the council, by the government, and distributed to local businesses in the form of restart grants (£4.134m), support in respect of the impacts of the omicron variant (£0.563m) and local restrictions grants (£0.990m). In addition, test and trace payments of £0.142m were paid out. Given that the eligibility criteria for these grants were determined by the government and that the council has been fully reimbursed for the amounts paid out, the council has effectively acted as an intermediary and distribution point for the grants, rather than at its own discretion. In these circumstances, the council is deemed to be an agent acting on behalf of the grant funder, rather than in its own right, so the expenditure and related grant income is accounted for separately to the council's own Statement of Accounts.

The council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached that could require the monies to be returned to the giver. The balances at year end are as follows:

	2020/21 £'000	2021/22 £'000
Various contributions	(1,842)	(1,078)
<b>Total</b>	<b>(1,842)</b>	<b>(1,078)</b>

### 34. Related parties

The financial statements must disclose material transactions with related parties, to draw attention to the possible 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.

◆ **Central Government**

Central government has effective control over the operations of the council as it provides the statutory framework within which it operates and the majority of its funding in the form of grants. Details of government grants received are given in note 33.

◆ **Members of the Council**

Councillors have direct control over the council's financial and operating policies. Elected members are required to complete a Notice of Registerable Interests and notify the council of any changes within 28 days. Declarations of interests in meetings, including the personal interest of partners, relatives or friends, are also recorded in the minutes of the meeting and in a register, both of which are open to public inspection.

Note 30 refers to the allowances paid to members. A detailed breakdown of these figures can be found on the Council's website.

The Council has representation on various voluntary bodies. During 2021/22, the Council paid grants totalling £0.015m (2020/21 £0.015m) to some of these organisations.

◆ **Officers**

Officers are appointed by the Council to boards or committees of various organisations to act on behalf of the Council in their official capacities. All officers are also required to declare any relevant interests in a register of interest, gifts and hospitality.

In 2021/22 one senior officer made the following additional declarations: a family relationship with a senior officer in one of the Council's major precepting authorities. Although there are significant transactions between the two parties in relation to business rates and council tax, the administration of these is strictly defined by a statutory framework. There were no other significant transactions with organisations in which Council officers had declared interests.

◆ **Partnerships, Companies and Trusts**

Shared Services Partnership – In January 2009 this partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils; originally for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils.

The partnership has since been expanded to include a shared Management Team, including Chief Executive as well as the legal, HR, democratic services, communications and visitor economy and transformation and partnerships functions. The agreement between the two councils has been updated to reflect the new arrangements.

A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Councils' functions of providing these services.

In 2021/22 gross expenditure of £7.828m (2020/21 £5.344m) was incurred on the shared services – reflecting the continued expansion of the Shared Service approach. Costs were fully funded by recharges between the two Councils.

As at 31<sup>st</sup> March 2022, there are outstanding creditor / debtor balances of £524k and £722k respectively.

◆ **Simple Investment**

Prior to 31<sup>st</sup> March 2021 the Council's leisure centre operation was managed via South Ribble Community Leisure Limited (SRCLL); a company with charitable objectives.

The Council has a 14.2% shareholding in SRCLL and paid a Leisure Services Fee (LSF) for the running of its leisure centres. This contract ended on 31<sup>st</sup> March 2021; SRCLL has net current assets of NIL, and the Council's liability is limited to £1.

The operation of the leisure centres was temporarily brought in-house until the creation of a wholly owned company – South Ribble Leisure Limited on 28<sup>th</sup> May 2021.

### 35. Capital expenditure and financing

The total capital expenditure in the year is shown below, together with the resources that have been used to finance it.

The statement incorporates details of the movements in the Capital Financing Requirement. This is a measure of the capital expenditure historically incurred by the Authority that has yet to be financed. This will be discharged by future charges to the revenue account.

	2020/21 £'000	2021/22 £'000
<b>Opening Capital Financing Requirement</b>	<b>2,999</b>	<b>2,500</b>
<i>Capital investment:</i>		
Property, Plant and Equipment	3,449	6,793
Investment property	4	37
Intangible Assets	124	14
Revenue Expenditure Funded from Capital under Statute	587	964
<i>Sources of finance:</i>		
Capital Receipts	(27)	(185)
Government Grants and Other Contributions	(1,971)	(3,580)
<i>Sums set aside from revenue:</i>		
Earmarked Reserves	(2,046)	(2,615)
Revenue Financing	0	(119)
Minimum Revenue provision	(373)	(298)
Voluntary Revenue Provision	(246)	0
<b>Closing Capital Financing Requirement</b>	<b>2,500</b>	<b>3,511</b>
<i>Explanation of movements in year:</i>		
Assets financed by prudential borrowing	0	1,309
Assets acquired under deferred purchase arrangement	120	0
Provision made for debt repayment	(619)	(298)
<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>(499)</b>	<b>1,011</b>

## 36. Leases

### 36a Authority as lessee

#### Finance leases

At 31 March 2022, the council was not party to any Finance Leases as lessee

#### Operating leases

The Authority has operating leases for office equipment and vehicles. The future minimum lease payments are as follows:

	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	26	10
Later than one and not later than five years	15	7
<b>Total</b>	<b>41</b>	<b>17</b>

The operating lease rentals charged in the Comprehensive Income and Expenditure Statement during the year were as follows:

	31 March 2021 £'000	31 March 2022 £'000
Minimum lease payments	27	11
<b>Total</b>	<b>27</b>	<b>11</b>

### 36b Authority as lessor

#### Finance Leases

The council has leased one property for 125 years. In the following table the gross investment in the lease is reconciled to the present value of the minimum lease payments:

	31 March 2021 £'000	31 March 2022 £'000
Finance lease debtor (present value of minimum lease payments)	19	20
Unearned finance income	87	86
<b>Total</b>	<b>106</b>	<b>106</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	1	1	1	1
Later than one and not later than five years	4	4	4	4
Later than five years	101	101	101	101
<b>Total</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>

No contingent rents were receivable in the years of account.

### Operating leases

The council lets certain offices and industrial units. The future minimum lease payments receivable are:

	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	788	1,048
Later than one and not later than five years	1,438	1,094
Later than five years	14,219	13,372
<b>Total</b>	<b>16,445</b>	<b>15,514</b>

## 37. Defined benefit pension scheme

### 37a Governance

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits through the Local Government Pension Scheme. This scheme is administered by Lancashire County Council who have appointed a Pension Fund Committee (comprising a mix of County Councillors and representatives from other employers) to manage the Fund. The Committee is assisted by an investment panel which advises on investment strategy and risk management. The scheme is funded and pays defined benefits based on how long employees are active members, and their salary when they leave (a "final salary" scheme) for service up to 31 March 2014 and on revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

### 37b Funding the liabilities

Regulations require actuarial fund valuations to be carried out every 3 years. Contributions for each employer are set having regard to their individual circumstances. Contributions must be set with a view to targeting the Funds solvency (the detailed provisions are set out in the Fund's Funding Strategy Statement). The current valuation, carried out as at 31<sup>st</sup> March 2019, showed there was a surplus for all employers of £12m or against the Fund's solvency funding target. An alternative way

of expressing the position is that the Fund's assets were sufficient to cover just over 100% of its liabilities – this percentage is known as the solvency funding level of the Fund.

At the previous valuation at 31 March 2016 the shortfall was £690m, equivalent to a solvency funding level of 90%.

Employers are paying additional contributions over 16 years to meet the shortfall. For the three year valuation period beginning 1<sup>st</sup> April 2020 the council opted to pre-pay the new future service rate and deficit recovery payments for the full 3 year valuation period to 2022/23 in return for a small overall discount. The discounted sum paid in April 2020 was £3.434m for the future service rate and £0.217m for the deficit recovery sum, of which £1.144m future service rate and £0.072m deficit recovery relate to the 2021/22 financial year.

