

# Draft (unaudited) Statement of Accounts

Year Ending 31 March 2024

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# Narrative Report of the Chief Financial Officer

## Introduction

I am pleased to introduce the Statement of Accounts for the 2023/24 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 2023/24 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.

The Council faces continued challenges with uncertainty of funding and a difficult national and global economic environment. 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. Despite this climate of uncertainty 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 our local residents.

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 difficult circumstances.



Louise Mattinson ACA  
Director of Finance/Section 151 Officer  
**South Ribble Borough Council**

## **South Ribble Borough Council**

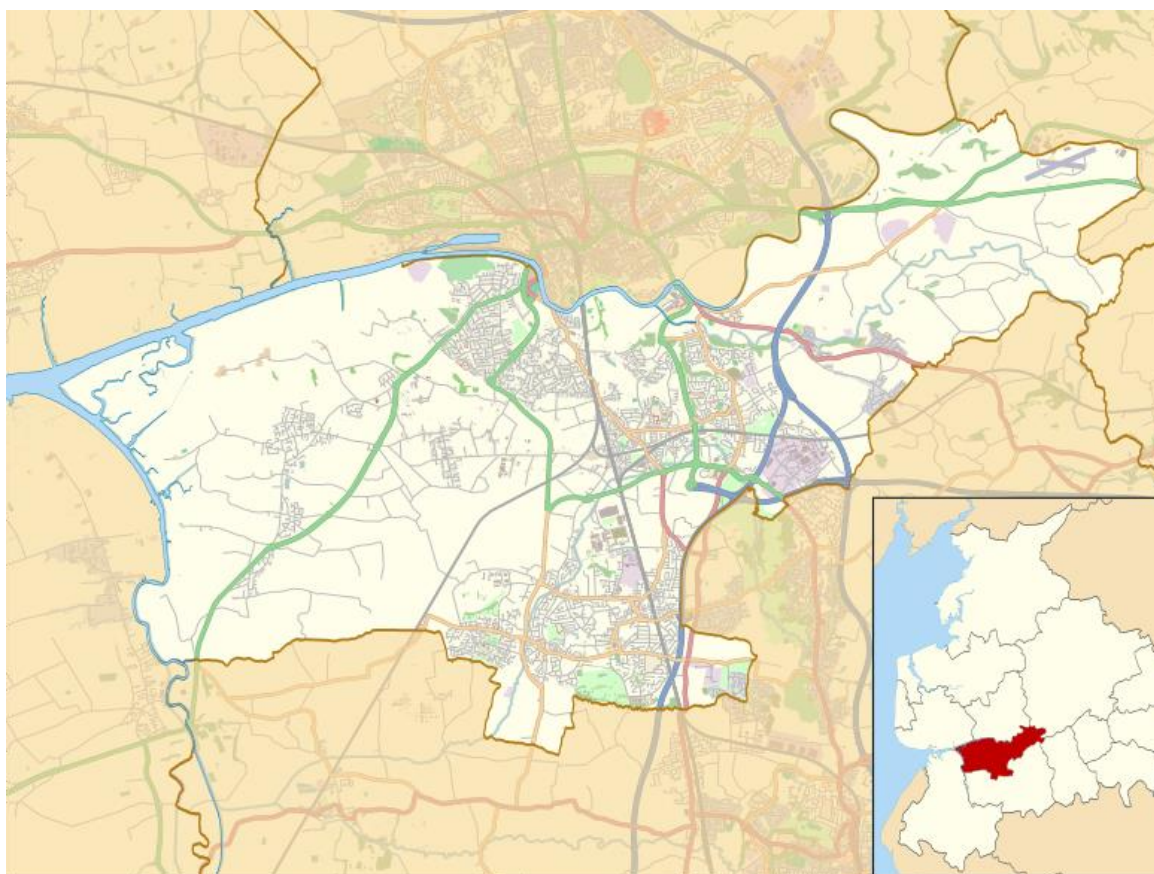
South Ribble Borough extends to about 113 km<sup>2</sup> (approximately 44 square miles) and is located in Lancashire at the centre of the North West region, situated right on the M61, M6 and M65 motorways with easy access to the West Coast mainline and airports at Manchester and Liverpool. The Borough 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 figures available from the Office for National Statistics (ONS) based on the 2021 Census, estimate the total population of the borough at approximately 111,000.

The Council is based in the town of Leyland in the south of the borough, with other notable population areas being Penwortham, Longton and New 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.

### **Location and map of South Ribble borough**



## The Structure of the 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. The Council works collaboratively with a wide range of partners and 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 2023/24 the Council continued to develop and expand its shared services arrangement with Chorley Council with the following shared services and functions now in place:

- Shared Senior Management Team;
- Finance;
- Governance services including Audit and Risk, Legal and Procurement, Democratic Services and Corporate Support;
- Communications and Visitor Economy;
- Transformation and Partnerships including HR;
- ICT;
- Customer Services including Revenues and Benefits;
- Property and Development;
- Pest Control;
- Building Control.

The Council has 50 district councillors, elected to cover all of 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 2023/24 year was as follows:

Party	No.
Conservative	15
Labour	29
Liberal Democrat	5
Vacancy	1
<b>TOTAL</b>	<b>50</b>

## Management Structure

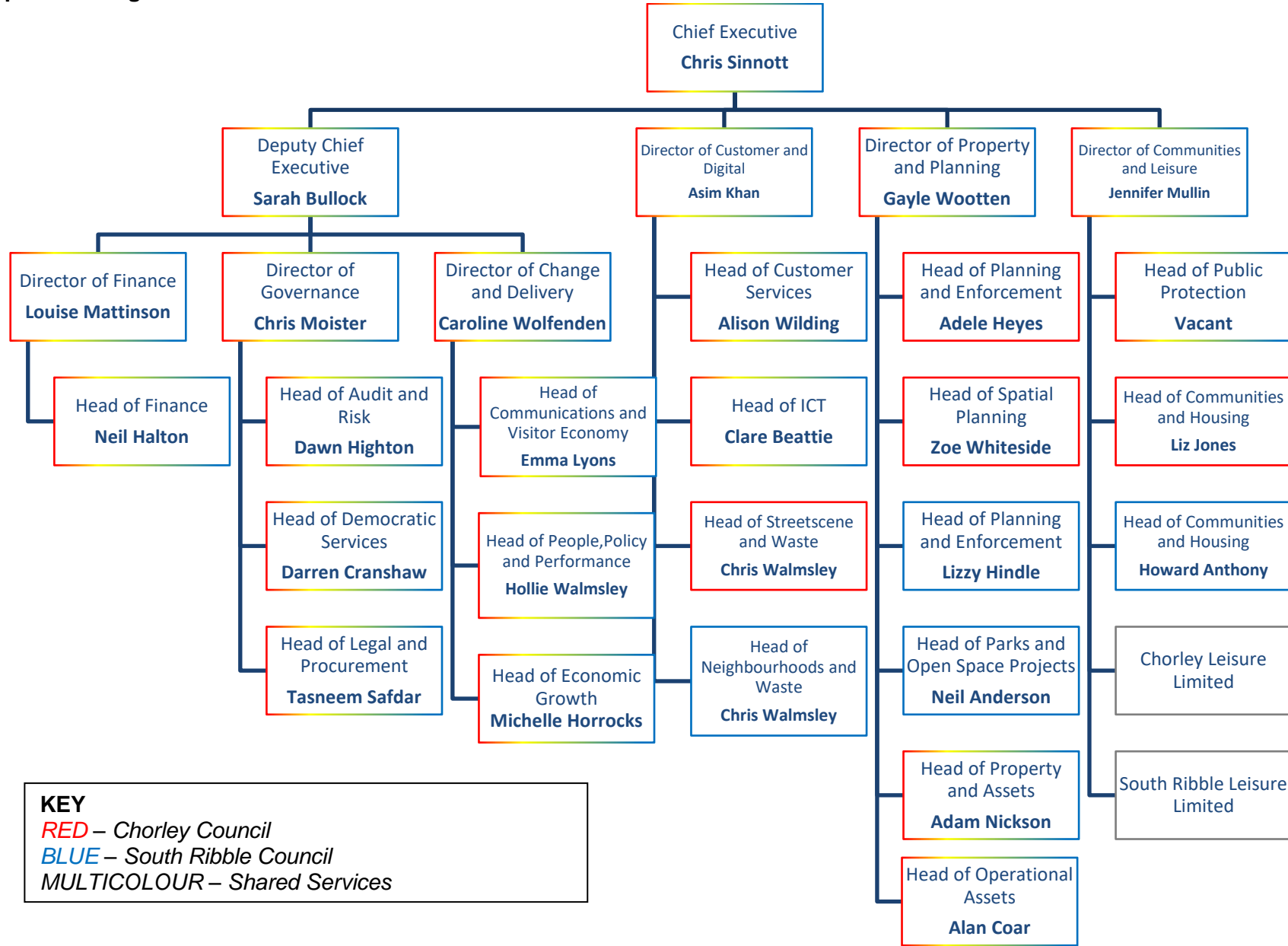
The Senior Management Team is shared across South Ribble and Chorley Borough Councils and consists of the Chief Executive, a Deputy Chief Executive and Directors as shown below.

The Senior Management Team meets weekly and is responsible for developing, implementing and monitoring the delivery of the Council's corporate priorities, and for ensuring resources are available for this.

Posts which solely work for South Ribble Council are shaded in blue below, those which work solely for Chorley Council are shaded in red, whilst those posts which are shared across both councils are shown as multicolour.

Following the insourcing of South Ribble Council's leisure services in 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; during the first five months of 2023/24 they were managed by the Director of Governance, until September 2023 when line management moved to the Director of Communities and Leisure.

# Leadership and Management Structure - South Ribble



**KEY**  
**RED** – Chorley Council  
**BLUE** – South Ribble Council  
**MULTICOLOUR** – Shared Services

Our staff are the most important resource we have to help us to achieve our goals. The Council (SRBC), including its subsidiary South Ribble Leisure Ltd (SRL), and staff employed by the Council who work in the shared service arrangement with Chorley Council, employs 626 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		Shared Services		SRL		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>Under 20</b>	9	5	5	6	24	39	38	50
<b>21-30</b>	23	16	10	17	14	23	47	56
<b>31-40</b>	29	21	9	21	6	8	44	50
<b>41-50</b>	41	21	14	31	4	15	59	67
<b>51-60</b>	47	31	8	28	7	18	62	77
<b>61+</b>	35	15	8	6	7	5	50	26
<b>Total</b>	<b>184</b>	<b>109</b>	<b>54</b>	<b>109</b>	<b>62</b>	<b>108</b>	<b>300</b>	<b>326</b>

#### Corporate Strategy and Performance in 2023/24

The Corporate Strategy for delivery in 2023/24 was approved at Council in November 2022, refreshing the delivery programme and performance measures.

The four priorities identified in the strategy are:

- Thriving communities,
- An exemplary council,
- A fair local economy that works for everyone,
- Good homes, green spaces, healthy places.

Activity and resources are targeted towards 14 priority projects which are delivered over a period of 12-18 months and measured using a suite of performance indicators.

The Council has made good progress during the year, although it is important to understand that some of these Corporate Strategy projects run across multiple years, therefore for some objectives the work completed to date has been at a strategic planning and consultation level.

The Corporate Strategy is delivered with the purpose of achieving the Council's vision and ambition.

The vision and priorities are outlined below.



# Corporate Strategy

2022/23 - 2023/24



## An exemplary council

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

## Good homes, green spaces, well places

A borough with:

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



## Thriving communities

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

## 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.

# Corporate Strategy

2022/23 - 2023/24



## South Ribble will:

- Continue to develop high quality and responsive Council Services
- Deliver Improvements to the Civic Centre workspace
- Work with partners to improve services that are flexible and responsive to local need



## South Ribble will:

- Deliver Music in the Park 2023
- Develop social prescribing in South Ribble
- Create community support spaces
- Deliver the Cost of Living action plan



## South Ribble will:

- Deliver affordable, quality homes to meet the needs of local communities
- Complete a programme of improvements to local play areas across the borough
- Deliver the climate change strategy



## South Ribble will:

- Deliver the Economic Strategy
- Develop green energy schemes for local businesses
- Deliver the South Ribble Skills Factory
- Develop town centres as vibrant multi-use spaces

## 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 following pages outline the Council's achievements in 2023/24 against the delivery of the Corporate Strategy and the key performance indicators up to the end of 2023/24. Detailed quarterly reports providing updates on performance against these were presented and reviewed at the Budget and Performance Scrutiny Meetings and Cabinet meetings across the year.



## THRIVING COMMUNITIES

### A PLACE 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

### Achievements

As part of the Council's pledge to provide individuals and families with access to the support they need, the Council funded a £300k upgrade to the Family Wellbeing Centre in Lostock Hall. Refurbishment works have now been completed and the centre was officially opened by the Mayor in March 2024. The multi-use space provides play sessions, support, and signposting for families and is now home to the Tippytoes Baby Bank and Finley's Families. New parents and families have access to improved facilities such as a shower, kitchen, a large play area and access to vital baby supplies and products.

The project to deliver the Health and Wellbeing programme has progressed with the successful delivery of the Holiday Activities and Food (HAF) programme during the summer, Christmas and half term holidays in 2023/24. To promote the sustainability of the programme, a wider project team has been established with the appointment of a HAF Programme Coordinator. A programme of activities called HAF Plus was delivered to families, which included family swim, multi-sports camps, and football. The School Uniform Shop supported over 500 families and 1,000 young people over the year with access to free school uniforms, practical advice and support from partner agencies.

The Cost-of-Living Action Plan, providing practical financial support to households, has progressed. Over the year the grant allocations that the Council received in respect of the Household Support Fund, to support both vulnerable residents and those who have been adversely financially affected by Covid and the Cost of Living crisis, have been distributed. This includes payments to assist in meeting bills for energy, water and wider essentials along with Step-Up grants to support the purchase of essential household items such as white goods and carpets. The South Ribble Together Roadshow took place over three weeks between February and March 2024; this was a moving bus roadshow and reached more than 150 residents. During this event, residents were able to access practical support and advice from the Council and other agencies.

The Social Prescribing Service was launched on the 1 September 2023 with the aim of reducing health disparities and improving outcomes for residents. Since the service launch, referrals are now being received by the team from both internal and external services. The team are now embedded in local delivery.

In March 2024 the Council approved a four-year funding programme to deliver the 'Bikeability' scheme. This will offer children and young people the opportunity to understand the National Standard for Cycling, allowing them to travel safer on the roads.

The Council hosted the return of the 'Music in the Park' event at Worden Park on Bank Holiday Sunday, 28 May 2023. The event included an 80's and 90' themed concert and sold tickets to over 3,200 people. The acts included big names such as Bananarama, Peter Andre, Bad Manners and many more. The event has brought local communities together promoting a sense of belonging, boosted the local economy and encouraged visitors from across the region to South Ribble. Planning has also been undertaken for the May 2024 event.



## AN EXEMPLARY COUNCIL

### A COUNCIL THAT:

Delivers high performing services that represent value for money

Understand the community and work with partners to make things better

Is open and transparent in its activities

### Achievements

Work continues to ensure that the Council makes best use of technology to deliver its services effectively. This has included work to prepare for the implementation of a new property management system and procurement of a new Customer Relationship Management system (CRM), which involves a refreshed website design and a user-friendly 'My Council' area for residents. The updated website will ensure that services/information can be accessed quickly and conveniently online to provide residents with easy access to all the information and services they need.

A new Payment Strategy was approved during the year to simplify online payments and provide more payment options. Alongside this, a Print Strategy was approved to reduce paper usage and allow residents to sign up for paperless billing, supporting the Council's commitment to becoming carbon net zero by 2030. Progress has been made to enable a channel shift to online, with the number of residents signing up to receive paperless billing (e-billing) via email increasing from 2,926 to 6,223. The long-term aim is to have 75% of customers signed up to e-billing by 2027.

The project to deliver improvements to the Civic Centre has progressed with approval at Council for a fixed permanent Council Chamber and improvements to the working spaces within the building. The project aims to provide modern, attractive working spaces to facilitate new ways of working, promote collaboration, maximise space and support the democratic process by having seamless meetings and to limit technical issues. Design plans have been developed for the refurbishment works for the new Council Chamber, including how to make best use of the space and technology in the conference centre. In addition to the ground floor works, plans have been developed for improvements to the office environment in the building as part of the wider Workplace Strategy. A comprehensive tender exercise will be undertaken in the new financial year to appoint a contractor to undertake the improvement works and a consultation with staff will be completed.

The Chorley and South Ribble Partnership has made progress with continued development of the local place-based intelligence dashboard. A significant amount of data aligned to key themes has been received from partners, and work is ongoing to format and upload the data to the platform. The partnership has also established an early years task group, which brought together key stakeholders and enabled partners to learn about the current services provided to children and

families within the borough. The discussion sought to explore how partners can better collaborate to deliver more integrated support in relation to childhood development, education and health inequalities.



## 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

The Council continues to support eligible local businesses through the Business Energy Efficiency (BEE) Scheme to reduce their energy usage and costs. At the end of March 2024, there were over 100 active applications either processed or being processed following energy audits. The scheme will contribute to the ambitious longer-term carbon reduction targets of the council.

The project to develop and implement a People and Skills Programme has progressed over the year with the Council participating in the North West Apprenticeship and Careers Expo, where impartial careers advice and guidance was provided to more than 250 attendees. Commissioning of specialist employment support has commenced to support individuals into employment, develop life skills and to support businesses to fill skills gaps utilising the UK Shared Prosperity Fund (UKSPF); delivery will begin early in 2024/25. A local business has been commissioned to develop our Skills Factory website resources, linking to careers in local employment sectors and to produce sector skills resources to showcase at Skills Factory Roadshow events.

