

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 9

meeting date: 25 NOVEMBER 2020
title: APPROVAL OF AUDITED STATEMENT OF ACCOUNTS FOR 2019/20
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To seek Member approval of the Statement of Accounts for 2019/20, following completion of the audit.

1.2 Relevance to the council's ambitions and priorities

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

2 BACKGROUND

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

2.2 As a result of the Covid-19 pandemic, the timeline for the closure of the accounts for 2019/20 was changed by the Government. The Accounts and Audit Regulations 2015 would ordinarily require that the Council release for audit and publish its draft Statement of Accounts by 31 May and then to have the audited Statement of Accounts approved and published by 31 July.

2.3 These deadlines were extended to 31 August for the publishing of the draft accounts and 30 November to publish the audited accounts.

2.4 Our full Statement of Accounts were signed off for audit by the Director of Resources on 28 August 2020 and the audit has now been completed.

2.5 Elsewhere on the agenda is the Audit Findings Report of our external auditors, Grant Thornton.

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

2.7 The position for each of our committees has been reported during recent meetings and included details of the variances against the budget estimate. Understanding of our outturn position for 2019/20 will help in the budget setting process for the 2021/22 financial year, and also in revising the estimate for the current financial year.

3 STATEMENT OF ACCOUNTS FOR 2019/20

- 3.1 The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the council.
- 3.2 Members will be taken through the full statement of accounts for 2019/20 at the meeting. Obviously the accounts are very detailed and do contain a considerable amount of technical information.
- 3.3 However, it is crucial that members consider the important aspects of the various statements and therefore attached at Annex 2 is '*Understanding Local Authority Financial Statements*' which is a document produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) to assist members.

4 GENERAL FUND OUTTURN POSITION 2019/20

- 4.1 Shown below is the final position for the 2019/20 financial year.

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000		£'000	£'000
Community Services	4,024	4,062	4,146	122	84
Economic Development	289	298	269	-20	-29
Health & Housing	1,003	982	795	-208	-187
Planning & Development	392	569	241	-151	-328
Policy & Finance	2,243	2,150	2,016	-227	-134
Committee Expenditure	7,951	8,061	7,467	-484	-594
Interest Payable	7	7	7	0	0
Parish Precepts	451	451	451	0	0
Interest Received	-100	-100	-114	-14	-14
Net Operating Expenditure	8,309	8,419	7,811	-498	-608
Impairment Losses/(Gains) on Outstanding Debts	0	0	6	6	6
Precept from Collection Fund (including parish precepts)	-3,948	-3,948	-3,948	0	0
Collection Fund Surplus - Council Tax	-62	-62	-62	0	0
Levy Account Surplus	-21	0	-5	16	-5
New Homes Bonus	-1,666	-1,666	-1,666	0	0
Business Rates Baseline Funding	-1,441	-1,441	-1,441	0	0
Retained Rates Income	-582	-582	-582	0	0
S31 Grant	-1,636	-1,659	-1,709	-73	-50
Retained Rates - Renewable Energy	-94	-94	-83	11	11

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000		£'000	£'000
Contribution to Pilot Pool Risk Reserve	30	33	0	-30	-33
Contribution to Pilot Pool Strategic Growth Fund	148	166	2	-146	-164
Collection Fund Surplus - Business Rates	-224	-224	-224	0	0
Deficit/(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-1,187	-1,058	-1,901	-714	-843
Depreciation	-1,005	-933	-933	72	0
Minimum Revenue Provision	126	126	126	0	0
Net Transfer to/(from) earmarked reserves	2,160	2,021	2,804	644	783
Deficit/(Surplus) for Year	94	156	96	2	-60

- 4.2 You will see we have made a deficit of £96,000 during the year, compared with the Revised Estimate which showed a deficit of £156,000, and the Original Estimate which showed a deficit of £94,000. When the Revised Estimates were considered in January we explained the main differences between the Original and Revised Estimates.

Final Position Compared to the Revised Estimate

- 4.3 During the 2019/20 financial year there were many variances that occurred which were highlighted in our budget monitoring reports to committee. The main variations affecting our final position compared with the **revised estimate** are summarised below. Favourable variances are denoted by values with a minus sign.