The latest valuation, which will be effective as at 31<sup>st</sup> March 2022 and determine contribution rates for 2023/24 and the two following years, is currently underway.

### **37c Risks**

The primary risk is that the Fund's assets will, in the long-term, fall short of its liabilities to pay benefits to members.

Investment risk management seeks to balance the maximisation of the opportunity for gain and minimise the risk of loss, on the fund's investments. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk), by ensuring counterparties meet credit criteria, and that investments are within the limits set by the investment strategy.

Other risks - The fund managers have to ensure that the fund has adequate liquidity to meet its obligations as they arise. They must also be sensitive to any actions of government or changes in European legislation which might affect funding requirements.

Sensitivity to these risks is estimated in paragraph 37i.

### 37d Transactions relating to retirement benefits

The council recognises the cost of retirement benefits in the revenue account in the Cost of Services, when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable to the fund during the year. An adjustment is therefore made to the General Fund via the Movement in Reserves Statement. The following table shows the transactions made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020/21 £'000	2021/22 £'000
<b>Comprehensive Income and Expenditure Statement</b>		
<i>Cost of Services:</i>		
Administration	49	55
Current service cost	2,524	3,638
Past service cost	0	0
Effect of curtailments	17	165
Incorporation of South Ribble Community Leisure Limited Net Liability	0	5,687
Transfer of South Ribble Leisure Limited Net Liability	0	(2,931)
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	2,866	3,078
Expected return on scheme assets	(2,240)	(2,212)
<b>Total post-employment benefit charged to the (Surplus) / Deficit on the Provision of Service</b>	<b>3,216</b>	<b>7,480</b>
<b>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		
Return on plan assets, excluding amount included in interest expense	(7,942)	(12,967)
Experience gain & loss	(2,610)	387
Actuarial gains & losses from changes in demographic assumptions	0	(1,118)
Actuarial gains & losses from changes in financial assumptions	18,898	691
Prior year adjustment		(12)
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>8,346</b>	<b>(13,019)</b>
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>11,562</b>	<b>(5,539)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the (Surplus) / Deficit on the Provision of Services	(3,216)	(7,480)
Actual amount charged against the General Fund Balance for pensions in the year	1,634	1,806

### 37e Pension assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows

	Scheme Liabilities Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
Present value of the defined benefit obligation	(139,207)	(148,401)
Fair value of plan assets	101,964	117,241
<b>Net liability arising from defined benefit obligation</b>	<b>(37,243)</b>	<b>(31,160)</b>

### 37f Reconciliation of fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
<b>1 April</b>	<b>91,264</b>	<b>101,964</b>
Adjustment to brought forward balance	196	(32)
<b>Revised 1 April Balance</b>	<b>91,460</b>	<b>101,932</b>
Interest on plan assets	2,240	2,212
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	7,942	12,967
Employer contributions	4,161	589
Employee contributions	535	606
Benefits paid	(4,325)	(4,429)
Incorporation of South Ribble Community Leisure Limited Net Liability	0	6,404
Transfer of South Ribble Leisure Limited Net Liability		(2,985)
Other	(49)	(55)
<b>31 March</b>	<b>101,964</b>	<b>117,241</b>

The actual return on the plan assets was £15.179m in 2021/22 (£10.182m 2020/21).

### 37g Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
<b>1 April</b>	<b>(121,302)</b>	<b>(139,207)</b>
Adjustment to brought forward balance		(1)
Current service cost	(2,524)	(3,638)
Past Service Cost	0	0
Interest cost	(2,866)	(3,078)
Contributions by scheme participants	(535)	(606)
Re-measurement gains and (losses)		
Changes in financial assumptions	(18,898)	(691)
Experience gains & losses	2,610	(387)
Gains & losses from changes in demographic assumptions	0	1,118
Curtailments	(17)	(165)
Benefits paid	4,325	4,429
Incorporation of South Ribble Community Leisure Limited Net Liability		(12,091)
Transfer of South Ribble Leisure Limited Net Liability	0	5,916
<b>31 March</b>	<b>(139,207)</b>	<b>(148,401)</b>

### 37h Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2020/21 £'000	Percentage total of asset	2021/22 £'000	Percentage total of asset
<b>Cash</b>				
Cash and cash equivalents	0	0.0%		0.0%
Cash accounts	2,517	2.5%	3,251	2.8%
Net Current Assets	(266)	(0.3%)	(301)	(0.3%)
Subtotal Cash	2,251	2.2%	2,950	2.5%
<b>Equities</b>				
Financials	0	0.0%	140	0.1%
	0	0.0%	140	0.1%
<b>Bonds</b>				
UK corporate	0	0.0%	482	0.4%
Overseas corporate	0	0.0%	433	0.4%
Government	0	0.0%	0	0.0%
Overseas fixed interest	0	0.0%	0	0.0%
Subtotal bonds	0	0.0%	915	0.8%
<b>Property</b>				
Retail	100	0.1%	104	0.1%
Commercial	1,647	1.6%	1,768	1.5%
Subtotal property	1,747	1.7%	1,872	1.6%
<b>Private equity</b>				
UK	0	0.0%	2,593	2.2%
Overseas	8,178	8.0%	7,068	6.0%
Subtotal private equity	8,178	8.0%	9,661	8.2%
<b>Other</b>				
Infrastructure	12,224	12.0%	13,356	11.4%
UK Pooled Equity Funds	1,042	1.0%	1,104	0.9%
Overseas Pooled Equity Funds	46,696	45.9%	56,231	48.1%
Property funds	12,770	12.5%	10,223	8.7%
Credit funds	13,626	13.4%	15,691	13.4%
Pooled income fund	3,398	3.3%	5,098	4.3%
Subtotal alternatives	89,756	88.1%	101,703	86.8%
<b>Total</b>	<b>101,932</b>	<b>100.0%</b>	<b>117,241</b>	<b>100.0%</b>

### 37i 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 liabilities have been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the County Council Fund are based on the latest valuations as at 31 March 2022.

The main assumptions used in their calculations have been as follows:-

	Local Government Pension Scheme	
	2020/21	2021/22
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.4 yrs.	22.3 yrs.
Women	25.1 yrs.	25.0 yrs.
Longevity at 65 for future pensioners		
Men	23.9 yrs.	23.7 yrs.
Women	26.9 yrs.	26.8 yrs.
Rate of inflation (CPI)	2.70%	3.40%
Rate of increase in salaries	4.20%	4.90%
Rate of increase in pensions	2.80%	3.50%
Rate for discounting scheme liabilities	2.10%	2.80%

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 in the assumptions occurring at the end of the reporting period, and for each assumption assumes that other factors remain unchanged.

	Impact on the defined benefit obligation in the scheme
	£'000
Longevity (increase 1 year)	4,496
Rate of inflation (increase of 0.1% p.a.)	2,378
Salary inflation (increase of 0.1% p.a.)	222
Rate for discounting scheme liabilities (increase of 0.1%)	(2,339)
Change in 2021/22 investment returns (increase of 1.0%)	(1,156)

### **37j Impact on the Authority's Future Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 16 years. Funding levels are monitored on an annual basis. The next triennial valuation of the Fund is due as at the 31st March 2022 and is currently underway. Based on the results of that valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2023.

The scheme will need to take account of the national changes made under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipates paying £1.189m expected contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 16 years.

### **38. Contingent assets and liabilities**

At 31 March 2022, the Council did not have any contingent assets or liabilities.

## Collection Fund Statement

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 (Business Rates).