The South Ribble Skills Factory has delivered a wide range of engagement activities to support businesses and people seeking employment. Events include a careers speed networking function at Lostock Hall High School where students were provided with information, guidance, and relevant resources to explore varied career paths. Careers fairs were also delivered at All Hallows and Balshaw's High schools, Hutton Grammar and Sixth Form and Runshaw College. The Recruitment Roadshow took place in July 2023 with 45 businesses and supporting organisations in attendance who were looking to recruit, including Leyland Trucks, Progress Housing, Dr Oetker, NHS, Key Group, Tilemaster and BAE Systems. Other support available at the Roadshow included CV writing, maths skills and the completion of job applications. The Skills Factory continues to work in partnership with the NHS, Department of Work and Pensions (DWP) and Lancashire Adult Learning (LAL) to support the coordination of local recruitment activities. An Employment Task Group has been established to coordinate support activities for job seekers of all ages

The Economic Strategy, approved in 2023, sets out a clear ambition and vision for South Ribble. The implementation of the strategy has progressed, working collaboratively with partners to deliver the action plan to support growth in business, jobs and skills across the borough. An economic evidence base was compiled in the final quarter of the year to inform the refreshed action plan, providing knowledge of the local economic picture, highlighting emerging issues and opportunities,

identify any gaps and to support the council with informed decision-making and achieving desired outcomes.

The Leyland Town Centre Improvement Project (Town Deal) has progressed over the year with the demolition of the former NFM Iddons Factory in January 2024, creating space for the BASE 2 business and skills hub, residential development, and a new car park. An acquisition strategy was agreed at Cabinet in January 2024 following positive negotiations with third party landowners. Early in the new financial year, the second phase of site investigations and the RIBA Stage 4 (Technical Design) will conclude and tendering for the next construction package and appointment of a contractor will also be undertaken.



**A BOROUGH WITH:**  
**A choice of decent,  
affordable housing**

**GOOD HOMES  
GREEN SPACES  
HEALTHY PLACES**

**Commitment to protecting  
the local environment**

**A choice of quality  
recreational activities**

## **Achievements**




The affordable and energy efficient homes on the former McKenzie Arms site was completed in April 2023, opening the doors to around 30 local people with a link to the area of Bamber Bridge. The new homes will help meet the increase in demand and shortage of good quality affordable accommodation in the borough. Progress Housing Group manage the new homes on a day-to-day basis on behalf of the Council.











The £20.5 million 75-bed extra care scheme at Jubilee Gardens has made significant progress and at the end of March, the building's substructure was almost complete and the superstructure, which includes works above the ground level, had started, with steel frames, scaffolding, and brickwork erected in different areas across the site.

As part of the Council's continued investment in local green spaces and play areas, refurbishments have been completed at Ryden Avenue (Leyland) and Hutton play areas, and improvement works have been undertaken to King George V Playing Field Playground in Penwortham.

To tackle climate change and address the issues of the climate emergency, work has progressed with a number of activities including the planting of 33,816 trees across the borough and the delivery of the second stage of the Air Quality Action Plan. The Clean Air Crew website has been updated with links to the Council's new public portal, which displays live air quality data from three Zephyr monitors. The website aims to encourage parents and teachers to learn and have fun together while educating children about the importance of creating cleaner air and healthier communities. The Council has successfully recruited a number of schools to sign up to the DEFRA funded Clean Air Crew Project, which provides free educational sessions on air quality related topics and helps schools promote air quality in their local communities.

## Performance of the Corporate Strategy Measures Outturn 2023/24

 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	Previous Quarter (Reported)	Quarter 4 2023/24	Symbol	Trend
<b>An Exemplary Council</b>						
% requests for service received via self-service channels	Bigger is better	40%	45.51% (Q3:2023/24)	<b>49.76%</b>		<b>Better than Q4 2022/23 (40.25%)</b>
% customers will be satisfied with the service	Bigger is better	70%	72.31% (Q3:2023/24)	<b>70.43%</b>		<b>New for 2023/24</b>
% calls to Call Centre answered within 5 minutes	Bigger is better	55%	87.9% (Q3 2023/24)	<b>82.81%</b>		<b>New for 2023/24</b>
The percentage of households living in fuel poverty will be better than the North West average	Bigger is better	14.6%	10.0% (Q1:2023/24)	<b>To be reported Q1 2024/25</b>	-	-
<b>Thriving Communities</b>						
Number of people referred to social prescribing service	Bigger is better	300	380 (Q3:2023/24)	<b>653</b>		<b>New for 2023/24</b>
The number of wellbeing sessions delivered by the council	Bigger is better	2,794	2,347 (Q3:2023/24)	<b>3,440</b>		<b>Better than Q4 2022/23 (2,547)</b>
Number of claimants as a proportion of resident population of area aged 16-64 in South Ribble will be lower than the North West average	Smaller is better	4.3%	2.4% (Q3:2023/24)	<b>2.7%</b>		<b>Worse than Q3 2022/23 2.4%</b>
Number of residents participating in activities delivered by the Council	Bigger is better	8,000	13,123 (Q3:2023/24)	<b>16,018</b>		<b>Better than Q4 2022/23</b>
Number of people who have successfully completed basic digital skills training	Bigger is better	300	86 (Q3:2023/24)	<b>104</b>		<b>New for 2023/24</b>
<b>A fair local economy that works for everyone</b>						
Number of Business engagements / support provided by the Council	Bigger is better	840	656 (Q3:2023/24)	<b>852</b>		<b>New for 2023/24</b>
% Social and Local Economic Value Added from Contracts	Bigger is better	10%	-	<b>30.3%</b>		<b>New for 2023/24</b>

Indicator Name	Polarity	Target	Previous Quarter (Reported)	Quarter 4 2023/24	Symbol	Trend
Overall employment rate greater than North West average	Bigger is better	73.8% (NW Average)	83.9% (Q3:2023/24)	<b>85.4%</b>	★	<b>Better than Q4 2022/23 84.7%</b>
% 16 -17year olds not in education, employment, or training (NEET)	Smaller is better	3.3% (Regional average)	3.9% (Q3:2023/24)	<b>3.8%</b>	▲	<b>Worse than Q4 2022/23 2.6%</b>
Median Workplace Earnings better than the National Average	Bigger is better	£682.60	£620.20 (Q4:2022/23)	<b>£662.40</b>	●	<b>Better than Q4 2022/23 £620.20</b>
Median Earnings by Residence (residents of South Ribble) will be better than the National Average	Bigger is better	£682.60	£580.30 (Q4:2022/23)	<b>£620.30</b>	▲	<b>Better than Q4 2022/23 £580.30</b>
<b>Good homes, green spaces, healthy places</b>						
Number of improvements to parks and open spaces	Bigger is better	5	-	<b>2</b>	▲	<b>New for 2023/24</b>
Number of households in temporary accommodation will be reduced	Smaller is better	44	46 (Q3:2023/24)	<b>39</b>	★	<b>Better than Q4 2022/23 44</b>
Number of affordable homes delivered	Bigger is better	80	92 (Q3:2022/23)	<b>To be reported Q1 2024/25</b>	-	-
27,500 trees will be planted in the borough this year (Cumulative)	Bigger is better	27,500	873 (Q3:2022/23)	<b>33,816</b>	★	<b>Better than Q4 2022/23 25,586</b>

### Key Organisational Performance Measures

▲ Worse than target, outside threshold	● Worse than target but within threshold (5%)	★ Performance is better than target
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Indicator Name	Polarity	Target	Previous Quarter (Reported)	Quarter 4 2023/24	Symbol	Trend
The average number of working days from Disabled Facilities grant referral received from LCC to application approved	Smaller is better	167 days	112 days (Q3:2023/24)	<b>109 days</b>	★	<b>Worse than Q4 2022/23 80 days</b>



% planning applications decided within 13 weeks (major applications)	Bigger is better	80%	100% (Q3:2023/24)	<b>100%</b>	★	<b>Better than Q4 2022/23 66.6%</b>
% planning applications decided within 8 weeks (minor / other applications)	Bigger is better	85%	94.6% (Q3:2023/24)	<b>91.1%</b>	★	<b>Better than Q4 2022/23 89.4%</b>
Average working days per employee (FTE) per year lost through sickness absence	Smaller is Better	10.84 days	6.51 days (Q3:2023/24)	<b>10.28 days</b>	★	<b>Better than Q4 2022/23 10.84%</b>
Percentage of Council Tax collected	Bigger is better	96.78%	84.69% (Q3:2023/24)	<b>96.37%</b>	●	<b>Worse than Q4 2022/23 96.78%</b>
Percentage of Business Rates collected	Bigger is better	94.46%	80.89% (Q3:2023/24)	<b>97.27%</b>	★	<b>Better than Q4 2022/23 94.46%</b>

## Financial Performance

Despite the financial challenges faced, the financial standing of the Council is robust, with sound budget setting and monitoring practices. The Council's 2023/24 Revenue Budget, Capital Programme, Medium Term Financial Strategy (MTFS) and Treasury Management Strategy were approved at the Council meeting on 1 March 2023. Thereafter, budget monitoring reports were submitted at quarterly intervals to the Cabinet. The reports are available on the Council's website.

In 2023/24, the Council set a balanced annual budget of £16.185 million.

The draft outturn report for 2023/24, to be presented for approval to Cabinet on 24 July 2024, showed a net surplus of £0.541m. The report and appendices can be found [here](#) (once published).

The outturn position is summarised in the table below:

<b>Directorate</b>	<b>Budget 2023/24</b>	<b>Outturn 2023/24 at 31<sup>st</sup> March 2024</b>	<b>Variance (Under)/ Overspend 2023/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Property	398	899	501
Communities and Leisure	3,377	3,140	(237)
Customer & Digital	6,337	6,876	539
Planning	1,187	1,346	159
Policy and Governance	5,243	5,333	90
Budgets Not in Directorates	(358)	(1,937)	(1,579)
<b>Total Expenditure</b>	<b>16,184</b>	<b>15,657</b>	<b>(527)</b>
<b>Funding</b>	<b>Budget 2023/24</b>	<b>Outturn 2023/24 at 31<sup>st</sup> March 2024</b>	<b>Variance (Under)/ Overspend 2023/24</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Council Tax	(8,235)	(8,235)	-
Funding Guarantee	(632)	(632)	-
Lower Tier Support Grant	(95)	(197)	(102)
New Homes Bonus	(376)	(376)	-
Retained Business Rates	(3,396)	(3,396)	-
Section 31 Government Grants	(3,450)	(3,450)	-
<b>Total Funding</b>	<b>(16,184)</b>	<b>(16,286)</b>	<b>(102)</b>
<b>Net Outturn</b>	<b>-</b>	<b>(629)</b>	<b>(629)</b>

The underspend has been transferred to General Reserves.

The outturn position will be considered as part of future updates of the Council's MTFS to ensure that ongoing additional income and reduced expenditure is fully reflected in the strategy.

The funding of the Council has changed over the years with the withdrawal of central government grants, the provision of various non-recurring grants from year to year, and an annual, year-on-year extension to the Lancashire Business Rate Pooling arrangement (a temporary pilot scheme introduced in 2016/17 providing an increase in locally retained business rates, from which South Ribble Council currently benefits by approximately £1.559m per annum).

Changes in the way in which councils are funded have not been forthcoming and once again, local government was only provided with a one-year settlement for 2023/24, with significant uncertainty regarding the income streams in future years.

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 is unknown; with a General Election set for 2024, it is unclear if there will be a future funding review and a reset to the business rates retention system. Whilst uncertainty remains, the MTFS and the assumptions on which this is based will be kept under regular review.

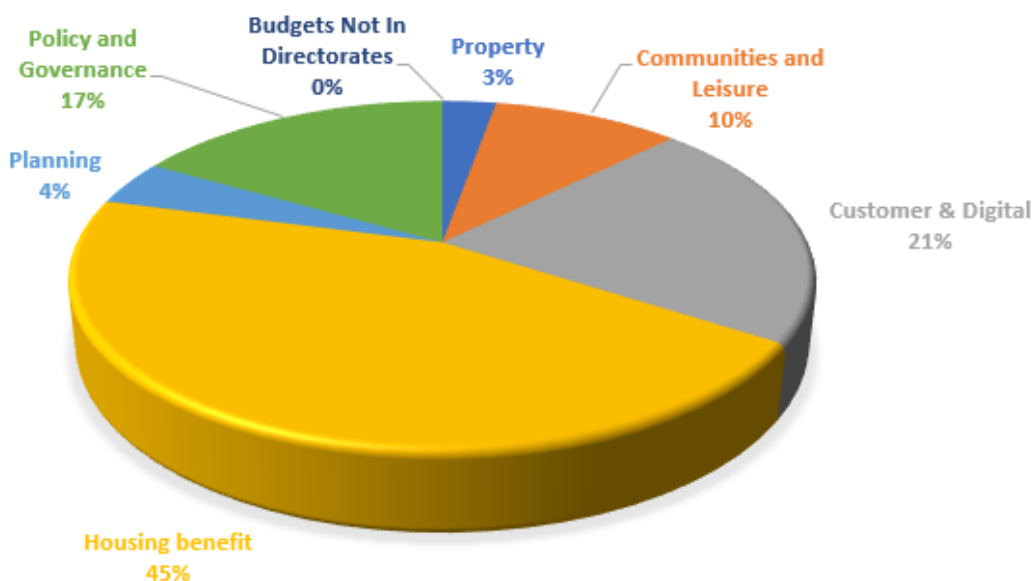
In light of this, and the fact that Council Tax and Business Rates are the major source of funding for local services, it is essential that all councils monitor their collection rates and raise as much income as possible. Any under recovery of income can have a significant impact on the ability of a Council

to fund its service delivery. South Ribble Council continues to perform well in this area, as despite inflationary and utility cost pressures experienced over the year, particularly in the first part of the year, and the cost of living crisis impacting on businesses and residents, collection rates were achieved of 96.37% for council tax and 97.27% for business rates in 2023/24. They will continue to be monitored closely as part of the Council's performance management framework during 2024/25.

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

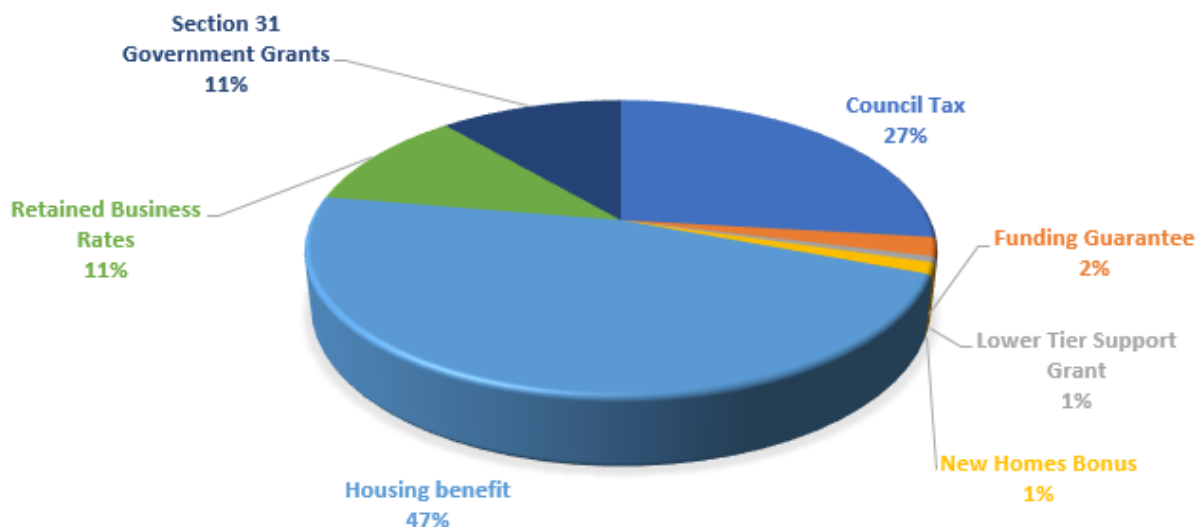
The gross expenditure for the Council is detailed in the Comprehensive Income and Expenditure Statement. In 2023/24 it consisted of:

### 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



## **Reserves and Balances**

The Council's Medium Term Financial Strategy specifies that general balances should be maintained at or above £4.0m. This was achieved during 2023/24 and stands at £5.167m at the year end.

Total earmarked reserves for specific purposes were £13.941m as at 31 March 2024. A full list of these earmarked reserves, together with a description of the purpose of each, can be found at Note 11 to the statement of accounts.

It is considered this level of reserves is sufficient for the Council at present, but the Council will closely monitor its financial position and future budget planning to ensure it remains financially sustainable.