Variation	£'000	Impact on Earmarked Reserves £'000	Net Variance £'000
<u>Expenditure Variations</u>			
Agency Staff	27	0	27
Salaries	-16	1	-15
Tuition Fees and Training Expenses	-26	2	-24
Energy Costs	23	0	23
General Repairs and Maintenance	-28	29	1
Vehicle Repairs and Maintenance	158	0	158
Vehicle Running Costs	-18	0	-18
Communications and Computing	-35	12	-23
Equipment, Furniture and Materials	25	5	30
Promotional Activities and Publicity	-27	-2	-29
Printing and Stationery	-18	6	-12

Variation	£'000	Impact on Earmarked Reserves £'000	Net Variance £'000
Rent Allowance Payments	-10	0	-10
Total Expenditure Variances	55	53	108
<u>Income Variations</u>			
Rent Allowances Grant	11	0	11
Covid-19 Support Grant Tranche 1	-24	4	-20
Storm Ciara S31 grant in respect of Council Tax Relief	-19	0	-19
Use of Commuted Sums	-388	388	0
Recycling District Grant Fund	-16	14	-2
Government Flood Community Recovery Grant	-66	18	-48
Other Grants, Reimbursements and Contributions	-53	34	-19
Sale of Equipment and Materials	-32	32	0
Fees and Charges	-47	8	-39
Total Income Variances	-634	498	-136
Other Variations	-15	-4	-19
Net Variation on Committee Expenditure	-594	547	-47
Impact of Corporate Variances on Earmarked Reserves		236	236
Net Variation after Corporate Movements on Earmarked Reserves	-594	783	189
Impairment Losses/(Gains) on Outstanding Debts			6
Levy Account Surplus			-5
Increased S31 Grants			-50
Retained Rates - Renewable Energy			11
Contribution to Pilot Pool Risk Resilience Reserve			-33
Contribution to Pilot Pool Strategic Economic Growth and Financial Sustainability Fund			-164
Increased Interest Received			-14
Decrease in amount to take from balances compared to Revised Estimate			-60

4.4 As can be seen, a substantial proportion of these variations result in more transfers to our earmarked reserves. This is largely due to the setting aside of Commuted Sums/S106 monies in to the Capital Earmarked Reserve for use on the Primrose Lodge Blue and Greenway Project (£388k).

4.5 There has also been a number of variances relating to grant income that has yet to be expended, and the required accounting treatment of the same through set aside in earmarked reserves for future use.

General Fund Balances

4.6 As mentioned earlier in the report, we had originally planned to take £93,896 from general fund balances to help finance the 2019/20 spending plans. However, this was revised later in the year to taking £155,965 from general fund balances. The final position shows that the council has taken £94,465 from general fund balances.

General Fund Balance	£'000
General Fund Balances: Brought forward at 1 April 2019	2,472,111
Deficit in 2019/20 taken from General Fund Balances	-96,465
General Fund Balances: Carried forward at 31 March 2020	2,375,646

Earmarked Reserves

- 4.7 With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to add £2,160,402. However, this was revised later in the year to adding £2,020,951 to earmarked reserves. The final position shows that the council has added £2,803,867 to earmarked reserves for revenue purposes.
- 4.8 For capital purposes we used £2,310,163 from earmarked reserves to fund the capital programme.
- 4.9 The overall net movement was £493,704 added to earmarked reserves. Full details of the movement on our earmarked reserves is shown on page 87 of the Statement of Accounts at note 12.

Earmarked Reserves	£
Earmarked Reserves: Brought forward at 1 April 2019	9,272,064
Net added to Earmarked Reserves for revenue purposes	2,803,867
Net taken from Earmarked Reserves for capital purposes	-2,310,163
Earmarked Reserves: Carried forward at 31 March 2020	9,765,768

- 4.10 Some of the larger in-year additions to earmarked reserves have been from unused in year receipt of New Homes Bonus (£561,486) and Business Rates Growth (£1,920,439). There has also been the set aside of £388,473 to the Capital Earmarked Reserve for use on the Primrose Lodge Blue and Greenway Project in 2019/20. **It must be remembered that much of the earmarked reserves are set aside for use in funding the capital programme over the coming years.**

Business Rates in 2019/20

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

Business Rates Element	£'000
Total Business Rates Income Forecast for 2019/20	-14,976
Less Payable to Central Government	3,744
Less Payable to Lancashire County Council	2,621