2020/21 Business Rates £'000	2021/22 Council Tax £'000		2020/21 Business Rates £'000	2021/22 Council Tax £'000
		<b>Income</b>		
0	69,472	Council Tax Receivable	0	73,622
23,873	0	Business Rates Receivable	32,215	0
<b>23,873</b>	<b>69,472</b>	<b>Total Income</b>	<b>32,215</b>	<b>73,622</b>
		<b>Expenditure</b>		
		Apportionment of Previous Year Surplus/(Deficit)		
(24)	0	Central Government	(6,117)	0
36	113	South Ribble Borough Council (note 14)	(4,295)	80
16	661	Lancashire County Council	(885)	474
0	99	Police & Crime Commissioner for Lancashire	0	72
1	34	Lancashire Combined Fire Authority	(106)	24
		<b>Precepts, Demands and Shares</b>		
17,625	0	Central Government	17,822	0
14,100	8,485	South Ribble Borough Council (note 14)	14,258	8,563
3,172	50,515	Lancashire County Council	3,208	52,742
0	7,628	Police & Crime Commissioner for Lancashire	0	8,202
352	2,556	Lancashire Combined Fire Authority	356	2,618
<b>35,278</b>	<b>70,091</b>	<b>Total Expenditure</b>	<b>24,241</b>	<b>72,775</b>
		<b>Transfers from General Fund</b>		
0	(653)	Discretionary Discounts	0	(54)
		<b>Charges to Collection Fund</b>		
0	210	Write offs of uncollectable amounts	0	0
933	1,484	Increase / (Decrease) in Bad Debt Provision	418	1,031
975	0	Increase / (Decrease) in Provision for Appeals	1,667	0
127	0	Cost of Collection Allowance	128	0
0	0	Disregarded Amounts	0	0
78	0	Renewable Energy Schemes	78	0
170	0	Enterprise Zone	170	0
34	0	Transitional Protection Payments	80	0
<b>2,317</b>	<b>1,694</b>	<b>Total Charges to the Collection Fund</b>	<b>2,541</b>	<b>977</b>
<b>(13,722)</b>	<b>(2,313)</b>	<b>Surplus / (deficit) arising during the year</b>	<b>5,433</b>	<b>(130)</b>
		<b>Collection Fund Balance</b>		
1,693	1,791	Surplus / (deficit) brought forward at 1 April	(12,031)	132
(13,724)	(1,659)	Surplus / (deficit) arising during the year	5,433	(130)
<b>(12,031)</b>	<b>132</b>	<b>Surplus / (deficit) carried forward at 31 March</b>	<b>(6,598)</b>	<b>2</b>
		<b>Allocated to</b>		
(4,546)	17	Transfer to / (from) Collection Fund Adjustment Account (Note 25e)	(2,639)	3
(6,432)	0	Central Government	(3,299)	0
(941)	96	Lancashire County Council	(594)	0
0	14	Police & Crime Commissioner for Lancashire	0	0
(112)	5	Lancashire Combined Fire Authority	(66)	(1)
<b>(12,031)</b>	<b>132</b>	<b>Surplus / (deficit) carried forward at 31 March</b>	<b>(6,598)</b>	<b>2</b>

## Notes to the Collection Fund

### 1. Accounting for Council Tax

The amount of Council Tax to be credited to the Comprehensive Income and Expenditure Statement for both billing authorities and major preceptors is their share of the accrued income. However, statute requires that the amount to be credited to the General Fund should be the authority's precept or demand for the year plus its share of the previous year's Collection Fund surplus or deficit. The difference between this regulatory charge and the accrued income is taken to the Collection Fund Adjustment Account. This adjustment is included in the Movement in Reserves Statement and also appears in Note 10.

Revenue relating to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

Since the collection of council tax is an agency arrangement, debtor and creditor balances belong proportionately to the billing authority and the major preceptors. This results in a debtor/creditor position between the billing authority and each major preceptor.

### 2. Council Tax details of charge

For the purpose of calculating Council Tax residential properties are classified into eight valuation bands. Each valuation band is proportionate to the central Band D property. This enables calculation of the total tax base. The Council Tax Base for 2021/22 was calculated as follows: -

Band	No. Dwellings	Total No. Equivalent dwellings	Proportion of Band D Charge	Band D Equivalent
A (disabled)	20	18.8	5:9	10.4
A	10,098	8,356.9	6:9	5,571.2
B	13,221	11,557.1	7:9	8,988.9
C	12,482	11,202.1	8:9	9,957.4
D	8,114	7,490.2	9:9	7,490.2
E	4,124	3,895.1	11:9	4,760.7
F	1,646	1,566.7	13:9	2,263.0
G	543	505.9	15:9	843.2
H	22	20.5	18:9	41.0
<b>Total</b>	<b>50,270</b>	<b>44,613.3</b>		<b>39,926.0</b>
Less local Council Tax Support Scheme discounts				<b>(3,155.1)</b>
Less adjustments for losses on collection				<b>(735.4)</b>
Addition for anticipated changes in the base				<b>183.9</b>
<b>Band D Equivalent Number of Properties</b>				<b>36,219.4</b>

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year and dividing this by the council tax base. This results in a basic Band D charge (excluding Parish Precepts) of £1,978.15 for 2021/22 (£1,905.87 for 2020/21). The other valuation bands are proportionate to this. The full list of charges is as follows:

Band	Proportion of Band D Charge	Council Tax Levied Excluding Parish Precepts	
		2020/21 £	2021/22 £
A	0.67	1,270.59	1,318.77
B	0.78	1,482.34	1,538.56
C	0.89	1,694.12	1,758.36
D	1.00	1,905.87	1,978.15
E	1.22	2,329.40	2,417.74
F	1.44	2,752.92	2,857.33
G	1.67	3,176.46	3,296.92
H	2.00	3,811.81	3,956.30

### 3. Accounting for business rates

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

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

Revenue relating to non-domestic rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Authority from NDR payers belongs proportionately to all the major preceptors (excluding police bodies) and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Regulations require that only the deficit or surplus estimated in the annual National Non Domestic Rates (NNDR) 1 Return before the year-end be recovered from or shared with preceptors. Therefore, a deficit of £11.403m was shared between preceptors during 2021/22, being the estimate included in NNDR1 2021/22, whereas the actual amount for 2020/21 was a deficit of £12.031m.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income and Expenditure for 2021/22 to be a net income of £1.460m (2020/21 net cost £1.808m). This can be reconciled to South Ribble Borough Council's share of Business Rates Income in the Collection Fund statement in the following table:

2020/21 £'000		2021/22 £'000
(14,100)	South Ribble Borough Council's share of Business Rates	(14,257)
10,327	Tariff Payable to the Lancashire Business Rates Pool	10,327
181	Levy Payable to the Lancashire Business Rates Pool	160
0	Amount Payable to County Wide Fund	0
(78)	Amounts retained by South Ribble Borough Council in respect of Renewable Energy Schemes	(78)
5,514	South Ribble Borough Council share of accumulated surplus or deficit for year (transferred to Collection Fund Adjustment Account - Note 25f)	(1,907)
(36)	South Ribble Borough Council share of previous year's estimated surplus or (deficit) as per NNDR1 under regulation	4,295
<b>1,808</b>	<b>NNDR Net Income per Note 14</b>	<b>(1,460)</b>

This council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be 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. For more information on the Lancashire Business Rates Pool see Note 14.

The additional reliefs to businesses, first introduced by the government in 2020/21 in response to the Covid-19 pandemic, and which continued, although at a reduced level, into 2021/22, do not affect the amount of business rates income receivable by the council for 2021/22, because this was fixed by the NNDR1 return completed in January 2021, ie before the additional reliefs for 2021/22 had been set. However, they have, together with the effect of the corresponding accumulated deficit for 2020/21, had a significant impact on the council's share of the surplus/deficit at the end of the 2021/22, producing the deficit of £2.388m (£4.295m - £1.907m) shown above. In terms of actual income to the council, this deficit is offset by additional government grants. For more detail of this, see Note 14 on page 74.