The following table shows the reconciliation between the reserves to be reported to Cabinet in the Outturn report in July 2024 and the movement for the year shown in the Expenditure and Funding Analysis (EFA), which forms Note 1 to the Statement of Accounts:

<b>General Fund Reserves at 31 March 2024</b>	<b>£'000</b>
Amounts as per Outturn Report: Earmarked Reserves	13,941
General Reserve	5,167
<b>Amounts as per EFA (Note 1)</b>	<b>19,108</b>

## **Capital Programme**

In March 2023 the Council approved a 3-year capital strategy of £67.050m. This programme delivers a number of key projects to the benefit of the residents of South Ribble including:

- Health, Leisure and Wellbeing Programme (£8.611m) - including decarbonisation and improvements to the Council owned leisure centres, upgrades to key green infrastructure sites, completion of the Worden Hall refurbishment and investment in Worden Park, as well as an extensive programme of works across other parks and open spaces in the borough.
- Town Deal (£34.260m) – this will deliver transformational change to areas of Leyland including new housing and employment opportunities. It is expected that this will also deliver a net income stream to the council helping it to manage potential future budget deficits.
- Penwortham master planning and regeneration (£1.902m)
- Housing (£19.649m) – including the extra care facility at Jubilee Gardens, which will provide 75 self-contained extra care units, and the facilitation of adaptations to homes to enable residents to remain longer in their own homes.
- Improved and updated ICT systems and technology (£0.200m), replacement of Council service vehicles (£1.103m) and updates to the Civic Centre and corporate buildings (£0.450m).

The capital programme budget for 2023/24 approved by Council in March 2023 was £40.030m. With approved slippage from 2022/23, along with other changes to the programme during the year, the final budget was £16.880m.

The draft outturn position of the 2023/24 capital programme is set out in the following table and outlined further in Appendix B of the outturn report to be presented to Cabinet for approval on 24 July 2024. The report and appendices can be found [here](#) (once published).

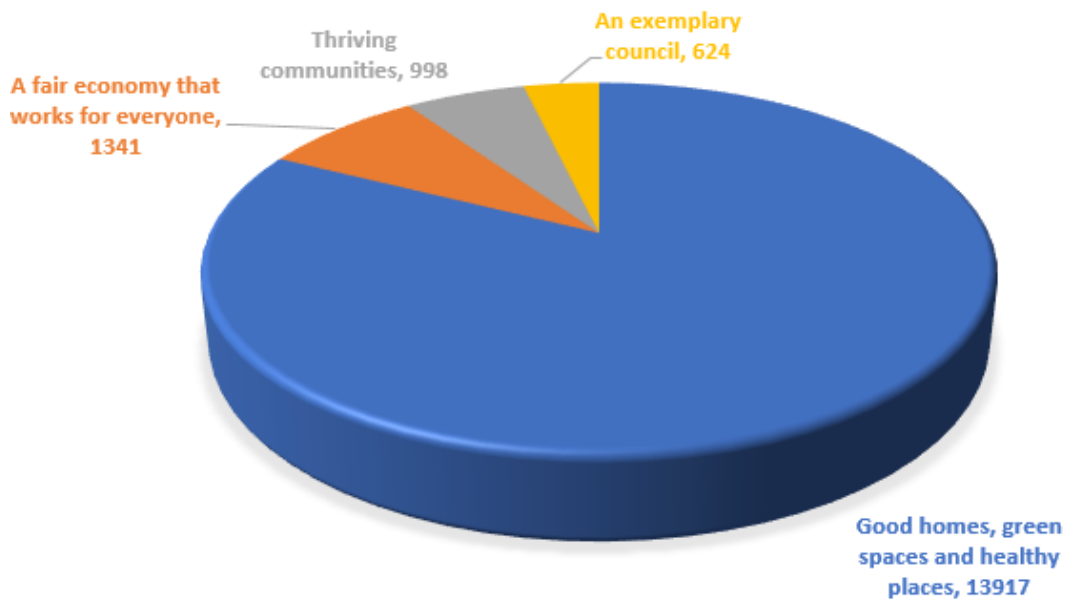
Capital Programme Outturn 2023/24

**2023/24 Capital Programme**

<b>Scheme Name</b>	<b>Original Budget 2023/24</b>	<b>Revised Budget 2023/24</b>	<b>Slippage/ reprofiling of budget (to 24/25)/from 24/25</b>	<b>Outturn 2023/24</b>
<b>Good homes, green spaces and healthy places</b>				
Green Infrastructure	652	720	(586)	134
Worden Park Total	596	1,615	(539)	1,076
Other Parks and Open Spaces Total	559	1,521	(1,022)	499
Sports and Leisure Total	7,357	10,749	(4,423)	6,326
Housing Total	15,005	18,221	(12,339)	5,882
<b>Good homes, green spaces and healthy places</b>	<b>24,169</b>	<b>32,826</b>	<b>(18,909)</b>	<b>13,917</b>
<b>A fair, local economy that works for everyone</b>				
<b>A fair, local economy that works for everyone – incl Penwortham Master Planning and regeneration and the Leyland Town Deal project</b>	<b>14,021</b>	<b>15,834</b>	<b>(14,493)</b>	<b>1,341</b>
<b>Thriving communities</b>				
<b>Thriving communities – incl grants to support community and sports centres and the establishment of the South Ribble Family Wellbeing Centre</b>	<b>88</b>	<b>1,496</b>	<b>(499)</b>	<b>997</b>
<b>An exemplary council</b>				
IT Programme Total	200	993	(958)	35
Corporate Buildings	450	520	(495)	25
Vehicles and Plant replacement programme	1,103	1,771	(1,206)	565
<b>An exemplary council</b>	<b>1,753</b>	<b>3,284</b>	<b>(2,659)</b>	<b>625</b>
<b>Total</b>	<b>40,031</b>	<b>53,440</b>	<b>(36,560)</b>	<b>16,880</b>

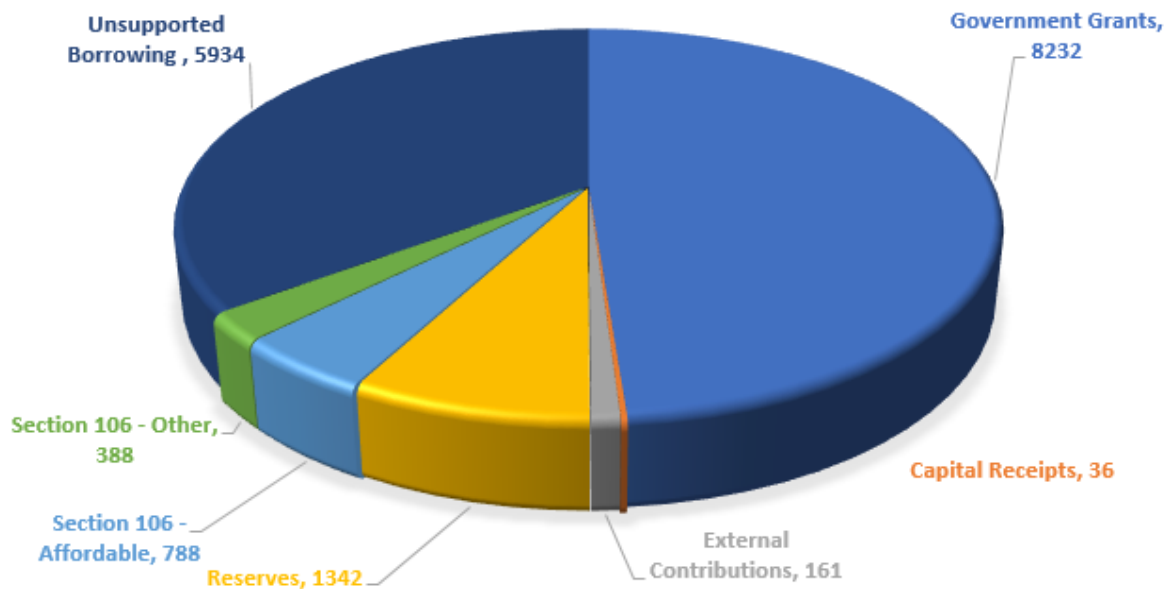
A summary position of capital expenditure and capital financing is set out below.

### CAPITAL EXPENDITURE £000'S



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

### CAPITAL FINANCING £000'S



The significant areas of spend on projects (over £20k) in 2023/24 are outlined below:

<b>Project</b>	<b>2023/24 Outturn £'000</b>
<b>Good homes, green spaces and healthy places</b>	
Electric vehicle charging points	134
Worden Hall refurbishment and Worden Park infrastructure and landscaping works	1,076
Works to open spaces at Mounsey Road	63
Playground – Ryden Avenue, Penwortham	68
Playground – Hutton	93
Playground - Withy Grove and Gregson Lane	27
Strawberry Valley Park, Bent Lane Phase 2 works	72
Farington Lodges – path improvements and dipping platform	44
Withy Grove Park	111
Bamber Bridge Sports Hub	112
Leisure Centres – refurbishment and decarbonisation works	6,199
Affordable Housing – former McKenzie Arms	432
Disabled Facilities Grants	903
Jubilee Gardens - Extra Care Scheme	4,461
Private Sector Improvement Grants	78
<b>A fair economy that works for everyone</b>	
Town Deal – demolition and asbestos removal	1,309
<b>Thriving Communities</b>	
Penwortham Priory Academy	180
Fox Lane Sports and Social Club	100
Lostock Hall Academy Grant	200
Gregson Lane Community Centre Grant	150
South Ribble Family Wellbeing Centre	276
Kingsfold Community Centre Improvements	56
<b>An Exemplary Council</b>	
Mobile devices, Citrix, CCTV, software and Cloud-based upgrades	35
Corporate buildings	25
Vehicle Replacement Programme	565

## Treasury Management

The treasury operations of the Council are conducted in accordance with its annual Treasury Strategy which 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 borrowing.

The key facts for 2023/24 were:

- Investments were held for the short-term in call accounts and money market funds. The maximum period permitted by the Council's Treasury Strategy for term deposits in banks and building societies is one year.
- Investment returns dropped to historically low levels during 2020/21 and 2021/22, however from a rate of 0.75% in April 2022, they increased to a rate of 4.25% at the start of 2023/24. Over the course of the year the Bank of England applied 3 increases to the base rate, increasing it to 4.50% in May 2023, to 5.00% in June 2023, and to 5.25% in August 2023 where it remained for the rest of the year at a 16 year high. The average cash balance invested during the year was £33.302m at an average rate of 5.79%, and generating £1.981m of interest over the 12 month period.
- There was an increase of £3.052m 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.

Note 18 – Financial Instruments presents details of treasury operations and the management of risk.

## Pension Fund Liability

The pension fund has seen a movement of £7.377m during the year, from a surplus of £12.485m at the end of 2022/23 to a surplus of £19.862m at the end of 2023/24. This reflects the value of assets invested in the pension fund, offset by the value of pension liabilities which the Council is required to pay in the future when they fall due.

The Council's pension fund must be revalued every three years to set future contributions into the fund. The latest valuation was undertaken in 2022 which reported a funding level of 112%. Given the surplus position of the fund, the Council no longer requires the deficit recovery plan that was previously in place with the Administering Authority to maintain a 100% funding level and which had required additional Deficit Recovery Contributions over a number of years.

This surplus figure is an estimate, being the actuary's assessment of the present value of the current assets and anticipated future receipts of the fund, less the liabilities to be met over a long period. Note 36 presents detailed information about the Defined Benefit Pension Scheme.

## 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 level. 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 risks 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 and are reviewed to inform the latest position. 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 Risk Register is reported to the Governance Committee on an annual basis, setting out changes over the previous 12 months, existing control measures and planned actions to mitigate risk. The latest Corporate Risk Register was reported to Governance Committee on 8 August 2023, the full report can be found here - [Link](#). The Register is reported to SMT twice a year, with the last update presented on 27 March 2024. The Register provides members and officers with an update on the monitoring of the 16 strategic risks to the Council, including actions that are in progress, as well as new actions planned to further mitigate the risks identified.

Many of the highest scoring 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 financial uncertainty in relation to the current national economic context that we will have to continue to address to meet the demand for services and needs of residents. ICT and cyber security also remain a high risk to the council due to the potential impact on service delivery and reputational damage. There are strong control measures in place to mitigate these risks as part of the Council’s governance framework and budget setting and monitoring processes.

The highest scoring risk, with an inherent risk score of 16 and residual risk score of 12 is; financial risk, which has been referred to in the report, i.e. *R03 - Reduction in current funding streams (including government grant and funding in key public sector and third party partners) or increase in costs as a result of inflation. This could lead to an increasing use of reserves.*

Existing control measures and planned actions to help further mitigate risk are detailed in the report presented to the Governance Committee.

The latest review of the Risk Register in March 2024 identified the following changes from the last review:

- R01 – *The ability of the council to continue its service delivery is either halted or scaled back as a result of major incidents*  
As the risk of industrial action has reduced and there are no current ballots to strike, it was agreed to decrease the inherent risk for R01 from 12 (high) to 8 (medium), and the residual risk from 9 (medium) to 6 (medium).
- R07 - *Failure to comply with GDPR regulations and data legislation leading to action taken against the council, including reputation and legal action resulting in fines.*  
It was agreed to increase the inherent risk for R07 from 12 (high) to 16 (high) to reflect the high level of cyber-attacks on public sector organisations. This also aligns the inherent risk level to the Chorley equivalent as a shared service.

A summary of the latest risks for 2024 are below;

Risk	Risk Description	Inherent Risk Score	Residual Risk Score	Target Risk Level
R01 Incidents Impacting 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	4
R02 Failure to Deliver Outcomes through Strategic Partnerships	Failure to achieve desired outcomes through strategic relationships including City Deal	12	9	4
R03 Poor Financial Sustainability	Reduction in current funding streams (including government grant and funding in key public sector and third party partners) or increase in costs as a result of inflation. This could lead to an increasing use of reserves.	16	12	6
R04 Failure to realise the value of major investments	Failure to realise the value of large scale investments linked to the capital programme delivery and oversight	12	9	4
R05 Not Responding to External Legislation and Policy Change	Failure to account for and/or respond to external legislation and policy change for example those brought about by BREXIT, Universal Credit, GDPR, local government transformation and the green agenda	9	6	4
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	9	4

R07 ICT Security and Data Protection	Failure to comply with GDPR regulations and data legislation leading to action taken against the council, including reputation and legal action resulting in fines.	16	9	4
R08 Failure to Act to Address Climate Change	Failure to act successfully to meet commitments made by the Council to address climate change, alongside the risk of negative impacts on our communities as a result of the Climate Emergency	12	9	6
R09 Not Adapting to 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.	12	6	4
R10 Low Staff Satisfaction and Morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	4
<i>R11 Detrimental Impact of Brexit</i>	<i>RISK REMOVED</i>			
R12 Corporate Governance Failure	Failure to implement and maintain the corporate governance framework action plan leading to continued fundamental weaknesses in internal controls	9	6	4
R13 Breakdown in Political Relationships	Failure to maintain political stability and strong Officer-Member and cross-party relationships	9	6	4
R14 Damage to the Council's Reputation	Damage to the Council's reputation and potential reduction in resident satisfaction, including in the context of reduction in satisfaction with wider public sector organisations	9	4	4
R15 Failure Shared Service Arrangements	Failure of existing shared service arrangements/failure to expand shared service arrangements	9	4	1
R16 Council Underperformance	Failure to sustain performance of Corporate Strategy projects and general organisational performance	12	6	2

## Outlook for the Future

The fact that for 2024/25, yet again, we have only received a one-year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2025 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:

- the development and implementation of a new Fair Funding Review;
- changes to the Business Rates Retention Scheme;
- potential changes to funding streams linked to the government's 'levelling up' agenda and shared prosperity funds;
- devolution and potential local government reorganisation;
- any changes in future policy direction following the General Election due in 2024.

The Local Government Financial Settlement for 2024/25 represents a 'holding position' until the next Parliament, aiming for stability in local government finances until the next government is formed. It is highly unlikely that any new government will undertake a business rates reset or a fair funding review in 2024/25 meaning that the funding distribution should stay relatively stable in 2025/26, however the question about the future of the funding system remains unaddressed.

Within this financial context the Council updated its MTFS in February 2024 to reflect its new corporate priorities, as approved at the Council meeting in November 2023, and for changes in funding and expenditure. Gaps between the budget required and the likely funding available were approved by Full Council, based on assumptions on prudent economic growth and Council Tax increases in 2025/26 and 2026/27 to progress towards a balanced three-year Medium Term Financial Strategy. There are however savings that will be required over the coming years due to the anticipated impact of changes in government funding and unfunded inflationary and other cost pressures. The Council continues to develop and refine its savings plan to close the budget gap through the delivery of savings and the 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.

Further efficiencies, savings and income generation opportunities will continue to be progressed, options for delivery developed, and updates provided to the Cabinet at regular intervals.

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 a combination of its own reserves, external funds and also borrowing, where an appropriate business case supports repayment of the debt, to facilitate this transformational programme for its residents.

## **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 2024/25 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 sound financial planning and the delivery of the savings plan. 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 2023/24 (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 31     **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 37     **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the council and the Chief Finance Officer in relation to the Statement of Accounts.
- Page 118    **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 38     **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 39     **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 40     **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 the statutory basis prescribed for taxation purposes.

Page 41 **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 42 **Notes to the Main Financial Statements** – these add to and interpret the individual statements.

## **SUPPLEMENTARY FINANCIAL STATEMENTS**

Page 103 **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 104 **Notes to the Collection Fund** – these add to and interpret the Collection Fund statement.

# The Independent Auditor's Report

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# 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/Section 151 (S151) Officer.
- 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 Chief Financial Officer (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 2023/24 (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 2024 and its Income and Expenditure for the year ended 31 March 2024.