#### 4. Business rates details of charge

Business Rates are organised on a national basis. In 2005/2006 the Government introduced a Small Business Rate Relief Scheme. This results in there being two multipliers – one for small businesses at 49.9p in 2021/22 (49.9p in 2020/21) and one for larger businesses at 51.2p in 2021/22 (51.2p in 2020/21).

The Business Rates income for 2021/22, after reliefs and provisions, was £30.129m (£21.965m in 2020/21).

The rateable value for the council's area at the end of the financial year 2021/22 was £90.678m (£89.298m in 2020/21).

# Group Accounts

## Introduction

The authority is required to adhere to proper accounting practices comprised primarily of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

An authority with interests in subsidiaries, associates and/or joint ventures is required to prepare Group Accounts in addition to their single entity financial statements unless these interests are not considered to be material.

Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries, plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.

South Ribble Leisure Limited is a company with charitable purposes, limited by shares and is wholly owned by South Ribble Borough Council. The company commenced trading on 1 September 2021. Its objectives include;

- provision of leisure and sports facilities and services;
- connection of the leisure centres with the corporate objectives of improving health and well-being and reducing health inequalities across the Borough;
- development of a leisure local model from leisure centres which seeks to widen access to facilities in hard to reach areas and groups within the Borough;

The company is overseen by a Board of Directors which consists of three South Ribble Council officers, one of whom is designated the Managing Director of the Company.

The Council maintains control of the company's activities through the scrutiny of the Leisure Strategic Partnership Board, which regularly reviews the financial and operational performance of the company.

South Ribble Leisure Limited produce accounts with a year-end date of 31 March. The accounts for the period from 1 September 2021 to 31 March 2022 have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounts are filed at Companies House in accordance with the Companies Act 2006.

## 1. Accounting Policies

The notes which follow the main statements detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes to authority's accounts. The consolidation has been done on a merger basis as South Ribble Leisure Limited is wholly owned by the Council.

## Group 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
546	(511)	35	Commercial and Property	10,441	(2,703)	7,738
2,848	(619)	2,229	Communities	3,740	(1,299)	2,441
25,130	(18,626)	6,504	Customer and Digital	26,195	(18,041)	8,154
3,225	(1,284)	1,941	Governance	3,599	(1,627)	1,972
4,214	(3,731)	483	Planning and Development	5,368	(5,251)	117
2,585	(4,379)	(1,794)	Policy	2,919	(740)	2,179
2,498	(41)	2,457	Budgets Not in Directorates	2,684	(2,670)	14
<b>41,046</b>	<b>(29,191)</b>	<b>11,855</b>	<b>Cost of Services</b>	<b>54,946</b>	<b>(32,331)</b>	<b>22,615</b>
440	(27)	413	Other Operating Expenditure	478	(185)	293
2,822	(3,137)	(315)	Financing and Investment	2,575	(3,404)	(829)
10,871	(25,150)	(14,279)	Income and expenditure	10,977	(31,821)	(20,844)
			Taxation and non-specific grant income			
<b>55,179</b>	<b>(57,505)</b>	<b>(2,326)</b>	<b>(Surplus)/Deficit on provision of services</b>	<b>68,976</b>	<b>(67,741)</b>	<b>1,235</b>
		(521)	(Surplus)/Deficit on revaluation of Property Plan and Equipment Assets			273
		8,346	Re-measurement of the net defined benefit liability			(14,094)
		<b>7,825</b>				<b>(13,821)</b>
		<b>5,499</b>				<b>(12,586)</b>

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund £'000	Capital Receipts Reserve £'000	Grants Capital Unapplied £'000	Usable Total Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2020</b>	<b>(20,813)</b>	<b>0</b>	<b>(10,269)</b>	<b>(31,082)</b>	<b>(6,714)</b>	<b>(37,796)</b>
<b><u>Movements in 2020/21</u></b>						
Total Comprehensive Income and Expenditure	(2,326)	0	0	(2,326)	7,825	5,499
Adjustments between accounting basis & funding basis	(3,774)	0	1,986	(1,788)	1,788	0
<b>(Increase)/decrease in year</b>	<b>(6,100)</b>	<b>0</b>	<b>1,986</b>	<b>(4,114)</b>	<b>9,613</b>	<b>5,499</b>
<b>Balance at 31 March 2021</b>	<b>(26,913)</b>	<b>0</b>	<b>(8,283)</b>	<b>(35,196)</b>	<b>2,899</b>	<b>(32,297)</b>
<b><u>Movements in 2021/22</u></b>						
Total Comprehensive Income and Expenditure	1,235	0	0	1,235	(13,821)	(12,586)
Adjustments between accounting basis & funding basis	971	0	(2,350)	(1,379)	1,379	0
<b>(Increase)/decrease in year</b>	<b>2,206</b>	<b>0</b>	<b>(2,350)</b>	<b>(144)</b>	<b>(12,442)</b>	<b>(12,586)</b>
<b>Balance at 31 March 2022</b>	<b>(24,707)</b>	<b>0</b>	<b>(10,633)</b>	<b>(35,340)</b>	<b>(9,543)</b>	<b>(44,883)</b>

## Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

31 March 2021 £'000		Notes	31 March 2022 £'000
33,868	Property, Plant & Equipment	15	36,374
10,144	Investment Property	16	11,159
163	Intangible Assets	17	112
39	Long-Term Debtors	18	186
<b>44,214</b>	<b>Long-Term Assets</b>		<b>47,831</b>
29,017	Short-Term Investments	18	34,026
111	Inventories	19	114
10,462	Short-Term Debtors	20	6,424
15,148	Cash and Cash Equivalents	21	21,903
<b>54,738</b>	<b>Current Assets</b>		<b>62,467</b>
(25,291)	Short-Term Creditors	22	(31,443)
(2,081)	Provisions	23	(2,351)
<b>(27,372)</b>	<b>Current Liabilities</b>		<b>(33,794)</b>
(152)	Long-Term Creditors	18	(152)
(37,289)	Net Pension Liability	37	(30,390)
(1,842)	Grant Receipts in Advance - capital	33	(1,078)
<b>(39,283)</b>	<b>Long-Term Liabilities</b>		<b>(31,620)</b>
<b>32,297</b>	<b>Net Assets</b>		<b>44,884</b>
(35,196)	Usable Reserves	24 & MiRS	(35,341)
2,899	Unusable Reserves	25	(9,543)
<b>(32,297)</b>	<b>Total Reserves</b>		<b>(44,884)</b>



Louise Mattinson  
Director of Finance and Section 151 Officer  
20 March 2023

## Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

The cash flows in respect of South Ribble Leisure Limited have been consolidated within a cash flow statement for the group. All South Ribble Leisure Limited's cash flows in 2021/22 arose from operating activities. There were no investing or financing activities.

2020/21 £'000		2021/22 £'000
2,326	Net surplus or (deficit) on the provision of services	(1,235)
13,665	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15,700
(134)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(5,969)
<b>15,857</b>	<b>Net cash flows from Operating Activities</b>	<b>8,496</b>
5,384	Investing Activities	(5,262)
(18,141)	Financing Activities	3,521
<b>3,100</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>6,755</b>
12,048	Cash and cash equivalents at the beginning of the reporting period	15,148
<b>15,148</b>	<b>Cash and cash equivalents at the beginning of the end of the reporting period</b>	<b>21,903</b>

## Group Account Notes

### Introduction

The following notes have been prepared on an exception basis with only those items which have materially changed from the Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 46 and Balance Sheet on page 48 and the appropriate note.

## 2. 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 local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	Directorate	£'000	£'000	£'000
(35)	70	35	Commercial and Property	1,289	6,449	7,738
3,357	(1,128)	2,229	Communities	1,402	1,039	2,441
5,347	1,157	6,504	Customer and Digital	5,793	2,361	8,154
1,806	135	1,941	Governance	1,696	276	1,972
301	182	483	Planning and Development	(36)	153	117
(2,172)	378	(1,794)	Policy	2,211	(32)	2,179
2,401	56	2,457	Budgets not in Directorates	(570)	584	14
<b>11,005</b>	<b>850</b>	<b>11,855</b>	<b>Net Cost of Service</b>	<b>11,785</b>	<b>10,380</b>	<b>22,615</b>
(17,105)	2,924	(14,181)	Other Income and Expenditure	(9,579)	(11,766)	(21,380)
<b>(6,100)</b>	<b>3,774</b>	<b>(2,326)</b>	<b>(Surplus)/Deficit in year</b>	<b>2,206</b>	<b>(1,836)</b>	<b>1,235</b>
<b>(20,813)</b>			<b>Opening General Fund Balance at 1 April</b>	<b>(26,913)</b>		
(6,100)			Add (Surplus)/Less Deficit on General Fund Balance in Year	2,205		
<b>(26,913)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(24,708)</b>		

### 3. Expenditure and Income analysed by nature

The expenditure and income of the Group is analysed as follows;

	2020/21 £'000	2021/22 £'000
<b>Expenditure/Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	12,890	19,953
Other service Expenses	29,483	30,911
Depreciation, amortisation, impairment	(1,141)	3,992
Interest payments	2,998	3,078
Precepts, tariffs and levies	10,949	10,968
Loss on the disposal of assets	0	74
<b>Total Expenditure</b>	<b>55,179</b>	<b>68,976</b>
<b>Income</b>		
Fees, charges and other service income	(8,860)	(20,435)
Interest and investment income	(2,313)	(2,303)
Income for council tax and non-domestic rates	(17,094)	(20,577)
Government grants and contributions	(29,211)	(24,241)
Gain on the disposal of assets	(27)	(185)
<b>Total income</b>	<b>(57,505)</b>	<b>(67,741)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(2,326)</b>	<b>1,235</b>

### 4. Defined Benefit Pension Scheme

#### 4a Governance

As part of the terms and conditions of employment of its officers and other employees, both South Ribble Borough Council and South Ribble Leisure Ltd offer retirement benefits through the Local Government Pension Scheme. Both schemes are administered by Lancashire County Council who have appointed a Pension Fund Committee (comprising a mix of County Councillors and representatives from other employers) to manage the Funds. The Committee is assisted by an investment panel which advises on investment strategy and risk management. The scheme is funded and pays defined benefits based on how long employees are active members, and their salary when they leave (a “final salary” scheme) for service up to 31 March 2014 and on revalued average salary (a “career average” scheme) for service from 1 April 2014 onwards.

#### 4b Funding the liabilities

Regulations require actuarial fund valuations to be carried out every 3 years. Contributions for each employer are set having regard to their individual circumstances. Contributions must be set with a view to targeting the Funds solvency (the detailed provisions are set out in the Fund’s Funding Strategy Statement). Whilst the South Ribble Leisure Ltd is a new fund, as it was established on the date that the company began trading operations on 1<sup>st</sup> September 2021, the South Ribble Borough Council fund has been in operation since the establishment of the council in 1974. Details of the council valuation, carried out as at 31<sup>st</sup> March 2019, can be found at Note 37.

South Ribble Borough Council have signed a Deed of Guarantee and undertake to guarantee any deficit arising on the South Ribble Leisure Ltd pension fund should the company cease to operate. The latest valuation, which will be effective as at 31<sup>st</sup> March 2022 and determine contribution rates for 2023/24 and the two following years, is currently underway for both funds.

#### 4c Transactions relating to retirement benefits

The cost of retirement benefits for both the council and South Ribble Leisure Ltd are recognised in the Cost of Services in the revenue account, when they are earned by employees, rather than when the benefits are actually paid as pensions. However, within the Group Accounts, the charge required to be made is based on the cash payable to the fund during the year. An adjustment is therefore made to the Group General Fund via the Group Movement in Reserves Statement. The following table shows the transactions made in the Group Comprehensive Income and Expenditure Statement and the Group General Fund Balance via the Group Movement in Reserves Statement during the year:

	2020/21	2021/22
<b><i>Comprehensive Income and Expenditure Statement</i></b>		
<i>Cost of Services:</i>		
Administration	49	60
Current service cost	2,524	4,037
Past service cost	0	0
Effect of curtailments	17	165
Incorporation of South Ribble Community Leisure Trust Net Liability	0	8,618
Transfer of South Ribble Leisure Limited Net Liability	0	(2,931)
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	2,866	3,137
Expected return on scheme assets	(2,240)	(2,243)
<b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>	<b>3,216</b>	<b>10,843</b>
<b><i>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</i></b>		
Return on plan assets, excluding amount included in interest expense	(7,942)	(13,023)
Experience (gains) and losses	(2,610)	396
Actuarial (gains) and losses from changes in demographic assumptions	0	(1,118)
Actuarial (gains) and losses from changes in financial assumptions	18,898	(337)
Prior Year Adjustment		(12)
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>8,346</b>	<b>(14,094)</b>
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>11,562</b>	<b>(3,251)</b>
<b><i>Movement in Reserves Statement</i></b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services	(3,216)	(10,843)
Actual amount charged against the General Fund Balance for pensions in the year	1,634	1,933

#### 4d Pension assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit plans are as follows;

	Scheme Liabilities Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
Present value of the defined benefit obligation	(139,207)	(153,826)
Fair value of plan assets	101,964	120,505
<b>Net liability arising from defined benefit obligation</b>	<b>(37,243)</b>	<b>(33,321)</b>

#### 4e Reconciliation of fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
<b>1 April</b>	<b>91,264</b>	<b>101,964</b>
Adjustment to brought forward balance	196	(32)
<b>Revised 1 April Balance</b>	<b>91,460</b>	<b>101,932</b>
Interest on plan assets	2,240	2,243
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	7,942	13,23
Employer contributions	4,161	716
Employee contributions	535	651
Benefits paid	(4,325)	(4,404)
Incorporation of South Ribble Community Leisure Trust Assets	0	6,404
Transfer of South Ribble Leisure Assets	0	0
Other	(49)	(60)
<b>31 March</b>	<b>101,964</b>	<b>120,505</b>

#### 4f Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2020/21 £'000	2021/22 £'000
<b>1 April</b>	<b>(121,302)</b>	<b>(139,207)</b>
		(1)
Current service cost	(2,524)	(4,037)
Past service cost	0	0
Interest cost	(2,866)	(3,137)
Contributions by scheme participants	(535)	(651)
<i>Re-measurement gains and (losses)</i>	0	0
Changes in financial assumptions	(18,898)	337
Experience gains and losses	2,610	(396)
Gains and losses from changes in demographic assumptions	0	1,118
Curtailments	(17)	(165)
Benefits paid	4,325	4,404
Incorporation of South Ribble Community Leisure Trust Liabilities	0	(12,091)
Transfer of South Ribble Leisure Limited Liabilities	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>(139,207)</b>	<b>(153,826)</b>