Louise Mattinson  
Director of Finance/Section 151 Officer

Date: 1<sup>st</sup> July 2024

# 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.

2022/23				Note	2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,188	(1,510)	(322)	Budgets Not In Directorates		1,436	(1,593)	(157)
6,349	(1,864)	4,485	Communities and Leisure		8,521	(2,710)	5,811
25,454	(17,678)	7,776	Customer & Digital		25,856	(18,373)	7,483
7,098	(4,849)	2,249	Planning		7,887	(5,898)	1,989
7,381	(2,444)	4,937	Policy & Governance		8,359	(2,735)	5,624
4,924	(1,008)	3,916	Property		6,950	(767)	6,183
<b>52,394</b>	<b>(29,353)</b>	<b>23,041</b>	<b>Cost of Services</b>		<b>59,009</b>	<b>(32,076)</b>	<b>26,933</b>
916	(188)	728	Other operating expenditure	12	436	(82)	354
4,163	(5,272)	(1,109)	Financing and investment income and expenditure	13	6,740	(9,324)	(2,584)
10,605	(37,935)	(27,330)	Taxation and non-specific grant income	14	14,005	(36,102)	(22,097)
<b>68,078</b>	<b>(72,748)</b>	<b>(4,670)</b>	<b>(Surplus) / deficit on provision of services</b>		<b>80,190</b>	<b>(77,584)</b>	<b>2,606</b>
		(1,922)	(Surplus)/deficit on revaluation of Property, Plant and Equipment				1,929
		(33,240)	Re-measurement of the net defined benefit liability	36d			571
		<b>(35,162)</b>	<b>Other Comprehensive (Income) and Expenditure</b>				<b>2,499</b>
		<b>(39,832)</b>	<b>Total Comprehensive (Income) and Expenditure</b>				<b>5,105</b>

## 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 2022</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 2022/23</u></b>						
Total Comprehensive Income & Expenditure	(4,670)	0	0	(4,670)	(35,162)	(39,832)
Adjustments between accounting basis & funding basis (note 10)	7,920	(170)	(1,781)	5,969	(5,969)	0
<b>(Increase) / Decrease in year</b>	<b>3,250</b>	<b>(170)</b>	<b>(1,781)</b>	<b>1,299</b>	<b>(41,131)</b>	<b>(39,832)</b>
<b>Balance at 31 March 2023</b>	<b>(21,171)</b>	<b>(170)</b>	<b>(12,414)</b>	<b>(33,755)</b>	<b>(49,904)</b>	<b>(83,659)</b>
<b><u>Movements in 2023/24</u></b>						
Total Comprehensive Income & Expenditure	2,606	0	0	2,606	2,499	5,105
Adjustments between accounting basis & funding basis (note 10)	(543)	0	2,952	2,409	(2,409)	0
<b>(Increase) / Decrease in year</b>	<b>2,063</b>	<b>0</b>	<b>2,952</b>	<b>5,015</b>	<b>90</b>	<b>5,105</b>
<b>Balance at 31 March 2024</b>	<b>(19,108)</b>	<b>(170)</b>	<b>(9,462)</b>	<b>(28,740)</b>	<b>(49,814)</b>	<b>(78,554)</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 2023 £'000		Notes	31 March 2024 £'000
47,650	Property, Plant & Equipment	15	53,181
10,741	Investment Property	16	10,919
13	Intangible Assets	17	44
182	Long Term Debtors	18	259
<b>58,586</b>	<b>Long Term Assets</b>		<b>64,403</b>
27,660	Short Term Investments	18	28,301
8,369	Short Term Debtors	20	4,977
8,586	Cash and Cash Equivalents	21	1,311
<b>44,615</b>	<b>Current Assets</b>		<b>34,589</b>
(15,396)	Short Term Creditors	22	(15,793)
(1,737)	Provisions	23	(1,898)
<b>(17,133)</b>	<b>Current Liabilities</b>		<b>(17,691)</b>
(133)	Long Term Creditors	18	(114)
(2,061)	Net Pension Liability	36	(2,418)
(215)	Grant Receipts in Advance - Capital	32	(215)
<b>(2,409)</b>	<b>Long Term Liabilities</b>		<b>(2,747)</b>
<b>83,659</b>	<b>Net Assets</b>		<b>78,554</b>
(33,755)	Usable Reserves	24 & MiRS	(28,740)
(49,904)	Unusable Reserves	25	(49,814)
<b>(83,659)</b>	<b>Total Reserves</b>		<b>(78,554)</b>

The draft unaudited accounts were authorised for issue on 1<sup>st</sup> July 2024.



Louise Mattinson  
Director of Finance/Section 151 Officer  
1<sup>st</sup> July 2024



## 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.

2022/23 £'000		Note	2023/24 £'000
4,670	Net surplus or (deficit) on the provision of services (Comprehensive Income and Expenditure Statement)	CIES	(2,606)
(10,974)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	26a	7,370
(11,533)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	26b	(6,652)
<b>(17,837)</b>	<b>Net cash flows from Operating Activities</b>	<b>26</b>	<b>(1,888)</b>
4,190	Investing Activities	27	(8,703)
961	Financing Activities	28	3,316
<b>(12,686)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(7,275)</b>
21,272	Cash and cash equivalents at the beginning of the reporting period		8,586
<b>8,586</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>21</b>	<b>1,311</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.

2022/23				2023/24		
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
(654)	332	(322)	Budgets Not In Directorates	(192)	35	(157)
2,743	1,742	4,485	Communities and Leisure	2,841	2,970	5,811
6,456	1,320	7,776	Customer & Digital	7,033	450	7,483
1,682	567	2,249	Planning	1,630	359	1,989
4,497	440	4,937	Policy & Governance	5,840	(216)	5,624
937	2,979	3,916	Property	1,034	5,149	6,183
<b>15,661</b>	<b>7,380</b>	<b>23,041</b>	<b>Net cost of Service</b>	<b>18,186</b>	<b>8,747</b>	<b>26,933</b>
(12,412)	(15,299)	(27,711)	Other Income and Expenditure	(16,123)	(8,204)	(24,327)
<b>3,249</b>	<b>(7,919)</b>	<b>(4,670)</b>	<b>(Surplus) / Deficit in year</b>	<b>2,063</b>	<b>543</b>	<b>2,606</b>
(24,420)			Opening General Fund Balance at 1 April	(21,171)		
3,249			Add (Surplus) / Less Deficit on General Fund Balance in Year	2,063		
<b>(21,171)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(19,108)</b>		

## 2. Accounting Policies

### General Principles

The Statement of Accounts summarises the council's transactions for the 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 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, where applicable, 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 37 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 36 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.

#### 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 relating to this are 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.

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.

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.

### **Long term Contracts**

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 35 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 £10,000 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:

- Assets under Construction, equipment, and certain Community Assets [where a current value measurement is not suitable] 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 opening 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 2023/24 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.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2024/25 Code).

The standards introduced by the 2024/25 Code where the disclosures are required in the 2023/24 financial statements are:

- **IFRS 16 Leases** issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).

IFRS16 Leases will lead to a substantial change in accounting practices for lessees as it removes the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions, creating both an asset and liability on the balance sheet. In contrast operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS16 requires that all substantial leases are recognised as a right-of-use asset and a lease liability representing the lessee's obligation to make lease payments for the asset.

The standard allows for exemptions in the following circumstances:

- Low-value assets
- Short term leases (with a term of 12 months or less)

Implementation of the standard was deferred until 1 April 2024 and the council has reviewed its leases to assess the likely impact of the change. No material transactions have been identified and therefore there is no material impact on the financial statements.

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

#### 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 £51m 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 information on the numbers and potential values of cases at the 'Check' and 'Challenge' stages of the process for the 2017 list appeals has been reviewed along with the limited data available for the 2023 list appeals. Where data is limited the pattern of liability movements resulting from successful appeals across the years from 2010/11 to 2016/17, 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 2023/24 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	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.	Sensitivity to the factors contributing to this estimate is shown in Note 36i. Small changes have major impacts on the pension fund.

Item	Uncertainty	Effect if actual results differ
	<p>The scheme holds a varied portfolio of assets, details of which are shown at Note 36h. The valuations shown in this Statement are those assessed as at 31 March 2024 and again these are provided by a firm of consulting actuaries.</p>	<p>The council anticipates that it will spend £2.064m on current pension contributions in 2023/24 (see Note 36j). A 1% upward variation on this would produce an increased cost of £21k.</p>
<p>Asset valuations</p>	<p>Note 15e shows that fixed assets (excluding Infrastructure assets) valued at £62.972m are carried at either current value (£40.163m) or depreciated replacement cost value (£22.809m).</p> <p>Note 16 shows that investment properties valued at £10.919m 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 £1.092m charge to the CI&amp;ES.</p> <p>Likewise, a 10% in the value of other assets valued at current cost would produce a variation of £4.016m. 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.</p>
<p>Provisions</p>	<p>A provision of £1.898m has been recognised for the best estimate of the amount that businesses have been overcharged business rates up to 31 March 2024. The estimate in respect of appeals against the 2017 rating lists 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 2023 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 3% 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 &amp; 2023 List appeals process. See Note 23.</p>	<p>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.</p>

Item	Uncertainty	Effect if actual results differ
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. 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 £0.996m (2022/23 £0.922m). This equates to 1.9% of the council's prior year gross service expenditure in cost of services for the previous 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 23 May 2024.

## 7. Events after the reporting period

The unaudited (draft) Statement of Accounts was authorised for issue by the Director of Finance on 1<sup>st</sup> July 2024. 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 2024, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

There are no adjusting or non-adjusting events after the Balance Sheet date.

## 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 42.



2023/24	Adjustments for Capital Purposes (Note A) £'000	Net change for the Pensions Adjustments (Note B) £'000	Other Statutory Adjustments (Note C) £'000	Total Statutory Adjustments £'000	Non-Statutory Adjustments (Note D) £'000	Total Adjustments £'000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>						
Budgets Not In Directorates	0	35	0	35	0	35
Communities and Leisure	3,010	(49)	9	2,970	0	2,970
Customer & Digital	463	(120)	81	424	26	450
Planning	391	(34)	2	359	0	359
Policy & Governance	21	(73)	(13)	(65)	(151)	(216)
Property	4,615	(12)	(4)	4,599	550	5,149
<b>Net Cost of Service</b>	<b>8,500</b>	<b>(253)</b>	<b>75</b>	<b>8,322</b>	<b>425</b>	<b>8,747</b>
Other income and expenditure from the Expenditure and Funding Analysis	(7,520)	40	(299)	(7,779)	(425)	(8,204)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>980</b>	<b>(213)</b>	<b>(224)</b>	<b>543</b>	<b>0</b>	<b>543</b>

2022/23 Comparative Figures	Adjustments for Capital Purposes (Note A) £'000	Net change for the Pensions Adjustments (Note B) £'000	Other Statutory Adjustments (Note C) £'000	Total Statutory Adjustments £'000	Non-Statutory Adjustments (Note D) £'000	Total Adjustments £'000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>						
Budgets Not In Directorates	0	346	(14)	332	0	332
Communities and Leisure	1,484	286	(28)	1,742	0	1,742
Customer & Digital	594	665	(32)	1,227	93	1,320
Planning	389	203	(25)	567	0	567
Policy & Governance	21	426	(10)	437	3	440
Property	2,197	60	0	2,257	722	2,979
<b>Net Cost of Service</b>	<b>4,685</b>	<b>1,986</b>	<b>(109)</b>	<b>6,562</b>	<b>818</b>	<b>7,380</b>
Other income and expenditure from the Expenditure and Funding Analysis	(12,827)	892	(2,546)	(14,481)	(818)	(15,299)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(8,142)</b>	<b>2,878</b>	<b>(2,655)</b>	<b>(7,919)</b>	<b>0</b>	<b>(7,919)</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:

Expenditure/Income	2022/23 £'000	2023/24 £'000
<b>Expenditure</b>		
Employee benefits expenses	16,424	17,009
Other service expenses	32,062	34,823
Depreciation, amortisation and impairment	4,371	9,425
Interest payments	4,112	5,801
Precepts and levies	10,761	13,160
Loss on the disposal of assets	347	40
Loss in Fair Value of Investment Properties	0	140
<b>Total Expenditure</b>	<b>68,077</b>	<b>80,398</b>
<b>Income</b>		
Fees, charges and other service income	(24,032)	(22,085)
Interest and investment income	(4,112)	(7,738)
Income from Council Tax and Non-Domestic Rates	(22,971)	(24,431)
Government grants and contributions	(21,444)	(23,108)
Gain on disposal of assets	(188)	(82)
Gain in Fair Value of Investment Properties	0	(349)
<b>Total Income</b>	<b>(72,747)</b>	<b>(77,793)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(4,670)</b>	<b>2,605</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.

2023/24	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Revenue Resources</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 25d)	(213)	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	(298)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	74	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)	3,033	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>2,596</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	(36)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	(236)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	(1,342)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(1,614)</b>	<b>0</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	0	0
Application of capital grants to finance capital expenditure (MiRS)	(439)	0	(2,952)
<b>Total Capital Resources</b>	<b>(439)</b>	<b>0</b>	<b>(2,952)</b>
<b>Total Adjustments</b>	<b>543</b>	<b>0</b>	<b>(2,952)</b>

2022/23	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 25d)	2,877	0	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	(2,545)	0	0
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	(110)	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)	57	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>279</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)	(188)	170	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	(358)	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	(1,832)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(2,378)</b>	<b>170</b>	<b>0</b>
<b><u>Adjustments to Capital Resources</u></b>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	0	0
Application of capital grants to finance capital expenditure (MiRS)	(5,821)	0	1,781
<b>Total Capital Resources</b>	<b>(5,821)</b>	<b>0</b>	<b>1,781</b>
<b>Total Adjustments</b>	<b>(7,920)</b>	<b>170</b>	<b>1,781</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 39.

	Balance 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance 31 March 2023	Transfers In 2023/24	Transfers Between 2023/24	Transfers Out 2023/24	Balance 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Hubs	(131)	0	114	(17)	(23)	0	4	(37)
Borough Council Elections	(160)	0	28	(132)	0	0	132	0
Housing Needs Survey	(80)	0	80	0	0	0	0	0
Local Development Framework	(208)	(138)	117	(229)	0	0	6	(223)
Performance Reward Grant	(11)	0	11	0	0	0	0	0
Organisation Restructure Costs	(200)	(485)	70	(615)	0	0	147	(468)
Capital Investment and Funding	(3,467)	(825)	953	(3,339)	0	1,820	465	(1,055)
Business Rates Retention	(2,908)	(70)	509	(2,469)	0	0	15	(2,454)
City Deal Reserve	(1,851)	0	1,101	(750)	0	750	0	0
Capital Funding Reserve	(484)	0	221	(263)	0	263	0	0
Penwortham Mill Reservoir	(386)	(500)	386	(500)	0	0	6	(494)
Transformation Fund	(714)	0	342	(372)	0	0	372	0
Climate Change	(250)	0	39	(211)	0	(132)	89	(253)
Credit Union	(83)	0	50	(33)	0	0	33	0
Section 106 Reserve	(242)	0	242	0	0	0	0	0
Asset Management	(400)	(600)	0	(1,000)	0	0	0	(1,000)
Community Wealth Building	(150)	(5)	5	(150)	0	0	37	(113)
Mental Health for Young People	(44)	0	15	(29)	0	0	0	(29)
Covid Recovery Fund	(1,067)	0	771	(296)	0	282	15	0
Covid Commitments	(50)	0	50	0	0	0	0	0
Income Equalisation	(150)	0	150	0	0	0	0	0
Leisure Reserve	(529)	0	327	(202)	0	0	202	0
Income Investment Reserve	(250)	0	250	0	0	0	0	0
Collection Fund Deficit Distribution Fund	(4,149)	(476)	2,006	(2,619)	0	1,900	574	(145)
Budget Equalisation Reserves	0	(1,987)	661	(1,326)	(50)	(959)	26	(2,309)
Short Life Operational Assets	0	0	0	0	0	(1,900)	528	(1,372)
Town Deal Reserve	0	0	0	0	0	(2,139)	0	(2,139)
Other Earmarked Reserves	(2,316)	(914)	1,149	(2,081)	(520)	114	634	(1,852)
<b>Total Earmarked Reserves</b>	<b>(20,280)</b>	<b>(6,000)</b>	<b>9,647</b>	<b>(16,633)</b>	<b>(594)</b>		<b>3,286</b>	<b>(13,941)</b>
General Reserve	(4,141)	(397)	0	(4,538)	(629)	0	0	(5,167)
<b>Total General Fund Reserves</b>	<b>(24,421)</b>	<b>(6,397)</b>	<b>9,647</b>	<b>(21,171)</b>	<b>(1,223)</b>		<b>3,286</b>	<b>(19,108)</b>

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

<b>Earmarked Reserve</b>	<b>Reason / Use</b>
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 2027. This has now been replaced by a recurring budget to generate a reserve in future years
Housing Needs Survey	Annual contribution made to fund the costs of carrying out detailed Housing Needs Surveys now no longer required.
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 and now complete
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.
Capital Investment and Funding	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 stabilise the budget across the MTFS following the City Deal revenue funding ceasing in 2023.
Capital Funding Reserve	This has been merged with the Capital Investment and Funding reserve
Penwortham Mill Reservoir	This is a specific budget for any necessary works to the reservoir.
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 and has now been spent
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.
Section 106 Reserve	This reserve is held for capital funding outside of S.106 receipts and was utilised in 22/23.
Asset Management	To fund potential future maintenance costs and part-fund future capital expenditure on short-life assets such as ICT and vehicles.
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.