#### 4g Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2020/21	Percentage total of assets	2021/22	Percentage total of assets
<b>Cash</b>				
Cash and cash equivalents	0	0.0%	0	0.0%
Cash accounts	2,451	2.5%	3,333	2.8%
Net Current Assets	(259)	-0.3%	(301)	-0.2%
<b>Subtotal Cash</b>	<b>2,192</b>	<b>2.2%</b>	<b>3,032</b>	<b>2.5%</b>
<b>Equities</b>				
Financials	0	0.0%	143	0.1%
<b>Subtotal Equities</b>	<b>0</b>	<b>0.0%</b>	<b>143</b>	<b>0.1%</b>
<b>Bonds</b>				
UK corporate	0	0.0%	508	0.4%
Overseas corporate	0	0.0%	433	0.4%
Government	0	0.0%	0	0.0%
Overseas fixed interest	0	0.0%	0	0.0%
<b>Subtotal bonds</b>	<b>0</b>	<b>0.0%</b>	<b>941</b>	<b>0.8%</b>
<b>Property</b>				
Retail	98	0.1%	104	0.1%
Commercial	1,603	1.6%	1,820	1.5%
<b>Subtotal property</b>	<b>1,701</b>	<b>1.7%</b>	<b>1,924</b>	<b>1.6%</b>
<b>Private equity</b>				
UK	0	0.0%	2,593	2.2%
Overseas	7,963	8.0%	7,068	5.9%
<b>Subtotal private equity</b>	<b>7,963</b>	<b>8.0%</b>	<b>9,661</b>	<b>8.1%</b>
<b>Other</b>				
Infrastructure	11,902	12.0%	13,356	11.1%
UK Pooled Equity Funds	1,015	1.0%	1,104	0.9%
Overseas Pooled Equity Funds	45,465	45.8%	59,332	49.2%
Property funds	12,434	12.5%	10,223	8.5%
Credit funds	13,267	13.4%	15,691	13.0%
Pooled income fund	3,308	3.3%	5,098	4.2%
<b>Subtotal Other</b>	<b>87,391</b>	<b>88.1%</b>	<b>104,804</b>	<b>86.9%</b>
<b>Total</b>	<b>99,247</b>	<b>100.0%</b>	<b>117,465</b>	<b>100.00%</b>

# **Annual Governance Statement 2021/22**

## 1. INTRODUCTION

The Annual Governance Statement is a point in time assessment of the council's governance framework. It considers information assembled over the course of the previous 12 months to make an evidence-based assessment of the systems, processes, culture and values that feed into our internal control environment and our compliance with them. This document draws the evidence together and provides a valued judgement of our governance environment.

The AGS provides an overview of the council's key governance systems and explains how they are tested and the assurance that can be relied upon to show that these systems and processes operating effectively. The Statement comprises an overview of the key elements of its governance framework and what evidence has been received in order to determine the effectiveness of the arrangements. In addition, the Statement contains an update on the areas for improvement identified last year, together with proposed areas for improvement for the coming year.

## 2. What is Corporate Governance

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law, to the highest standards and that there is a sound system of governance (incorporating the system of internal control). Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility, we have put in place arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

Our Governance Framework is based on the CIPFA/SOLACE Framework<sup>1</sup>. It promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council. It is important to note that a robust governance framework only has value if it is complied with and contains sufficient controls to ensure this.

The adopted Local Code of Corporate Governance incorporates and demonstrates how the 7 principles detailed by the CIPFA/SOLACE Framework, and set out below, are complied with.

Good governance means:-

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- ensuring openness and comprehensive stakeholder engagement
- defining outcomes in terms of sustainable economic, social and environmental benefits
- determining the interventions necessary to optimise the achievement of the intended outcomes
- developing the council's capacity, including the capability of its leadership and the individuals within it
- managing risks and performance through robust internal control and strong public financial management
- implementing good practices in transparency, reporting, and audit to deliver effective accountability

Our Local Code was reviewed and updated this year and approved by Governance Committee on 29 March 2022 and can be accessed through this hyperlink [here](#).

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<sup>1</sup> The CIPFA / SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers) framework "Delivering Good Governance in Local Government".

### **3. The Council's Governance Framework**

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money. The council has responsibility for ensuring that there is a sound system of governance.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

The local code should enable members to satisfy themselves that council objectives are being met lawfully, in accordance with the corporate strategy, medium term financial strategy and in a way that demonstrates value for money. The framework is the basis for the decision making structures and compliance with it enables members to have sufficient information to test any proposals and / or delivery and to make a reasonable, evidence based decision.

There has been evidence of improvement in the governance environment with external audit recognising that significant works have been undertaken to develop and implement robust policies and processes to support it. This has led to a noticeable improvement in the outcomes of internal audit reviews and external audit removing the statutory recommendation from the statement of accounts for the year 2020/21 (recently completed) and identifying only areas for improvement which is a huge step forward for the Council. It is important that the Council acknowledge that the work completed is only the beginning and we must continue to commit to improvement. We must demonstrate this commitment through honest self-assessment and regularly reviewing how we can be better, using the governance framework to self-identify issues and improvements and take steps to implement them quickly.

#### **Values of good governance**

The Council also promotes and demonstrates the values of good governance by upholding high standards of conduct and behaviour. The following strong arrangements are in place to ensure that appropriate standards of behaviour are maintained:

Codes of Conduct (Members and Officers)  
Member Officer Protocol  
Suite of HR policies

## Suite of Counter Fraud Policies

It is appropriate to spend a little time on the roll out of the new HR Policies and the HR hub. The extension of shared services was an opportune time to review HR policies with a view to bringing consistency across staff within shared services and the 2 employing councils. This review has led to the development not only of the new suite of policies but an online HR Hub where they can be accessed and also an organisational development area to act as a training hub for online training and personal development area where 121's, and personal development can be recorded and managed centrally. This is an important development for the council as it will provide evidence of training completed, development of staff and the passing of information, which are all elements of a strong governance environment.

In addition, the council have made the following improvements and implemented the following actions:

- strengthening the business planning process,
- approval of the Contract and Partnership Framework and monitoring arrangements,
- the introduction of the Project Management Framework
- the new performance management system,
- the introduction of the performance and project network
- risk management training
- report writing training.

demonstrating a continuing commitment to improvement and a recognition of the need to embed the works undertaken.

### **Impact of Covid on the Council's governance arrangements**

The impact of the pandemic had a lingering effect on the business of the Council. No new controls were introduced in the last 12 months but the existing ones had become embedded ways of working.

## 4. How we review the effectiveness of the Governance Framework

This section identifies the structures, committees and officer roles which serve to review the appropriateness of the governance arrangements and their application.

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

**Governance Committee** - The Governance Committee provides member oversight and scrutiny of the Council's business controls. The Governance committee undertakes all of the core functions of an audit committee as identified in the relevant CIPFA guidance. An assessment has been undertaken during 2020/21 and this confirmed that the Committee are operating in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018. In addition, the Committee's skills and knowledge have been assessed and training will be arranged to meet any training needs identified.

**Shared Services Joint Committee** - The Joint Committee monitors service performance of the shared services partnership between South Ribble Borough and Chorley Borough Councils, and is a good example of our effective governance of partnerships.

**Standards Committee** - the committee's role is to promote high ethical standards. Standards Committee reports to full Council on an annual basis on the work that it carried out. There have been no hearings this year.

### Scrutiny Committee

The Scrutiny Committee have continued to play an active role in the business of the Council, holding the Executive to account and assisting in the development of Policy and feeding into the budget cycle. It was Chaired by a councillor who is not part of the administration.

The Scrutiny Budget and Performance Panel meets to challenge and comment on the quarterly performance and budget monitoring reports prior to consideration by Cabinet as part of our new rigorous Performance Management Framework.

The Scrutiny Chair attends the Lancashire County Council Health Scrutiny Committee and reports back to each meeting. The Council plays a leading role in the North West Strategic Scrutiny Network which shares learning and best practice amongst Members.

### Member Training

The Council holds the North West Employers Member Development Charter and has a cross-party Member Development Steering Group that takes an overview of Member training and development. A Member Personal Development Planning is now embedded with member PDP's being completed.

During the year all Member training was provided a number of different topics and Member briefings held to support member understanding of council business.

Members have also attended a number of external training courses and conferences via the LGA and other providers.

### **Management Team / Leadership Team**

Further steps have been taken in the last 12 months to strengthen the leadership team. All director posts are now shared and a new Director of Change and Delivery role has been appointed to. This post is to support the continued transformation of the council and will play a key role in ensuring the embedding of new policies, ways of working and a culture of continuous improvement.

### **Section 151 Officer / Director of Finance**

The Director of Finance/ Section 151 Officer post was recruited to on a permanent basis twelve months ago and is a member of the Senior Management Team.

### **Statutory Regulation / Monitoring Officer**

This role is fulfilled by the Director of Governance who is also a member of the Senior Management Team.

### **Corporate Governance Group / Officer arrangements**

In developing this Annual Governance Statement, the council's senior officers have worked collectively to understand and assess the effectiveness of the implementation of the council's governance framework. This work has been overseen by a Corporate Governance Group comprising:

- Chief Executive
- Deputy Chief Executive
- Director of Governance (Monitoring Officer)
- Director of Finance S151 Officer
- Director Change and Delivery
- Shared Service Lead Audit and Risk

The Corporate Governance Group (CGG) have worked with the council's Senior Management Team who have individually produced and collectively reviewed service assurance statements which assess compliance with and understanding of the council's governance framework. This assessment has supported the production of this document.

It is also important to note the ongoing role that a council's senior officers have in ensuring that good governance is enacted in the working of the organisation.

A terms of reference for the CGG have been developed which will further enhance the governance monitoring and reporting arrangements.

### **Programme Board**

A corporate programme board has been established and meets quarterly to review and monitor the performance of the Corporate Strategy projects and performance measures ahead of reporting to Cabinet. The board is made up of the Senior Management Team as those accountable for overall programme delivery and ensuring compliance with the Performance Management Framework. The board receive an update report highlighting issues, concerns and risks by exception. The board will discuss issues and identify solutions before cascading directions back to project managers and teams.

### **Internal Audit and the Head of Audit Opinion**

Internal Audit is responsible for providing assurance on the quality and effectiveness of the system of governance and internal control. A risk based Internal Audit Plan is produced. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service. This report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers.

The Internal Audit Annual Report contains a statement/ judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

The Annual Internal Audit report contains the following opinion from the Head of Internal Audit:

Based on the work undertaken and evidence available to Internal Audit including other sources of assurance, it is considered that the overall adequacy and effectiveness of the Council's governance, risk management and control processes are **adequate**.

The Council has made significant progress to improve the overall governance and risk management arrangements. The past 12-18 months have seen the introduction of a range of corporate processes to provide a robust governance framework. The challenge now for the Council is to ensure that the momentum of continuous improvement does not wane and that the governance framework in place becomes fully embedded in all Council activities.

## **GDPR Leadership Group / Information Governance**

The Leadership GDPR Group has overseen the implementation and full GDPR compliance. Various initiatives have been initiated via the GDPR Officers Group to assess ongoing compliance. This work indicates good staff awareness and secure methods of working whilst working from home. The former Data Protection Officer has obtained employment with another council and this role is now fulfilled by the Director of Governance. The Senior Information Risk Owner is the Director (Customer and Digital).

## **Organisational Development**

An Organisational Development Strategy has been adopted with key objectives to: support the needs of the workforce; to facilitate staff engagement through a variety of mechanisms; to demonstrate investment in staff and their personal development; to underpin consistent management and to develop the leadership team. The Interventions identified are starting to embed with the first cohort having completed the Flair programme and providing positive feedback. The Passport to People Management programme has commenced and mentoring opportunities are provided to junior managers in the organisation to aid their development.

The HR Hub has brought together in one place both the OD strategy and wider eLearning opportunities making it easier to manage and identify gaps in staff's knowledge and / or experience but also a framework to address them.

## **Corporate Complaints / Local Ombudsman**

The number of customer complaints processed as stage one complaints have again increased year on year, 169 in 2020/21 to 199. This is perhaps not unexpected as the expectations of residents following covid returned to normality. The percentage of complaints upheld increased from 15% to 25% but this remained below pre-pandemic levels.

The Council are aware of 5 complaints which were made to the Local Government Ombudsman in the year 2021/22. None of the complaints were upheld. There was one LGO investigation from a previous year received in this period which required an apology from the Council.

This is suggestive of an improvement of levels of service and compliance with council processes and the Council can take some assurance from the independent testing of the Council by the Local Government Ombudsman.

## External Audit

The Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

The most recent review undertaken (which is for the period 2020/21) has acknowledged significant improvement in the Councils governance environment and has removed the statutory recommendation, identifying only improvements that should be made. This is an endorsement of the work the council have done in the last 2 years to address the issues identified in previous years.

## Peer Challenge

Recognising the importance of a strong governance environment and the benefit of an external review, the Council invited the Local Government Association to undertake a peer review with one of the focus areas specifically relating to organisational leadership and governance.

The report, which was published on the Councils website, recognised the significant improvements at the Council and made the following recommendations relevant to the governance focus:-

***Recommendation One:*** *Embed a culture of good governance: SRBC need to build on their momentum and progress regarding governance. This includes ensuring that their existing reforms have embedded within the organisation's processes, practice, and culture, as well as considering further areas that may not currently be within the scope of the Council's existing action plan.*

***Recommendation Eight:*** *Political engagement in a balanced authority: The finely balanced politics of SRBC places further emphasis on the need for effective cross-party working relations. Given the challenges ahead it is important to ensure, where possible, a strong cross-party consensus on many of the priority and long-term issues that are facing the borough. This should include consideration of the contribution that Scrutiny can make to provide constructive challenge on issues and building on the sharing of information across political groups that has been developed during the COVID pandemic.*

During the follow up visit by the Peer Group they expressed further satisfaction with the progress of the Council on these issues.

## 5. Governance Environment: Areas to Strengthen

The following table relates to the action plan from the 2020/21 Annual Governance Statement. The improvements are specific and the table indicates whether the action is completed or outstanding. It will be noted that only one action is being carried forward to next year with all other actions being complete or partially complete.

Themes	Improvement Required	Complete/ Outstanding
Recruitment/Induction	<p>To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety.</p> <p>Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development</p>	Complete

Themes	Improvement Required	Complete/ Outstanding
Governance & Management	<p>Management Development Programme has been designed to establish a baseline level of management competency as well as providing ongoing support to maintain performance. The aim is to commence delivery with cohorts of managers from September 2021 through a range of methods including e-learning, which will also form part of the induction process for future managers.</p> <p>Introduce a standardised DMT agenda with agreed standing items to ensure a consistent approach is adopted across the Council. This will incorporate items of Corporate significance identified by the Communications team within their forward plan.</p>	<p>Complete</p> <p>Complete</p>
Fraud and Corruption	<p>Fraud awareness training to be delivered to all relevant officers using e-learning modules</p> <p>Fraud reports to be presented to Governance Committee</p> <p>Fraud risk register to be compiled and monitored on a regular basis</p>	<p>Complete</p> <p>Outstanding</p> <p>Complete</p>
Corporate Information Source for Officers (Connect)	<p>To improve the user experience for employees and ensure essential information is easy to access. The following improvements to Connect should be considered:</p> <ul style="list-style-type: none"> <li>• Defined area on Connect for all core policies.</li> <li>• Service areas to review information they have published on Connect and to remove outdated material.</li> <li>• Create a manager zone within Connect to ensure all essential guidance and resources for managerial responsibilities are easily sourced.</li> </ul>	<p>Partially complete</p> <p>Complete</p> <p>Complete</p>
Risk Management	<p>Ensure risk management is embedded throughout the organisation and within all Council activities.</p>	<p>Ongoing</p>

Themes	Improvement Required	Complete/ Outstanding
Budget Monitoring	To re-establish budget monitoring reports to aid budget holders after a further analysis of the report content is undertaken. Reports will be tailored to ensure that they meet the needs of the service area.	Complete
GDPR	The GDPR Leadership Group should undertake a full review to ensure that the register is up to date with data responsibilities correctly defined and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.	Complete
Equality	The equality scheme should be revised and refreshed including revised equality objectives to ensure that it is up to date and fit for purpose.	Substantially Complete
Key Corporate Policies	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation.	Carried forward
Value for Money	Adopt an organisation wide Transformation Strategy & Programme incorporating a value for money elements to deliver efficient services through service reviews and shared services.	Complete
Inventories	Directors to ensure that inventories are compiled and maintained in accordance with the Councils guidance notes for service unit fixed assets registers.	Substantially Complete
Transparency Act	Publish up to date information and include all mandatory criteria.	Complete

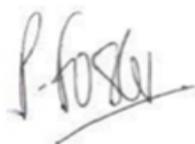
Following the assessment of our governance environment, no significant failings were identified by the Corporate Governance Group, although as the council have committed to continuous improvement the group have identified areas where it could be enhanced. Although, as stated, last years actions are not being rolled forward into this years' plan, some are being adapted into new actions to reflect in year changes. The table will form the basis for a more detailed action plan for delivery of the improvements. It is intended to report progress against the plan to Governance Committee mid year and year end.