Earmarked Reserve	Reason / Use
Covid Recovery Fund	To support the borough's recovery from Covid-19. This has now been transferred into the budget equalisation reserve
Covid Commitments	To cover existing Covid-19 commitments. This funding has been utilised in 22/23
Income Equalisation	To cover any potential temporary reliefs and losses on investment income over the recovery period from covid-19. This was utilised in 22/23
Leisure Reserve	To fund costs in relation to Leisure Services across the borough including capital schemes for Leisure Local. This has been utilised in year
Income Investment Reserve	To fund the costs of developing new income generation projects which may not be able to be capitalised. This was utilised in 22/23
Collection Fund Deficit Distribution Fund	To smooth the impact of fluctuations in the level of business rate deficit distribution. The bulk of this was released in 23/24 and transferred to Short Life Operational Assets.
Budget Equalisation Reserves	This funding has been created from various other reserves to offset any future inflationary, cost of living and general budget pressures.
Short Life Operational Assets	This was created in 23/24 for assets with shorter lives e.g. vehicles to ensure best use of resources within the capital programme
Town Deal Reserve	This is a specific reserve to contribute to the ongoing Leyland Town Deal capital programme
Other	This reserve comprises mainly earmarked funding in respect of Asylum Seekers, Social Prescribing, Sports Development, Business Grants and Community Events.



## 12. Other operating expenditure

2022/23 £'000		2023/24 £'000
469	Parish Council precepts	395
(188)	(Gains) and losses on the disposal of non-current assets	(41)
<b>281</b>	<b>Total</b>	<b>354</b>

## 13. Financing and investment income and expenditure

2022/23 £'000		2023/24 £'000
0	Interest payable and similar charges	0
869	Net interest on the net defined benefit liability (note 36d)	44
(869)	Interest receivable and similar income	(1,981)
(1,013)	Income and Expenditure in relation to investment properties and changes in their fair value (note 16)	(772)
(96)	Allowance for impairment of outstanding debts	125
<b>(1,109)</b>	<b>Total</b>	<b>(2,584)</b>

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

2022/23 £'000		2023/24 £'000
(8,727)	Council tax income	(8,741)
(4,122)	Non-domestic rates income and expenditure	(2,965)
(4,091)	Non-ring fenced government grants	(4,700)
(10,391)	Capital grants and developer contributions	(5,691)
<b>(20,844)</b>	<b>Total</b>	<b>(22,097)</b>

### 14(a) LANCASHIRE BUSINESS RATES POOL

Since 2016/17 this Council has been a member of the Lancashire Business Rates Pool.

In a Business Rates 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 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 10 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%. This arrangement operated for one year only, and then reverted to the 50% business rates retention scheme, and it has operated on this basis since.

Local authority membership of the pooling arrangement has varied over the years since 2016/17, but current membership has been the same since 2020/21.

The business rates income allocations in 2022/23 and 2023/24 are shown in the table below:

	Lancashire Business Rates Pool - Income Allocations for 2022/23 and 2023/24
District Authorities	40%
Lancashire County Council	9%
Lancashire Combined Fire Authority	1%
	<b>50%</b>
Central Government	50%
<b>Total</b>	<b>100%</b>

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

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

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

Lancashire Business Rates Pool Members 2023/24	Authority Type	Tariffs and Top-Ups in Respect of 2023/24 £	Retained Levy on Growth 2023/24 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2023/24 £
Burnley Borough Council	Tariff	6,644,696	1,181,762	-118,176	1,063,586
Chorley Borough Council	Tariff	7,526,179	1,188,279	-118,828	1,069,451
Fylde Borough Council	Tariff	8,475,639	552,646	-55,265	497,381
Hyndburn Borough Council	Tariff	4,852,009	1,865,276	-186,528	1,678,748
Pendle Borough Council	Tariff	4,490,118	701,771	-70,177	631,594
Ribble Valley Borough Council	Tariff	5,115,654	1,128,955	-112,896	1,016,059
Rossendale Borough Council	Tariff	3,482,202	553,863	-55,386	498,477
South Ribble Borough Council	Tariff	12,432,624	1,732,651	-173,265	1,559,386
West Lancashire Borough Council	Tariff	10,139,515	1,505,307	-150,531	1,354,776
Wyre Borough Council	Tariff	8,048,002	1,109,293	-110,929	998,364
Lancashire County Council	Top-Up	-162,376,050		1,151,981	1,151,981
Central Government	-	91,169,412		0	0
<b>Total</b>		<b>0</b>	<b>11,519,803</b>	<b>0</b>	<b>11,519,803</b>

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

	Other Land & Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2023	32,789	15,469	367	-	10,060	58,684
Additions	1,109	1,133	2	-	11,990	14,233
Revaluations recognised in the Revaluation Reserve	(2,835)	-	-	29	-	(2,806)
Revaluations recognised in the surplus/deficit on the provision of services	(5,733)	-	-	-	-	(5,733)
De-recognition	(41)	(1,407)	-	-	-	(1,448)
Assets reclassified to/(from)	12,507	-	-	572	(13,037)	42
<b>At 31 March 2024</b>	<b>37,795</b>	<b>15,195</b>	<b>369</b>	<b>601</b>	<b>9,012</b>	<b>62,972</b>
<b>Depreciation and Impairment</b>						
At 1 April 2023	(704)	(11,233)	-	-	(489)	(12,426)
Depreciation charge	(1,079)	(752)	-	-	-	(1,831)
Depreciation written out to the Revaluation Reserve	877	-	-	-	-	877
Depreciation written out to the surplus/deficit on the provision of services	343	-	-	-	-	343
Impairment (losses)/reversals recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment (losses)/reversals recognised in the surplus/deficit on the provision of services	-	-	-	-	(265)	(265)
De-recognition	1	1,407	-	-	-	1,407
Assets reclassified (to)/from	(3)	3	-	-	-	-
<b>At 31 March 2024</b>	<b>(566)</b>	<b>(10,575)</b>	<b>-</b>	<b>-</b>	<b>(754)</b>	<b>(11,894)</b>
<b>Net Book Value</b>						
At 1 April 2023	32,084	4,236	367	-	9,571	50,546
Cumulative movements	5,145	384	2	601	(1,312)	531
<b>At 31 March 2024</b>	<b>37,229</b>	<b>4,620</b>	<b>369</b>	<b>601</b>	<b>8,259</b>	<b>51,078</b>

<b>2022/23</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or Valuation</b>					
<b>At 1 April 2022</b>	<b>27,953</b>	<b>16,128</b>	<b>220</b>	<b>3,897</b>	<b>48,198</b>
Additions	1,773	961	97	8,823	11,654
Revaluations recognised in the Revaluation Reserve	827	0	29	0	856
Revaluations recognised in CIES	(1,496)	0	(14)	0	(1,510)
De-recognition - disposals	0	(1,787)	0	0	(1,787)
Assets reclassified	3,731	166	36	(2,660)	1,273
Other Movements					0
<b>At 31 March 2023</b>	<b>32,789</b>	<b>15,469</b>	<b>367</b>	<b>10,060</b>	<b>58,684</b>
<b>Depreciation and Impairment</b>					
<b>At 1 April 2022</b>	<b>(1,549)</b>	<b>(11,903)</b>	<b>0</b>	<b>0</b>	<b>(13,452)</b>
Depreciation charge	(976)	(866)	0	0	(1,842)
Depreciation written out of RR	1,101	0	0	0	1,101
Depreciation written out of CIES	783	0	0	0	783
Impairment losses recognised in RR	(35)	0	0	0	(35)
Impairment losses recognised in CIES	(67)	(23)	0	(489)	(579)
De-recognition - disposals	0	1,560	0	0	1,560
Assets reclassified	(3)	3	0	0	0
Other Movements	41	(3)	0	0	38
<b>At 31 March 2023</b>	<b>(704)</b>	<b>(11,232)</b>	<b>0</b>	<b>(489)</b>	<b>(12,425)</b>
<b>Net Book Value</b>					
At 31 March 2023	<b>32,084</b>	<b>4,236</b>	<b>367</b>	<b>9,571</b>	<b>46,258</b>
At 31 March 2022	<b>26,404</b>	<b>4,226</b>	<b>220</b>	<b>3,897</b>	<b>34,746</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>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Net Book Value (modified historical cost)</b>		
At 1 April	1,628	1,392
Additions	33	979
Disposals	(7)	4
Impairment	(5)	0
Assets reclassified	4	0
Depreciation charge	(261)	(271)
<b>At 31 March</b>	<b>1,392</b>	<b>2,104</b>
Net Book Value		
At 1 April	1,628	1,392
Cumulative movements	(236)	712
<b>At 31 March</b>	<b>1,392</b>	<b>2,104</b>

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

<b>Infrastructure Assets</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Infrastructure Assets	1,392	2,104
Other Property, Plant & Equipment	46,747	51,078
	<b>48,139</b>	<b>53,182</b>

## 15b Depreciation

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

<b>Type of Asset</b>	<b>Years</b>
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

## 15c Capital Commitments

At 31 March 2024 there were six significant contractual commitments, totalling £15.283m, relating to capital expenditure, as listed in the table below.

Value (£'000)	Description
14,420	Jubilee Gardens Extra Care
90	King George V Play Area
484	Leyland Town Deal
120	Longton Play Area
59	St Marys Penwortham Church Wall
110	Withy Grove Play Area

## 15d Effects of Changes in Estimates

There were no changes in estimates during 2023-24.

## 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 2023/24 the valuations were carried out on behalf of the council by Aspin & Company Ltd. 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 and Equipment £'000	Community Assets £'000	Community Assets	Assets Under Construction £'000	Total £'000
Carried at historical cost	86	15,183	134	-	7,405	22,809
Valued at current value as at:						
31 March 2024	29,870	-	12	601	1,607	32,091
31 March 2023	1,205	12	198	-	-	1,415
31 March 2022	3,328	-	24	-	-	3,352
31 March 2021	3,091	-	-	-	-	3,091
31 March 2020	214	-	-	-	-	214
<b>Total cost or valuation</b>	<b>37,795</b>	<b>15,195</b>	<b>369</b>	<b>601</b>	<b>9,012</b>	<b>62,972</b>

## 16. Investment properties

Rental income and operational expenditure has 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 2024, 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.

	2022/23 £'000	2023/24 £'000
Fair Value 1 April	11,159	10,741
Additions – Subsequent expenditure	74	11
Disposals	0	0
Net gains / (losses) from fair value adjustments	467	209
Transfers (to) / from Property Plant and Equipment	(959)	(42)
<b>TOTAL</b>	<b>10,741</b>	<b>10,919</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 2023/24



the valuations of investment properties were carried out on behalf of the council by Aspin & Company Ltd. 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 2023/24 amortisation of £0.011m was charged to the following lines in the Comprehensive Income and Expenditure Statement.

	2022/23 £'000	2023/24 £'000
Customer & Digital	43	11
<b>Total</b>	<b>43</b>	<b>11</b>

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

	2022/23 £'000	2023/24 £'000
Cost at start of year	1,628	405
Additions in year	374	0
Disposals in year	(1,278)	(19)
Reclassifications in year	(319)	0
<b>Gross cost at end of year</b>	<b>405</b>	<b>386</b>
Accumulated amortisation at start of year	(1,516)	(351)
Disposals in year	1,208	19
Amortised in year	(43)	(11)
<b>Accumulated amortisation</b>	<b>(351)</b>	<b>(343)</b>
Net carrying amount at the start of the year	112	55
<b>Net carrying amount at the year end</b>	<b>55</b>	<b>43</b>

At 31 March 2024, 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 2023 £'000	Current 31 March 2023 £'000		Long Term 31 March 2024 £'000	Current 31 March 2024 £'000
		<b>Financial Assets</b>		
		<i>Carried at Amortised Cost</i>		
0	8,586	Cash & cash equivalents (note 21) net of bank overdraft	0	1,311
0	27,660	Short Term Investments	0	28,301
182	3,040	Debtors	259	1,240
<b>182</b>	<b>39,286</b>	<b>Total Financial Assets</b>	<b>259</b>	<b>30,852</b>
		<b>Financial Liabilities</b>		
		<i>Carried at Amortised Cost</i>		
(133)	(2,690)	Creditors	(114)	(3,979)
<b>(133)</b>	<b>(2,690)</b>	<b>Total Creditors</b>	<b>(114)</b>	<b>(3,979)</b>
		<i>Memo: Items that are not Financial Instruments</i>		
0	5,329	Debtors	0	3,737
0	(12,705)	Creditors	0	(11,814)

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

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:-

	2022/23			2023/24		
	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	(869)	0	(869)	(1,981)	0	(1,981)
Interest expense	0	0	0	0	0	0
<b>Net (gain) / cost for the year</b>	<b>(869)</b>	<b>0</b>	<b>(869)</b>	<b>(1,981)</b>	<b>0</b>	<b>(1,981)</b>

### 18c The Fair Value 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-Public Works Loan Board (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 2023		31 March 2024	
	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	(2,690)	(2,690)	(3,979)	(3,979)
Long Term Creditors	(133)	(133)	(114)	(114)
<b>Total Liabilities</b>	<b>(2,823)</b>	<b>(2,823)</b>	<b>(4,093)</b>	<b>(4,093)</b>

Long-term creditors comprises 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 2023		31 March 2024	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	8,586	8,586	1,311	1,311
Investments - Loans	27,660	27,660	28,301	28,301
Short Term Debtors	3,040	3,040	1,240	1,240
Long Term Debtors	182	182	259	259
<b>Total Assets</b>	<b>39,468</b>	<b>39,468</b>	<b>31,111</b>	<b>31,111</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 requires that deposits are not made with financial institutions unless they meet minimum creditworthiness criteria, provided by the council's treasury advisor Link Asset Services. The creditworthiness service combines the credit ratings from all three ratings agencies (Fitch, Moody's and Standard & Poors) in a sophisticated modelling process. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category.

The key areas of the Investment Strategy are as follows:

- The Council only lends to UK-incorporated financial institutions. This strategy does not therefore specify a minimum sovereign rating.
- The Council may use AAA rated Money Market Funds.
- The Council may lend to the UK Government (which includes the Debt Management Office), and UK Local Authorities.

The Treasury Management Strategy, including the Investment strategy for 2023/24 was approved by Full Council on 1<sup>st</sup> March 2023 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 Investment Strategy restricts investments to a narrow range of counterparties. At 31 March 2024 it had deposits totalling £29.611m (£35.573m at 31 March 2023) 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 2024 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 2024, the outstanding gross amount in respect of those classed as Financial Instruments was £2.387m (£4.153m at 31 March 2023) and the maximum exposure to credit loss was assessed as £1.148m (£3.040m at 31 March 2023).

Loss allowances on Debtors has been assessed using overdue debtor information and calculates losses based on lifetime credit losses for all debtors overdue by more than 30 days. 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	333
Gain - Impact on the Surplus or Deficit on the Provision of Service	333

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

## 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

All inventory balances were written out in 2022/23.

## 20. Short term debtors

	31 March 2023 £'000	31 March 2024 £'000
Trade receivables	329	328
Prepayments	791	948
Other receivable amounts	10,357	6,914
<b>Gross carrying amount at the year end</b>	<b>11,477</b>	<b>8,190</b>
Less allowance for bad debts	(3,104)	(3,213)
<b>Net carrying amount at the year end</b>	<b>8,373</b>	<b>4,977</b>

## 21. Cash and cash equivalents

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

	31 March 2023 £'000	31 March 2024 £'000
Cash held by the Authority	1	1
Bank current and call accounts	8,585	1,310
Short term deposits (maturing within 3 months)	0	0
<b>Total cash and cash equivalents</b>	<b>8,586</b>	<b>1,311</b>

## 22. Short term creditors

	31 March 2023 £'000	31 March 2024 £'000
Trade payables	(3,717)	(5,223)
Other payables	(11,679)	(10,570)
<b>Total</b>	<b>(15,396)</b>	<b>(15,793)</b>

## 23. Provisions

The movements in provisions during the year were as follows:

	<b>Business Rates Appeals £'000</b>
Balance at 1 April 2022	(2,351)
Additional provisions made in 2022/23	228
Amounts used in 2022/23	386
<b>Balance at 31 March 2023</b>	<b>(1,737)</b>
Additional provisions made in 2023/24	(647)
Amounts used in 2023/24	486
<b>Balance at 31 March 2024</b>	<b>(1,898)</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 2023-24, 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 (9%) 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 2024 is £4.745m (£4.343m at 31 March 2023). The council has made a provision for 40% of this figure totalling £1.898m (£1.737m at 31 March 2023). 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 39). The purpose of General Fund Earmarked Reserves is detailed in Note 11 (page 62).

	<b>31 March 2023 £'000</b>	<b>31 March 2024 £'000</b>
General Fund Working Balance	(4,538)	(5,167)
General Fund Earmarked Reserves	(16,633)	(13,941)
<b>Total General Fund Balance</b>	<b>(21,171)</b>	<b>(19,108)</b>
<b>Capital Receipts Reserve</b>	<b>(170)</b>	<b>(170)</b>
S106 Contributions from developers	(5,264)	(5,349)
Community Infrastructure Levy (CIL)	(3,379)	(457)
Other Capital Grants and Contributions	(3,770)	(3,656)
<b>Total Capital Grants and Contributions Unapplied</b>	<b>(12,413)</b>	<b>(9,462)</b>
<b>Total Usable Reserves at year-end</b>	<b>(33,754)</b>	<b>(28,740)</b>



## 25. Unusable reserves

	Note	31 March 2023 £'000	31 March 2024 £'000
Revaluation Reserve	25a	(7,441)	(20)
Capital Adjustment Account	25b	(44,798)	(47,073)
Deferred Capital Receipts Reserve	25c	(20)	2,418
Pensions Reserve	25d	2,061	(208)
Collection Fund Adjustment Account	25e	90	278
Accumulated Absences Account	25f	204	(5,209)
<b>Total Unusable Reserves</b>		<b>(49,904)</b>	<b>(49,814)</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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>(5,987)</b>	<b>(7,441)</b>
Upward revaluation of assets	(2,253)	(717)
Downward revaluation & impairment not charged to the Comprehensive Income and Expenditure Statement	332	2,646
Difference between fair value and historic cost depreciation	319	298
Difference between fair value and historic cost depreciation - previous year adjustment	148	0
Accumulated gains on disposed assets	0	5
<b>Balance at 31 March</b>	<b>(7,441)</b>	<b>(5,209)</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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	(38,139)	(44,798)
<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>		
Charges for depreciation and impairment of non-current assets	2,649	2,366
Revaluation (gains)/losses on property, plant & equipment	727	5,391
Amortisation of intangible assets	42	11
Revenue expenditure funded from capital under statute	1,420	1,657
Net cost of disposal of assets	347	(6)
	<b>5,185</b>	<b>9,419</b>
Adjusting amounts written out of the Revaluation Reserve		
Historic cost depreciation transfer	(468)	(298)
Revaluation reserve balances written off on disposed assets		(5)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>4,717</b>	<b>9,116</b>
<i>Capital financing applied in the year:</i>		
Capital receipts used to finance new capital expenditure	(18)	(36)
Grants and contributions used in the year to fund capital expenditure	(8,701)	(9,568)
Statutory & voluntary provision for the financing of capital investment charged against the General Fund	(358)	(236)
Capital expenditure charged to the General Fund Balance	(1,832)	(1,342)
	<b>(10,909)</b>	<b>(11,182)</b>
Movements in the market value of Investment Properties	(467)	(209)
<b>Balance at 31 March</b>	<b>(44,798)</b>	<b>(47,073)</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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	(20)	(20)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
<b>Balance at 31 March</b>	(20)	(20)

## 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.

A debit balance on the Pension Reserve therefore shows that benefits earned by employees exceed the payments made by the authority to fund them, with a credit balance showing the reverse. Statutory arrangements require that adequate funding will ultimately be set aside.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>32,424</b>	<b>2,061</b>
Re-measurements of the net defined benefit liability.	(48,283)	(6,456)
Reversal of charges posted to the Comprehensive Income and Expenditure Statement.	4,883	2,094
Employer contributions and direct payments to pensioners payable in the year.	(2,006)	(2,307)
Changes in the effect of the Asset Ceiling	15,043	7,027
<b>Balance at 31 March</b>	<b>2,061</b>	<b>2,418</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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>2,636</b>	<b>90</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.	(2,546)	(298)
<b>Balance at 31 March</b>	<b>90</b>	<b>(208)</b>

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

	2022/23 £'000	2023/24 £'000
Amounts in respect of Council Tax	17	(93)
Amounts in respect of Business Rates	56	(190)
Additional amount in respect of Business Rates	17	75
<b>Balance at 31 March</b>	<b>90</b>	<b>(208)</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.

	2022/23 £'000	2023/24 £'000
<b>Balance at 1 April</b>	<b>314</b>	<b>204</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	(110)	74
<b>Balance at 31 March</b>	<b>204</b>	<b>278</b>

## 26. Cash flow statement – operating activities

### 26a Net surplus or deficit adjustment 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:

	2022/23 £'000	2023/24 £'000
Depreciation	2,063	2,101
Impairment and valuation changes	1,312	5,656
Amortisation	42	11
Increase / (decrease) in impairment for bad debts	(424)	149
(Increase) / decrease in debtors	(188)	223
Increase / (decrease) in creditors	(17,300)	(503)
(Increase) / decrease in inventories	114	0
Movement in pension liability	4,141	(213)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	347	(6)
Contributions (to) / from Provisions	(614)	161
Movement in investment property values	(467)	(209)
<b>Net adjustment</b>	<b>(10,974)</b>	<b>7,370</b>

### 26b Adjustment 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:

	2022/23 £'000	2023/24 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(188)	(36)
Capital Grants credited to surplus or deficit on the provision of services	(11,345)	(6,616)
<b>Net adjustment</b>	<b>(11,533)</b>	<b>(6,652)</b>

## 26c Interest received and interest paid

The cash flows for operating activities include the following items:

	2022/23 £'000	2023/24 £'000
Interest received	869	1,543
Interest paid	0	0
<b>Net cash flow in / (out)</b>	<b>869</b>	<b>1,543</b>

## 27. Cash Flow Statement – investing activities

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

	2022/23 £'000	2023/24 £'000
Purchase of property, plant & equipment, investment property & intangible assets	(11,576)	(16,212)
Purchase of short and long term investments	(16,660)	(57,500)
Other payments for investing activities	0	(100)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	188	36
Proceeds from short and long term investments	23,026	57,000
Other receipts relating to investing activity (government grants)	9,212	8,073
<b>Total cash flows from investing activities</b>	<b>4,190</b>	<b>(8,703)</b>

## 28. Cash Flow Statement – financing activities

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

	2022/23 £'000	2023/24 £'000
Cash Receipts from Short and Long Term Borrowing	0	0
Cash paid to reduce lease liabilities.	0	0
Other Payments for financing activities - change in indebtedness relating to NNDR (due from Government and Preceptors) and Council Tax (due from Preceptors).	961	3,316
<b>Total cash flows from financing activities</b>	<b>961</b>	<b>3,316</b>

## 29. Members allowances

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

	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Allowances	380	403
Expenses	3	1
<b>Total</b>	<b>383</b>	<b>404</b>

The pay award for 2022-23 and 2023-24 is still in negotiation and will be paid during 2024-25. This is not included in the figures above.

## 30. Officers remuneration

2023/24 Remuneration										
Post Title	Note	Salary £'000	Expenses / Allowances £'000	Compensation for Loss of Office £'000	Benefits in Kind £'000	Pension Contribution £'000	Total Remuneration £'000	Charges to CBC (50%) £'000	Charges from CBC (50%) £'000	Net Cost to SRBC £'000
Chief Executive	A	0	0	0	0	0	0	0	92	92
Deputy Chief Executive	B	25	0	0	0	5	30	(15)	0	15
Interim Deputy Chief Executive	C	0	0	0	0	0	0	0	27	27
Director (Customer & Digital)	D	0	0	0	0	0	0	0	58	58
Director (Planning and Property)	E	15	0	0	0	3	18	(9)	0	9
Interim Director (Commercial & Property)	F	0	0	0	0	0	0	0	9	9
Director (Communities)	G	86	0	0	0	16	102	(51)	0	51
Director (Governance)	H	85	0	0	0	15	100	(50)	0	50
Director (Finance & s151 Officer)	I	0	0	0	0	0	0	0	55	55
Director (Change & Delivery)	J	0	0	0	0	0	0	0	12	12

A	The Chief Executive has been employed by Chorley Borough Council since 1st January 2023. The 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.
B	The Deputy Chief Executive is a shared post with Chorley Borough Council; the postholder has been employed by South Ribble Borough Council since 8th January 2024 and Chorley Borough Council have been charged 50% of the cost of the post.
C	The Interim Deputy Chief Executive was contracted by Chorley Borough Council through an employment agency between 1st August 2023 to 9th February 2024. The Post was a shared post and South Ribble Borough Council have been charged 50% of the cost
D	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.
E	The Director (Planning & Property) is a shared post with Chorley Borough Council; the postholder has been employed by Chorley Borough Council from 29th January 2024 and South Ribble Borough Council have been charged 50% of the cost of the post.
F	The Interim Director (Commercial & Property) was contracted by Chorley Borough Council through an employment agency from 5th December 2022 to 6th July 2023. The Interim 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.
G	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.
H	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.
I	The Director (Finance & s151 Officer) 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.
J	The Director (Change & Delivery) has been employed by Chorley Borough Council from 8th January 2024. The Director (Change & Delivery) 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.



The comparative information for 2022/23 is shown below:

2022/23 Remuneration										
Post Title	Note	Salary	Expenses / Allowances	Compensation for Loss of Office	Benefits in Kind	Pension Contribution	Total Remuneration	Charges to CBC (50%)	Charges from CBC (50%)	Net Cost to SRBC
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	A	112	0	0	0	0	112	(56)		56
Chief Executive	B	0	0	0	0	0	0		22	22
Deputy Chief Executive	C	0	0	0	0	0	0	0	46	46
Director (Customer & Digital)	D	0	0	0	0	0	0	0	58	58
Director (Commercial & Property)	E	0	0	0	0	0	0	0	50	50
Interim Director (Commercial & Property)	F	0	0	0	0	0	0	0	40	40
Director (Communities)	G	83	0	0	0	14	98	(49)	0	49
Director (Governance)	H	80	0	0	0	14	94	(47)	0	47
Director (Finance & s151 Officer)	I	0	0	0	0	0	0	0	50	50
Director (Planning & Development)	J	56	0	0	0	9	65	(33)	0	33
Interim Director (Planning & Development)	K	50	0	0	0	0	50	0	0	50
Director (Change & Delivery)	L	0	0	0	0	0	0	0	45	45

A	The Chief Executive is a shared post with Chorley Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post. The Chief Executive left the authority on 31st December 2022.
B	The Chief Executive is employed by Chorley Borough Council from 01st January 2023. The 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 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. From 01st January 2023 the postholder has been employed by Chorley Borough Council as Chief Executive. The Deputy Chief Executive post remained vacant for the rest of the year.
D	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.
E	The Director (Commercial & Property) is a shared post with Chorley Borough Council; the postholder was employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post. The Director (Commercial & Property) left the authority on 07th November 2022. Salary includes discretionary redundancy payment of £25k, of which 50% was funded by South Ribble Borough Council.
F	The Interim Director (Commercial & Property) was contracted by Chorley Borough Council through an employment agency from 05th December 2022.. The Interim 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.
G	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.
H	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.
I	The Director (Finance & s151 Officer) 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.
J	The Director (Planning & Development) is a shared post with Chorley Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post. The Director (Planning & Development) left the authority on 11th December 2022.
K	The Interim Director (Planning & Development) was contracted by South Ribble Borough Council through an employment agency from 28th November 2022. This post is not a shared post and the full cost remains within South Ribble Council.
L	The Director (Change & Delivery) is employed by Chorley Borough Council from 01st April 2022 following the expansion of shared services between the two councils. The Director (Change & Delivery) 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.

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 22-23	Number of employees 23-24
£50,000 to £55,000	6	6
£55,001 to £60,000	0	1
£60,001 to £65,000	2	1
£65,001 to £70,000	4	4
£70,001 to £75,000	0	2
£75,001 to £80,000	1	0
<b>Balance at 31 March</b>	<b>13</b>	<b>14</b>

The following table gives details of employee exit packages in 2022-23 and 2023-24.

Exit Package cost banding	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages		Total cost of exit packages	
	22-23	23-24	22-23	23-24	22-23	23-24	22-23	23-24
£0 to £20,000	0	0	11	5	11	5	£30,297	£36,136
£20,001 to £40,000	0	0	3	0	3	0	£29,629	£0
£40,001 to £60,000	0	0	1	1	1	1	£82,500	£53,501
£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	1	0	1	0	£0	£0
£150,001 to £200,000	0	0	0	0	0	0	£0	£0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>6</b>	<b>16</b>	<b>6</b>	<b>£142,426</b>	<b>£89,637</b>

### 31. External audit costs

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

	2022/23 £'000	2023/24 £'000
Fees for statutory inspection and audit (Scale Fee)	41	141
Additional Fees outside of Scale Fee	34	0
Audit Variation for ISA 315		8
Fees for the certification of grant claims and returns	32	36
<b>Balance at 31 March</b>	<b>107</b>	<b>184</b>

## 32. Grant income

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

	2022/23 £'000	2023/24 £'000
<b>Credited to Taxation and Non-Specific Grant Income (Note 14)</b>		
National non-domestic rates	(2,619)	(3,495)
New Homes Bonus	(802)	(376)
Other Revenue Grants & Contributions	(670)	(829)
Community Infrastructure Levy & Other Developer Contributions	(2,954)	1,662
Developer Contributions - Amounts Transferred to Grants Received In Advance	0	0
Other Capital Grants & Contributions	(7,436)	(7,353)
<b>Total</b>	<b>(14,482)</b>	<b>(10,391)</b>
<b>Credited to Services</b>		
Benefits Related Grants	(14,033)	(14,586)
Covid-19 Funding Grants	(1,261)	0
Other Grants & Contributions	(2,743)	(4,729)
Developer's Contributions payable to City Deal	(3,608)	(5,077)
<b>Total</b>	<b>(21,645)</b>	<b>(24,392)</b>
<b>Grand Total</b>	<b>(36,126)</b>	<b>(34,783)</b>

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:

Grant Receipts in Advance	2022/23 £'000	2023/24 £'000
Various contributions	(215)	(215)
<b>Total</b>	<b>(215)</b>	<b>(215)</b>

### 33. 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 32.

#### ◆ **Members of the Council**

Members 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 items relating to the personal interest of partners, relatives, or friends, are also recorded in the minutes of the meeting and the member will leave the meeting. Declarations are open to public inspection.

Note 29 relates to the allowances paid to members. The amounts paid to individual members are reported on the Council's web site.

Members are also appointed to represent the Council on various external organisations some of which receive financial assistance from the Council. The amounts paid were immaterial and were properly approved.

#### ◆ **Officers**

The Staff Code of Conduct requires declaration, to the departmental Chief Officer, of close personal relationships with Councillors and Contractors, financial and non-financial interests in, or membership of, external organisations, and all hospitality or gifts. These arrangements are subject to monitoring and reporting by the Council's HR Department.

There were no 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, ICT, Democratic Services, Communications and Visitor Economy, 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 2023/24 gross expenditure of **£12.684m (2022/23 £10.792m)** 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 31st March 2024, there are outstanding creditor / debtor balances of **£770k** and **£901k** respectively.

◆ **Subsidiary Companies**

During 2023/24 the Council operated a wholly owned company – South Ribble Leisure Limited.

The Company produces accounts as a separate entity, and these are consolidated within the Group Accounts included in this statement.

**34. 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.

	2022/23 £'000	2023/24 £'000
<b>Opening Capital Financing Requirement</b>	<b>3,511</b>	<b>6,157</b>
<i>Capital investment:</i>		
Property, Plant and Equipment	11,654	14,233
Investment property	74	11
Intangible Assets	374	0
Infrastructure Assets	33	979
Revenue Expenditure Funded from Capital under Statute	1,420	1,657
<i>Sources of finance:</i>		
Capital Receipts	(18)	(36)
Government Grants and Other Contributions	(8,701)	(9,568)
<i>Sums set aside from revenue:</i>		
Earmarked Reserves	(1,532)	(1,343)
Revenue Financing	(300)	0
Minimum Revenue provision	(358)	(236)
<b>Closing Capital Financing Requirement</b>	<b>6,157</b>	<b>11,854</b>
<i>Explanation of movements in year:</i>		
Assets financed by prudential borrowing	3,003	5,933
Provision made for debt repayment	(358)	(236)
<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>2,645</b>	<b>5,697</b>

## 35. Leases

### 35a Authority as lessee

#### Finance leases

At 31 March 2024, the council was not party to any Finance Leases as lessee

#### Operating leases

The Authority no longer has operating leases for office equipment and vehicles:

	31 March 2023 £'000	31 March 2024 £'000
Not later than one year	11	0
Later than one and not later than five years	1	0
<b>Total</b>	<b>12</b>	<b>0</b>

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

	31 March 2023 £'000	31 March 2024 £'000
Minimum lease payments	12	7
<b>Total</b>	<b>12</b>	<b>7</b>

### 35b 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 2023 £'000	31 March 2024 £'000
Finance lease debtor (present value of minimum lease payments)	20	20
Unearned finance income	84	83
<b>Total</b>	<b>104</b>	<b>103</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 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'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	99	98	99	98
<b>Total</b>	<b>104</b>	<b>103</b>	<b>104</b>	<b>103</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 2023 £'000	31 March 2024 £'000
Not later than one year	1,021	1,085
Later than one and not later than five years	1,453	1,405
Later than five years	13,147	12,151
<b>Total</b>	<b>15,621</b>	<b>14,640</b>

## 36. Defined benefit pension scheme

### 36a 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.

### 36b 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 latest valuation, carried out as at 31 March 2022, showed there was a

surplus of £1.395m against the Fund's solvency funding target. An alternative way of expressing the position is that the Fund's assets were sufficient to cover 115% of its liabilities – this percentage is known as the solvency funding level of the Fund

At the previous valuation at 31 March 2019 the surplus for all employers was £12m, equivalent to a solvency funding level of 100%.

As part of this valuation, the Administering Authority has set an average recovery plan of approximately 10 years for employers in deficit and 16 years for employers in surplus where a surplus offset applies. The next actuarial valuation will take place with an effective date of 31 March 2025. If experience up to that date were to be in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, there would be a surplus at 31 March 2025 of c£1,504m, equivalent to a funding level of 114%.

The latest valuation, effective as at 31st March 2022 has determined primary contribution rates for 2023/24 – 2025/26 at 18.7% a secondary rate adjustment of -0.8% for the financial years 2023-24 to 2025-26, giving an overall total contribution rate of 17.9%.