<b>Theme</b>	<b>Areas for improvement</b>	<b>Suggested improvement</b>
Process/ System	Failure to identify, monitor and report of fraud risks facing the Authority	To develop the Council's approach to fraud following the assessment of the Council's arrangements against Fighting Fraud and Corruption Locally 2020-2025
	Failure to have a system in place to ensure key corporate policies are regularly reviewed, version controlled and remain up to date and accurate.	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation
	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.
	Risk Management	A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.
	Cyber Security, use of ICT equipment and system access	Once approved, awareness of the contents of the Shared Information Security Framework should be raised using all communication methods.  A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the council.  Align where appropriate all IT forms and processes across the shared council environment.
Staff development	Equality	Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website

	Organisational Development  OD Strategy to be developed (May 22) Mandatory training modules to be completed in full	OD to ensure monitoring reports are issued to Directors on a regular basis. This is to include monitoring of compliance with new HR policies and processes.  All Directors to ensure all mandatory training is completed within the agreed timescales.
Corporate	Constitution	Constitution to be reviewed and updated where applicable.
	Business continuity	To put forward a business case for the future management of business continuity to standardize and align process across the two authorities.  To establish a forward plan of testing to ensure plans are robust, encompass all council activity and are fit for purpose.

## 6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. As part of that process the council will monitor implementation of all actions set out in our Action Plan.



Leader of the Council



Chief Executive

Date: 20<sup>th</sup> March 2023

On behalf of the Members and Senior Officers of South Ribble Borough Council

## GLOSSARY

Annual Audit Letter	An External Audit report presented to Council and containing the findings of the Audit Commission's work. It is a requirement of the Code of Practice for Auditors.
Assurance	An evaluated opinion based on evidence and gained from review.
CIPFA	Chartered Institute of Public Finance and Accountancy
Control Environment System of Internal Control	Comprises the organisation's policies, procedures and operations in place to : Establish and monitor the achievement of the organisation's priorities; Identify, assess and manage the risks to achieving the organisation's objectives; Facilitate policy and decision making; Ensure the economical, effective and efficient use of resources; Ensure compliance with policies, legislation and regulations; Safeguard the organisation's assets; Ensure the integrity and reliability of information, accounts and data.
Corporate Governance	Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.
Corporate Governance Group	In 2017 this involved the following officers: Chief Executive; Section 151 Officer; Monitoring Officer; Head of Shared Assurance; Corporate Governance Manager; Corporate Improvement Manager.
SOLACE	Society of Local Authority Chief Executives

# Glossary of Terms

## **Accounting Policies**

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

## **Accruals Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

## **Agency Services**

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

## **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 UK LLP is the council's appointed Auditor.

## **Balances**

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

## **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**

This is 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 Charges**

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

## **Capital Financing Requirement (CFR)**

CFR is a measure of the capital expenditure historically incurred by the Authority that has yet to be financed. This will be discharged by future charges to the revenue account. In determining Council Tax charges, authorities have to make a specific provision for the financing of capital expenditure. The outstanding amount for which provision has to be made is known as the Capital Financing Requirement.

## **Capital Receipts**

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

**Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services.

**Code of Practice on Local Authority Accounting in the United Kingdom (The Code)**

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the council. The Code has statutory status via the provision of the Local Government Act 2003.

**Collection Fund**

The council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the council 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.

**Community Assets**

These are non-current assets that the council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

**Contingency**

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

**Contingent Liabilities or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the council's accounts.

**Council Tax**

A local tax on residential properties within the council's area, set by the charging (South Ribble Borough Council) and precepting authorities. The level is determined by the revenue expenditure requirements for each authority divided by council tax base for the year.

**Council Tax Base**

The amount calculated for each billing authority from which the grant entitlement of its share is derived. 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, specific grants and any funding from reserves.

**Creditors**

Amounts owed by the council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

**Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

**Current Value**

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

**Curtailment**

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

**Debtors**

These are sums of money due to the council that have not been received at the date of the Balance Sheet.

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

**Defined Benefit Scheme**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

**Department for Communities and Local Government (DCLG)**

DCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

**Depreciation**

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property plant and equipment assets.

**Derecognition**

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

**Discounts**

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

**Earmarked Reserves**

The council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

**External Audit**

The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

**Fair Value**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Finance Lease**

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

**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.

**General Fund**

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

**Highways Network Asset**

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. District Council's such as South Ribble Borough Council rarely hold such assets as they are not Highways Authorities.

**Housing Benefit**

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

**Impairment**

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

**Infrastructure Assets**

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

**Intangible Assets**

These are assets that do not have physical substance but are identifiable and controlled by the council. Examples include software, licenses and patents.

**International Financial Reporting Standard (IFRS)**

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

**Inventories**

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

**Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

**Joint Venture**

A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

**Leasing Costs**

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

**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 (MTFS)**

This is a financial planning document that sets out the future years financial forecasts for the council. It considers local and national policy influences and projects their impact on the general fund revenue budget, and capital programme. At South Ribble Borough Council this usually covers a four year timeframe.

**Minimum Revenue Provision (MRP)**

The council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge. MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989 and calculated in accordance with The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

**Non-Domestic Rate (NDR) (also known as Business Rates)**

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

**Net Book Value (NBV)**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Realisable Value (NRV)**

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Operating Lease**

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

**Precept**

The amount levied by various Authorities that is collected by the council on their behalf. The major precepting Authorities in South Ribble are Lancashire County Council, the Police and Crime Commissioner for Lancashire, and the Lancashire Combined Fire and Rescue Authority. Parish precepts are also collected on behalf of a number of Parish and Town Councils in the area.

**Premiums**

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

**Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

**Property, Plant and Equipment (PPE)**

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

**Provisions**

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

**Public Works Loan Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

**Related Parties**

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

**Remeasurement of the Net Defined Benefit Liability**

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- b) actuarial gains and losses
- c) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- d) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

**Reporting Standards**

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

**Regulation(s)**

Various Acts of Parliament, Statutory Instruments and Bills that require local authorities to account for transactions in a particularly way which might depart from proper accounting practice, IFRS or other Reporting Standards.

## **Reserves**

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

## **Revaluation Reserve**

The Revaluation Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

## **Revenue Support Grant**

The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the council tax would be the same across the whole country.

## **Revenue Expenditure Funded From Capital Under Statute (REFCUS)**

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 that has been charged as expenditure to the CIES.

## **Royal Institution of Chartered Surveyors (RICS)**

The Royal Institution of Chartered Surveyors (RICS) is a professional body that accredits professionals within the land, property and construction sectors worldwide.

Members holding RICS qualifications may use the following designations after their name: MRICS (Member), FRICS (Fellow), AssocRICS (Associate). Those with the designation MRICS or FRICS are also known as chartered surveyors.

## **Service Reporting Code of Practice (SeRCOP)**

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

## **Treasury Management**

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

## **Treasury Management Strategy (TMS)**

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the council.

## **Voluntary Revenue Provision**

The council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required, this is the Voluntary Revenue Provision (VRP).