### **36c 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 36i.



### 36d 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:

	2022/23 £'000	2023/24 £'000
<b><i>Comprehensive Income and Expenditure Statement</i></b>		
<i>Cost of Services:</i>		
Administration	60	69
Current service cost	3,954	1,981
Past service cost	0	0
Effect of curtailments	0	0
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	4,112	5,103
Expected return on scheme assets	(3,243)	(5,757)
Interest on asset ceiling	0	698
<b>Total post-employment benefit charged to the (Surplus) / Deficit on the Provision of Service</b>	<b>4,883</b>	<b>2,094</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	(3,099)	(4,196)
Experience (gain) & loss	17,423	901
Actuarial (gains) & losses from changes in demographic assumptions	(59,202)	(1,465)
Actuarial (gains) & losses from changes in financial assumptions	(3,405)	(1,696)
Prior year adjustment	0	0
Changes in the effect of the asset ceiling	15,043	7,027
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>(33,240)</b>	<b>571</b>
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(28,357)</b>	<b>2,665</b>
<b><i>Movement in Reserves Statement</i></b>		
Reversal of net charges made to the (Surplus) / Deficit on the Provision of Services	(4,883)	(2,094)
Actual amount charged against the General Fund Balance for pensions in the year	2,006	2,307

### 36e 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	
	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(108,199)	(109,232)
Fair value of plan assets	120,684	129,094
<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>12,485</b>	<b>19,862</b>
Impact of Asset Ceiling	(15,043)	(22,280)
<b>Reported Net asset/(liability) arising from defined benefit obligation</b>	<b>(2,558)</b>	<b>(2,418)</b>

The valuation of the Local Government Pension Scheme has resulted in a net defined benefit asset. Regulations state that this must be measured at the lower of the surplus in the defined benefit plan and the "asset ceiling". An asset ceiling is the limit above which further increases in net pension cease to be recognised for accounting purposes. The asset ceiling for South Ribble Borough Council is nil meaning that the surplus of £19.862 million can not be recognised and has been adjusted for by way of an "Impact of Asset Ceiling" adjustment.

### 36f Reconciliation of movements in the fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
<b>1 April</b>	<b>117,241</b>	<b>120,684</b>
Adjustment to brought forward balance	0	0
<b>Revised 1 April Balance</b>	<b>117,241</b>	<b>120,684</b>
Interest on plan assets	3,243	5,757
<b>Re-measurement gain/(loss)</b>		
Return on plan assets, excluding amount included in interest expense	3,099	4,196
Employer contributions	245	2,317
Employee contributions	657	741
Benefits paid	(3,741)	(4,532)
Other	(60)	(69)
<b>31 March</b>	<b>120,684</b>	<b>129,094</b>

### 36g Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
<b>1 April</b>	<b>(148,401)</b>	<b>(108,199)</b>
Adjustment to brought forward balance		
Current service cost	(3,954)	(1,981)
Past Service Cost	0	0
Interest cost	(4,112)	(5,103)
Contributions by scheme participants	(657)	(741)
<b>Re-measurement gains and (losses)</b>		
Changes in financial assumptions	59,202	1,696
Experience gains & (losses)	(17,423)	(901)
Gains & (losses) from changes in demographic assumptions	3,405	1,465
Curtailments	0	0
Benefits paid	3,741	4,532
<b>31 March</b>	<b>(108,199)</b>	<b>(109,232)</b>

The employers' liability contains an "unfunded" element. This means that it is not a liability of the Local Government Pension Scheme and is instead met by South Ribble Borough Council as the employer from its own financial resources; at 31st March 2024 the unfunded liability was £2.418 million. This element exists every year within the overall net defined liability.

### 36h Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2022/23	Percentage	2023/24	Percentage
	£'000	total of asset	£'000	total of asset
<b>Cash</b>				
Cash and cash equivalents	0	0.0%	0	0.0%
Cash accounts	959	0.8%	2,387	1.8%
Net Current Assets	0	0.0%	0	0.0%
Subtotal Cash	959	0.8%	2,387	1.8%
<b>Equities</b>				
Financials	140	0.1%	142	0.1%
	140	0.1%	142	0.1%
<b>Bonds</b>				
UK corporate	0	0.0%	0	0.0%
Overseas corporate	249	0.2%	103	0.1%
Government	0	0.0%	0	0.0%
Overseas fixed interest	0	0.0%	0	0.0%
Subtotal bonds	249	0.2%	103	0.1%
<b>Property</b>				
Retail	243	0.2%	432	0.3%
Commercial	1,575	1.3%	1,226	0.9%
Subtotal property	1,818	1.5%	1,658	1.2%
<b>Private equity</b>				
UK	2,089	1.7%	2,090	1.6%
Overseas	8,025	6.6%	7,631	5.9%
Subtotal private equity	10,114	8.3%	9,721	7.5%
<b>Other</b>				
Infrastructure	18,773	15.6%	19,523	15.1%
UK Pooled Equity Funds	1,277	1.1%	391	0.3%
Overseas Pooled Equity Funds	57,480	47.7%	60,826	47.2%
Property funds	10,623	8.8%	10,266	8.0%
Credit funds	17,512	14.5%	19,091	14.8%
Pooled income fund	1,739	1.4%	4,986	3.9%
Subtotal alternatives	107,404	89.1%	115,083	89.3%
<b>Total</b>	<b>120,684</b>	<b>100.0%</b>	<b>129,094</b>	<b>100.0%</b>

### 36i 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 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	
	2022/23	2023/24
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	21.5 yrs.	21.1 yrs.
Women	23.8 yrs.	23.5 yrs.
Longevity at 65 for future pensioners		
Men	22.8 yrs.	22.4 yrs.
Women	25.6 yrs.	25.3 yrs.
Rate of inflation (CPI)	2.70%	2.70%
Rate of increase in salaries	4.20%	4.20%
Rate of increase in pensions	2.80%	2.80%
Rate for discounting scheme liabilities	4.80%	4.90%

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)	2,598
Rate of inflation (increase of 0.25% p.a.)	4,168
Salary inflation (increase of 0.25% p.a.)	666
Rate for discounting scheme liabilities (increase of 0.5%)	(7,883)
Change in 2023/24 investment returns (increase of 1.0%)	(1,284)

### **36j Impact on the Authority's Future Cash Flows**

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted for employers in deficit is 10 years, and for employers in surplus is 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out as at 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 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 will pay £2.064m expected contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 17 years.

### **37. Contingent assets and liabilities**

At 31 March 2024, 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).

2022/23 Business Rates £'000	2022/23 Council Tax £'000		2023/24 Business Rates £'000	2023/24 Council Tax £'000
		<b>Income</b>		
	(77,221)	Council Tax Receivable		(81,282)
(34,940)		Business Rates Receivable	(36,519)	
<b>(34,940)</b>	<b>(77,221)</b>	<b>Total Income</b>	<b>(36,519)</b>	<b>(81,282)</b>
		<b>Expenditure</b>		
		Apportionment of Previous Year Surplus/(Deficit)		
(2,530)		Central Government	(601)	
(2,024)	112	South Ribble Borough Council (note 14)	(481)	(59)
(455)	694	Lancashire County Council	(108)	(370)
	109	Police & Crime Commissioner for Lancashire		(57)
(51)	34	Lancashire Combined Fire Authority	(12)	(19)
		<b>Precepts, Demands and Shares</b>		
17,007	0	Central Government	19,904	
13,606	8,636	South Ribble Borough Council (note 14)	15,924	8,689
3,061	55,400	Lancashire County Council	3,583	58,506
0	8,650	Police & Crime Commissioner for Lancashire		9,342
340	2,827	Lancashire Combined Fire Authority	398	3,057
<b>28,954</b>	<b>76,462</b>	<b>Total Expenditure</b>	<b>38,607</b>	<b>79,089</b>
		<b>Transfers from General Fund</b>		
0	0	Discretionary Discounts	0	(128)
		<b>Charges to Collection Fund</b>		
0	0	Write offs of uncollectable amounts	0	0
807	880	Increase / (Decrease) in Allowance for non-collection	(60)	1,349
(1,535)	0	Increase / (Decrease) in Provision for Appeals	402	0
128	0	Cost of Collection Allowance	131	0
0	0	Disregarded Amounts	0	0
78	0	Renewable Energy Schemes	3	0
170	0	Enterprise Zone	198	0
(121)	0	Transitional Protection Payments	(3,375)	0
<b>(473)</b>	<b>880</b>	<b>Total Charges to the Collection Fund</b>	<b>(2,701)</b>	<b>1,221</b>
<b>(6,459)</b>	<b>121</b>	<b>(Surplus) / deficit arising during the year</b>	<b>(613)</b>	<b>(972)</b>
		<b>Collection Fund Balance</b>		
6,598	(2)	(Surplus) / deficit brought forward at 1 April	139	119
(6,459)	121	(Surplus) / deficit arising during the year	(613)	(972)
<b>139</b>	<b>119</b>	<b>(Surplus) / deficit carried forward at 31 March</b>	<b>(474)</b>	<b>(853)</b>
		<b>Allocated to</b>		
56	17	Transfer to / (from) Collection Fund Adjustment Account (Note 25e)	(190)	(94)
69		Central Government	(237)	
13	86	Lancashire County Council	(43)	(626)
	12	Police & Crime Commissioner for Lancashire		(100)
1	4	Lancashire Combined Fire Authority	(5)	(33)
<b>139</b>	<b>119</b>	<b>(Surplus) / deficit carried forward at 31 March</b>	<b>(475)</b>	<b>(853)</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 2023/24 was calculated as follows: -

Band	No. Dwellings	Total No. Equivalent dwellings	Proportion of Band D Charge	Band D Equivalent
A (disabled)	23	21	5:9	11.50
A	10,145	8,366	6:9	5,577.50
B	13,326	11,565	7:9	8,995.00
C	12,766	11,403	8:9	10,136.20
D	8,319	7,659	9:9	7,659.10
E	4,247	3,999	11:9	4,887.40
F	1,692	1,608	13:9	2,322.70
G	562	528	15:9	879.60
H	23	21	18:9	42.00
<b>Total</b>	<b>51,103</b>	<b>45,170</b>		<b>40,511.00</b>
Less local Council Tax Support Scheme discounts				<b>(2,951.70)</b>
Less adjustments for losses on collection				<b>(748.03)</b>
Addition for anticipated changes in the base				<b>342.00</b>
Band D Equivalent Number of Properties				<b>37,153.27</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 £2,131.67 for 2023/24 (£2,051.25 for 2022/23). 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	
		2022/23 £	2023/24 £
A	0.67	1,367.50	1,421.11
B	0.78	1,595.42	1,657.97
C	0.89	1,823.33	1,894.82
D	1.00	2,051.25	2,131.67
E	1.22	2,507.08	2,605.38
F	1.44	2,962.92	3,079.08
G	1.67	3,418.75	3,552.79
H	2.00	4,102.50	4,263.34

### 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 £1.202m was shared between preceptors during 2023/24, being the estimate included in NNDR1 2023/24, whereas the actual amount for 2022/23 was a deficit of £0.139m.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income and Expenditure for 2023/24 to be a net income of £2.965m (2022/23 net income of £4.122m). This can be reconciled to South Ribble Borough Council's share of Business Rates

Income in the Collection Fund statement in the following table:

2022/23 £'000		2023/24 £'000
(13,606)	South Ribble Borough Council's share of Business Rates	(15,924)
10,327	Tariff Payable to the Lancashire Business Rates Pool	12,224
(36)	Levy Payable to the Lancashire Business Rates Pool	173
(78)	Amounts retained by South Ribble Borough Council in respect of Renewable Energy Schemes	(3)
	Amounts retained by South Ribble Borough Council in respect of Designated Area Growth	(198)
(170)	Amounts due to Lancashire County Council in respect of Designated Area Growth (21-22)	369
2,024	South Ribble Borough Council share of previous year's estimated surplus or (deficit) as per NNDR1 under regulation	481
(2,639)	South Ribble Borough Council share of previous year's actual surplus or (deficit)	(56)
56	South Ribble Borough Council share of accumulated surplus or deficit for year (transferred to Collection Fund Adjustment Account - Note 25f)	(190)
0	Prior Year Adjustment	159
<b>(4,122)</b>	<b>NNDR Net Income per Note 14</b>	<b>(2,965)</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(a).

#### 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 2023/24 (49.9p in 2022/23) and one for larger businesses at 51.2p in 2023/24 (51.2p in 2022/23).

The Business Rates income for 2023/24, after reliefs and provisions, was £36.176m (£35.668m in 2022/23).

The rateable value for the council's area at the end of the financial year 2023/24 was £104.230m (£89.974m in 2022/23).

# Group Accounts – to follow

## 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 2023/24, 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 April 2023 to 31 March 2024 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.

## 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.

2022/23				2023/24		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,188	(1,510)	(322)	Budgets Not in Directorates			
4,997	(512)	4,485	Communities and Leisure			
25,454	(17,678)	7,776	Customer and Digital			
7,098	(4,849)	2,249	Planning			
11,793	(6,484)	5,309	Policy and Governance			
4,924	(1,008)	3,916	Property			
<b>55,454</b>	<b>(32,041)</b>	<b>23,413</b>	<b>Cost of Services</b>			
916	(188)	728	Other Operating Expenditure			
4,163	(5,272)	(1,109)	Financing and Investment Income and expenditure			
10,605	(37,935)	(27,330)	Taxation and non-specific grant income			
<b>71,138</b>	<b>(75,436)</b>	<b>(4,298)</b>	<b>(Surplus)/Deficit on provision of services</b>			
		(1,922)	(Surplus)/Deficit on revaluation of Property Plant and Equipment Assets			
		(35,787)	Re-measurement of the net defined benefit liability			
		<b>(37,709)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			
		<b>(42,007)</b>	<b>Total Comprehensive (Income) and Expenditure</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	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
<b>Balance at 31 March 2022</b>	<b>(24,707)</b>	<b>0</b>	<b>(10,633)</b>	<b>(35,340)</b>	<b>(6,612)</b>	<b>(41,952)</b>
<b><u>Movements in 2022/23</u></b>						
Total Comprehensive Income and Expenditure	(4,298)	0	0	(4,298)	(37,709)	(42,007)
Adjustments between accounting basis & funding basis	7,534	(170)	(1,781)	5,583	(5,583)	0
<b>(Increase)/decrease in year</b>	<b>3,236</b>	<b>(170)</b>	<b>(1,781)</b>	<b>1,285</b>	<b>(43,292)</b>	<b>(42,007)</b>
<b>Balance at 31 March 2023</b>	<b>(21,471)</b>	<b>(170)</b>	<b>(12,414)</b>	<b>(34,055)</b>	<b>(49,904)</b>	<b>(83,959)</b>
<b><u>Movements in 2023/24</u></b>						
Total Comprehensive Income and Expenditure						
Adjustments between accounting basis & funding basis						
<b>(Increase)/decrease in year</b>						
<b>Balance at 31 March 2024</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 2023 £'000		Notes	31 March 2024 £'000
47,650	Property, Plant & Equipment	15	
10,741	Investment Property	16	
13	Intangible Assets	17	
182	Long-Term Debtors		
<b>58,586</b>	<b>Long-Term Assets</b>		
27,660	Short-Term Investments	18	
0	Inventories	19	
8,539	Short-Term Debtors	20	
9,353	Cash and Cash Equivalents	21	
<b>45,552</b>	<b>Current Assets</b>		
(16,035)	Short-Term Creditors	22	
(1,737)	Provisions	23	
<b>(17,772)</b>	<b>Current Liabilities</b>		
(133)	Long-Term Creditors	18	
(2,058)	Net Pension Liability	36	
(215)	Grant Receipts in Advance - capital	32	
<b>(2,406)</b>	<b>Long-Term Liabilities</b>		
<b>83,960</b>	<b>Net Assets</b>		
(34,056)	Usable Reserves	24 & MiRS	
(49,904)	Unusable Reserves	25	
<b>(83,960)</b>	<b>Total Reserves</b>		



Louise Mattinson  
 Director of Finance/Section 151 Officer  
 Dated:

## 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 2023/24 arose from operating activities. There were no investing or financing activities.

2022/23 £'000		2023/24 £'000
4,298	Net surplus or (deficit) on the provision of services	
(10,466)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	
(11,533)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	
<b>(17,701)</b>	<b>Net cash flows from Operating Activities</b>	
4,190	Investing Activities	
961	Financing Activities	
<b>(12,550)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	
21,903	Cash and cash equivalents at the beginning of the reporting period	
<b>9,353</b>	<b>Cash and cash equivalents at the end of the reporting period</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 38 and Balance Sheet on page 40 and the appropriate note.

## 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by 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.

2022/23				2023/24		
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
(654)	332	(322)	Budgets Not in Directorates			
2,729	2,128	4,857	Communities and Leisure			
6,456	1,320	7,776	Customer and Digital			
1,682	567	2,249	Planning			
4,497	440	4,937	Policy and Governance			
937	2,979	3,916	Property			
<b>15,647</b>	<b>7,766</b>	<b>23,413</b>	<b>Net Cost of Service</b>			
(12,412)	(15,299)	(27,711)	Other Income and Expenditure			
<b>3,235</b>	<b>(7,533)</b>	<b>(4,298)</b>	<b>(Surplus)/Deficit in year</b>			
<b>(24,707)</b>			<b>Opening General Fund Balance at 1 April</b>			
3,235			Add (Surplus)/Less Deficit on General Fund Balance in Year			
<b>(21,472)</b>			<b>Closing General Fund Balance at 31 March</b>			



## 2. Expenditure and Income analysed by nature

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

	2022/23 £'000	2023/24 £'000
<b>Expenditure/Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	18,972	
Other service Expenses	32,574	
Depreciation, amortisation, impairment	4,371	
Interest payments	4,112	
Precepts, tariffs and levies	10,761	
Loss on the disposal of assets	347	
<b>Total Expenditure</b>	<b>71,137</b>	
<b>Income</b>		
Fees, charges and other service income	(26,720)	
Interest and investment income	(4,112)	
Income for council tax and non-domestic rates	(22,971)	
Government grants and contributions	(21,444)	
Gain on the disposal of assets	(188)	
<b>Total income</b>	<b>(75,435)</b>	
<b>Surplus or Deficit on the Provision of Services</b>	<b>(4,298)</b>	

## 3. Defined Benefit Pension Scheme

### 3a 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.

### 3b 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 2022, can be found at Note 36.

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, effective as at 31<sup>st</sup> March 2022 has determined contribution rates for 2023/24 and the two following years.

### 3c 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:

	2022/23	2023/24
<b><i>Comprehensive Income and Expenditure Statement</i></b>		
<i>Cost of Services:</i>		
Administration	68	
Current service cost	4,503	
Past service cost	0	
Effect of curtailments	0	
Incorporation of South Ribble Community Leisure Trust Net Liability	0	
Transfer of South Ribble Leisure Limited Net Liability	0	
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	4,169	
Expected return on scheme assets	(3,243)	
<b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>	<b>5,497</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	(3,549)	
Experience (gains) and losses	18,114	
Actuarial (gains) and losses from changes in demographic assumptions	(59,321)	
Actuarial (gains) and losses from changes in financial assumptions	(6,322)	
Prior Year Adjustment	0	
Changes in the effect of the asset ceiling	15,291	
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>(35,787)</b>	
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(30,290)</b>	
<b><i>Movement in Reserves Statement</i></b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services	(5,497)	
Actual amount charged against the General Fund Balance for pensions in the year	2,234	

### 3d 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	
	2022/23 £'000	2023/24 £'000
Present value of the defined benefit obligation	(112,082)	
Fair value of plan assets	124,815	
<b>Net asset / (liability) arising from defined benefit obligation</b>	<b>12,733</b>	
Impact of Asset Ceiling	(15,291)	
<b>Reported Net asset/(liability) arising from defined benefit obligation</b>	<b>(2,558)</b>	

### 3e Reconciliation of fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
<b>1 April</b>	<b>120,505</b>	
Adjustment to brought forward balance	0	
<b>Revised 1 April Balance</b>	<b>120,505</b>	
Interest on plan assets	3,339	
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	3,549	
Employer contributions	473	
Employee contributions	739	
Benefits paid	(3,722)	
Incorporation of South Ribble Community Leisure Trust Assets		
Transfer of South Ribble Leisure Assets	0	
Other	(68)	
<b>31 March</b>	<b>124,815</b>	

### 3f Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2022/23 £'000	2023/24 £'000
<b>1 April</b>	<b>(153,826)</b>	
Adjustment to brought forward balance	0	
Current service cost	(4,503)	
Past service cost	0	
Interest cost	(4,265)	
Contributions by scheme participants	(739)	
<i>Re-measurement gains and (losses)</i>		
Changes in financial assumptions	62,119	
Experience gains and losses	(18,114)	
Gains and losses from changes in demographic assumptions	3,524	
Curtailments	0	
Benefits paid	3,722	
Incorporation of South Ribble Community Leisure Trust Liabilities	0	
Transfer of South Ribble Leisure Limited Liabilities	0	
<b>Net liability arising from defined benefit obligation</b>	<b>(112,082)</b>	

### 3g Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2022/23	Percentage total of assets	2023/24	Percentage total of assets
<b>Cash</b>				
Cash and cash equivalents	0	0.0%		
Cash accounts	992	0.8%		
Net Current Assets	0	0.0%		
<b>Subtotal Cash</b>	<b>992</b>	<b>0.8%</b>		
<b>Equities</b>				
Financials	144	0.1%		
<b>Subtotal Equities</b>	<b>144</b>	<b>0.1%</b>		
<b>Bonds</b>				
UK corporate	0	0.0%		
Overseas corporate	249	0.2%		
Government	0	0.0%		
Other bonds	8	0.0%		
Overseas fixed interest	0	0.0%		
<b>Subtotal bonds</b>	<b>257</b>	<b>0.2%</b>		
<b>Property</b>				
Retail	243	0.2%		
Commercial	1,637	1.3%		
<b>Subtotal property</b>	<b>1,880</b>	<b>1.5%</b>		
<b>Private equity</b>				
UK	2,089	1.7%		
Overseas	8,025	6.4%		
<b>Subtotal private equity</b>	<b>10,114</b>	<b>8.1%</b>		
<b>Other</b>				
Infrastructure	18,773	15.0%		
Other	4,024	3.2%		
UK Pooled Equity Funds	1,277	1.0%		
Overseas Pooled Equity Funds	57,480	46.2%		
Property funds	10,623	8.5%		
Credit funds	17,512	14.0%		
Pooled income fund	1,739	1.4%		
<b>Subtotal Other</b>	<b>111,428</b>	<b>89.3%</b>		
<b>Total</b>	<b>124,815</b>	<b>100.00%</b>		

## **Annual Governance Statement 2023/24**

The Annual Governance Statement (AGS) for 2023/24 was approved by Governance Committee on 23 May 2024 and appears below.

# **Annual Governance Statement 2023/24**

## 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 Council is responsible for ensuring that our 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 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

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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".

- 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 approved by Governance Committee on 7 March 2023 and can be accessed through this hyperlink [here](#)

### **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 has processes, systems and checks which ensure our objectives are being met lawfully, in accordance with the corporate and medium term financial strategies and in a way that demonstrates value for money. The framework

is the basis for the decision-making structures, compliance with it enables members to have sufficient information to test recommendations and to make a reasonable, evidence based decisions.

We must demonstrate our commitment to good governance 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

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

This section identifies the structures, committees bodies 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. During 2023, an assessment of the skills and knowledge of the Committee was undertaken, and bespoke training delivered to Committee members by CIPFA in October 2023.

In September 2023, the effectiveness of the Governance Committee was measured against CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2022. An action plan has been developed to further strengthen the Committees arrangements. In addition, the Committee were also supportive of the proposal to recruit an independent person with suitable experience to provide additional support.

**The Standards Committee** has responsibility for consideration of standards complaints under the Council's Code of Conduct for Members and hears complaints which have warranted investigation.

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

### **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 member of an opposition party.

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.

### **Member Training**

The Council holds the North West Employers Member Development Charter and has a cross-party Member Development 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**

Following a period of transition all Director roles have now been appointed to, meaning a full membership of the Senior Management Team. Similarly, the Senior Leadership Team has only one vacancy which has been recruited to. This should provide a period of stable management for the council.

## **Head of Paid Service**

The Chief Executive is the Head of paid service and member of the Senior Management Team, in addition the Deputy Chief Executive Role has been appointed to providing support to the Chief Executive and greater organisational resilience.

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

The Director of Finance/ Section 151 Officer 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
- Head of 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.

The CGG terms of reference have been reviewed. These now ensure greater accountability of Heads of Service for their responsibilities to the governance environment. Whilst the Director of Governance will continue to be responsible for maintaining and monitoring the governance framework, the CGG will support the drive for its embedding in the organisation.

### **Service Assurance Statement**

The Service Assurance Statement procedure enables directors and heads of service to review the governance environment in their own services. Different approaches to this exercise have been taken to this process including paper questionnaires, email questionnaires and on-line completion. In response to feedback and the roll out of new software a group session was arranged with all directorates completing the exercise using a voting system. Heads of Service with responsibility for different governance areas, introduced each section and provided information of what a “strong” response would look like. Directorates discussed their services performance and with Heads completing the voting individually. The performance data was provided live and there was a group discussion where good practice was shared and common barriers to compliance highlighted.

The responses were then collated to identify corporate areas of non compliance which have been included in the AGS as improvement actions.

### **Programme Board**

A corporate programme board continues to meet 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.

### **Data Security / Information Governance**

The Data Protection Officer function is fulfilled by the Director of Governance. The Senior Information Risk Owner is the Director (Customer and Digital).

The Information Security Council consisting of the SIRO, DPO, Head of ICT, Customer and Digital and recently recruited Cyber Security Officer oversees data security, information governance and compliance. The terms of reference have been refreshed to ensure clear responsibility lines are established. The ISC will work with the Senior Leadership Team to monitor performance and assess development and training needs.

### **Organisational 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. Greater use of the system has been developed with Managers able to monitor completion of mandatory training within their teams.

There has been a noticeable improvement in completion of mandatory training demonstrating that the enhanced monitoring arrangements have improved performance.

### **Corporate Complaints / Local Ombudsman**

The Council are aware of 19 complaints which were made to the Local Government Ombudsman in the year 2023/24. Of the complaints 14 have been determined with no action to be taken, 5 remain outstanding.

### **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 2022/23 concluded in January 2024) whilst continuing to make 4 Key Recommendations for improvements has acknowledged the Council's continued commitment to enhance the governance environment, The 4 Key Recommendations which were identified in the previous years audit (concluded in August 2023) related to issues identified by the council and were being addressed in existing management actions. The Council has continued to engage with External Audit in raising awareness of issues identified and work with them to keep them informed of planned actions and improvements, maintaining an open and transparent relationship.

### **Approach to Risk Management**

Significant work has been undertaken to develop the council's approach to risk management. Internal Audit have provided further training and assistance to teams on the use of GRACE, the Council's risk management system, In addition there is evidence that directorates are reviewing their risks and the Corporate Governance Group are also reviewing that risk reviews are being undertaken.

A Risk Appetite Escalation process has been produced to support the Risk Management Strategy and provides guidance to staff on both scoring risks and corporate ownership of red rated residual risks which will be required to be reported to SMT for agreement.

Wyre Council recently completed an audit of the Council's Risk Management Arrangements and provided a Reasonable opinion (out of ratings of Substantial, Reasonable, Limited and Minimal). It should be noted that of the risks examined 3 were rated as being substantial and 3 reasonable. This provides independent assurance of the Council's position.

### **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:

Whilst, as this report highlights, there have been 5 Internal Audit reviews awarded limited assurance rating, a large proportion of the agreed actions to strengthen the arrangements have been implemented in year. Taking this into account, alongside the significant increase in the percentage of audit actions implemented, indicates a strengthened control environment.

The actions identified in the 2023 Annual Governance Statement are either implemented or are in the process of being implemented with only a small number being carried forward to the 2024 action plan.

The Council's risk management arrangements have been externally reviewed and found to be of a sound nature.

**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 for the financial year ended 31<sup>st</sup> March 2024.**



## 5. Governance Environment

Significant progress has been made in the last 12 months in embedding improvements to the Governance Environment of the council. Implementation rates of Internal Audit Management Actions and AGS Improvement Actions have improved, demonstrating a commitment by the organisation to strong governance and compliance. This improvement is reflected in the proposed actions detailed in this section.

However, it must be recognised that there continue to be issues which need to be addressed. Assurance can be taken that these are increasingly isolated both in terms of frequency and organisationally, but these failings continue to have potentially serious consequences for the council.

### AGS Management Actions 2023/24

These have been categorised into

Completed – the action has been implemented in full.

Partially Implemented – where the action has been partially implemented, but in the view of the organisation the partial implementation has mitigated the risk so that it does not need to be carried forward. These improvements will continue to be monitored independently of the AGS Improvement Actions

Carried Forward – where there are still outstanding issues.

Of the 15 actions 11 are marked completed or partially implemented.

There are 4 actions proposed to be carried forward to next year.

Theme	Areas of identified failings	Suggested improvement	Current Position
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	completed
	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	Carry forward to 2024/25 – process has been prepared and is in process of being implemented by IT.

	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.	Carry forward to 2024/25 – work has been taken to strengthen the individual controls and Procurement have been identified to own the procedures. A new Procurement Team Leader has been appointed and they will be tasked with developing a process to co-ordinate the existing controls.
	Inventories	To improve the quality of the council's asset inventory records to enable accurate insurance cover to be provided	completed
	Cyber Security, use of ICT equipment and system access	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.	completed
	IT system access	Review and improve leaver form and process to ensure all relevant teams and points of contact are notified in a timely fashion to action.	Partially Implemented – the form and process have been reviewed operation of the processes will be monitored
Staff development	Performance Review Development	Undertake a review of the PDR process to identify barriers for its use and improvements to the system	completed
	Mandatory training modules to be completed in full	<p>All Directors to ensure all mandatory training is completed within the agreed timescales.</p> <p>Corporate Governance Group to review and hold Directors to Account on below target completion rates.</p> <p>Enhanced training to be provided on</p> <ul style="list-style-type: none"> <li>• Finance</li> <li>• Data Protection/Information Governance</li> <li>• Procurement</li> </ul>	Partially Implemented – there has been a significant improvement in completion rates for mandatory training, whilst it has not reach 100% compliance to meet the action, it is not seen as being a significant risk to the council.

Corporate	Constitution	Constitution to be reviewed and updated where applicable. This is to specifically include the Financial Procedure Rules and Scheme of Delegation.	Carried forward 2024/25 –the code of conduct and executive functions have been reviewed. The scheme of delegation has been reviewed and will be approved shortly. The Financial Procedure Rules and Contract Procedure Rules will be considered when the Procurement Legislation is fully implemented.
	Business continuity	Business Continuity Plans to be held using the dedicated system and allocated into Category A and B Services.  Testing Exercise of the Business Continuity Plans to be undertaken	Complete
	Data Security and Information Management	Embed the Information Security Council and processes for owning and monitoring performance.  Review existing data security and information policies.  Establish reporting into Corporate Governance Group.	complete
	Transparency Code	Full review of all obligations and performance to ensure the publication of all mandatory data sets	Carried forward to 2024/25 – progress has been made on this action, however, it is not yet complete.
	Agreed Audit Actions	Improve percentage implementation rates of service management actions agreed with Internal Audit.	complete
	Risk	Define risk management appetite and implement escalation and reporting mechanisms for non-strategic risks	complete

	Procurement	<p>Review and centralise the conflict of interest procedure.</p> <p>Further develop the contract management process to include registration of the contract on the transparency register and align with the decision-making process.</p>	Complete
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### Community Infrastructure Levy (CIL) Internal Review

An internal audit review of the CIL function has identified undercharging in relation to CIL liabilities. The procedural reasons for this are threefold, firstly, incorrect exemptions were applied, secondly incorrect measurements were used in calculating development areas to support the liability and finally an incorrect indexation figure was applied. An action plan has been agreed to minimise the financial impact on the council which includes addressing past liabilities and ensuring that the function is delivered correctly moving forward. Whilst this failing had potentially significant implications for the council it is not included as an improvement action as it is not perceived as being a corporate failing. This was localised to a specific team who discharged a discrete function. There is no evidence of other similar failings organisationally.

The associated management actions will be reviewed by through existing monitoring structures.

### External Audit Key Recommendations

External Audit have made in previous years key recommendations in relation to the council's governance environment. These were initially identified in the year 2021/22 and readopted for year 2022/23 presented in February this year. The recommendations arose from issues identified by an internal audit review concerning the use of a contractor. All key recommendations had been addressed as actions in the AGS for 2023. Progress against those actions is detailed in the table above. As many of these actions have been implemented in the last 12 months, these will be considered by External Audit when they undertake the value for money assessment for the year 2023/24.

## Improvement Actions

2024 AGS Actions	Finding	Action	Time Scale
<b>Procurement</b>	New procurement legislation	A project team to assess and update CPRs in line with new legislation. CPRs to be relaunched with training and awareness. Procurement Strategy to be developed.	Quarter 2
<b>GDPR</b>	ROPA outdated	Ensure ROPA is reviewed and accurate. Implement process to ensure accuracy is maintained.	Quarter 1
<b>Training</b>	Governance essentials	Governance Essentials training to be delivered to manager network. (below SLT Level) Governance Essentials refresher training to be periodically delivered prior to SLT meetings.	This programme will be developed and delivered throughout the year.
<b>Project Management</b>	Lack awareness of project management	Project Management Framework to be reviewed and re-launched with training and awareness.	Quarter 2 for review
<b>Policy / guidance accessibility</b>	Lack awareness of policies	Agree corporate approach for the centralised location of all key policies. Ensure most up to date versions are accessible and old versions removed. Re-launch policy of the month (or other method of communicating) to raise awareness of policy and requirements.	Quarter 1

<b>Impact Assessments</b>	Lack of compliance with equality legislation	Training and awareness of equality legislation. Monitoring of Impact Assessment to ensure completion and actions implemented.	Quarter 2 – training to continue through year
<b>Customer complaints / Access Charter</b>	Lack of formal process / lack of awareness	Implement a corporate approach to customer complaints. Raise awareness of customer access charter	Quarter 2
<b>Communication</b>	Communications Strategy	strategies to be reviewed and updated.	Quarter 2
<b>Policy review procedure</b>	A process is required to document review of policies.	A procedure has been developed and is being implemented as a digital process	tbc
<b>Contract Management / Procurement</b>	Ownership of Process needs to be allocated to single team/officer	Procurement to review existing controls and take on co-ordination role and development of linking process for allocation and monitoring of Contracts.  Work to be tied to requirements of new Procurement Act	Quarter 2
<b>Constitution</b>	Requires updating	Scheme of delegation has been reviewed and will be approved shortly.  Contract Procedure Rules/ Financial Procedure Rules will be updated to address the Procurement Act changes	Quarter 1  Tbc
<b>Transparency Code</b>	Revisit publication of data to ensure compliance.	In particular the council's publicised asset register. The council are updating their asset software which will ensure correct publication	Tbc

## 6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. Whilst, there are a number of issues identified actions are being taken to ensure they are addressed. 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: ...18/06/24.....

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.
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 amounts due in relation to Finance Leases.

**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 Levelling Up Homes and Communities (DLUHC)**

DLUHC 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 an 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 three 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).