Business Rates Element	£'000
Less Payable to Lancashire Combined Fire Authority	225
Balance Retained by Ribble Valley Borough Council	-8,386
Less Tariff Payable to Central Government	6,364
Baseline Business Rates Income of £1,440,000 plus Growth of £582,000	-2,022
Business Rates retained on Renewable Energy Schemes	-83
Section 31 Grants	-1,709
Less Contribution to the Strategic Growth Fund	2
Less Business Rates Collection Fund Surplus	-224
Overall Net Retained Business Rates Related Income	-4,036
Business Rates Income Used In-Year	
Baseline Business Rates Income	1,440
Use of other Business Rates Related Income, Including Growth	676
Total Business Rates Income Used In-Year	2,116
Balance set aside in the Business Rates Growth Earmarked Reserve	1,920

Collection Fund

- 4.13 As billing authority, the council maintains a separate Collection Fund for the collection of and distribution of council tax and business rates.
- 4.14 With regard to council tax, each precepting body declares the precept that they require from the Collection Fund to support their services in February each year. This forms the basis for what we, as billing authority, then charge residents as council tax.
- 4.15 Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from precepting bodies in the following financial year.
- 4.16 For business rates, similar principles apply. Total forecast collectable rates are paid from the Collection Fund at fixed shares to Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue Authority.
- 4.17 Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year.
- 4.18 Full details of the Collection Fund position can be seen at Annex 3, but in summary the overall opening balance on the collection fund at 1 April 2019 was a surplus of £1.282m and the closing balance was a surplus of £1.103m.

	Council Tax	Business	Total
	£'000	Rates	Collection
	£'000	£'000	Fund
	£'000	£'000	£'000
Opening Balance - Surplus	706	576	1,282
Income	42,383	15,829	58,212
Expenditure	42,306	16,085	58,391
Closing Balance - Surplus	783	320	1,103

Full details of the Collection Fund position can be seen on page 130 of the Statement of Accounts.

Capital

4.19 During the year the Council spent £2,781,747 on capital schemes. The main areas of expenditure included:

- Edisford Sports Complex
- Replacement Vehicles and Plant.
- ICT Hardware and Software
- Support for the Primrose Lodge Blue and Greenway Project
- Play Area Improvements.
- Payment of Housing Related Grants.

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

Capital Programme	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£	£	£	£	£
Community Services Committee	1,912,440	1,800,520	1,787,147	-125,293	-13,373
Economic Development Committee	20,000	20,000	0	-20,000	-20,000
Planning and Development Committee	14,500	324,920	276,243	261,743	-48,677
Policy and Finance Committee	196,250	162,720	122,542	-73,708	-40,178
Health and Housing Committee	545,000	1,254,710	595,815	50,815	-658,895
Total Capital Expenditure	2,688,190	3,562,870	2,781,747	93,557	-781,123
Grants and Contributions	-320,000	-346,370	-383,445	-63,445	-37,075
Borrowing	-175,000	-118,000	-88,139	86,861	29,861
Earmarked Reserves	-2,193,190	-3,098,500	-2,310,163	-116,973	788,337
Total Resources	-2,688,190	-3,562,870	-2,781,747	-93,557	781,123

- 4.21 As shown in the table above, comparing spend to budget, there is a variance of £781,123 between the revised capital programme and actual spend.
- 4.22 At the end of the financial year work on some schemes was still underway. This can be carried forward into the new financial year and is known as slippage. Of the £781,123 variance, £774,410 is accounted for as slippage in to the 2020/21 financial year, and is summarised below:

Scheme Name	Slippage in to the 2020/21 Financial Year £
Play Area Improvements	2,830
Replacement CCTV System	4,840
Edisford Access Barrier	1,740
Edisford Sport Complex	2,450
Car Parks Payment Systems	1,500
Primrose Lodge Blue and Greenway Project	48,680
Committee Administration System	12,350
Replacement PCs and Windows 10 compatibility	10,000
Council Offices Lift Replacement	2,700
Financial System Upgrade	8,430
Disabled Facilities Grants	329,960
Landlord/Tenant Grants	58,300
Clitheroe Market Improvements	29,860
Longridge Affordable Housing Scheme	125,770
Chipping Community Housing Grant	115,000
Gateway Signs Scheme	20,000
Total Capital Slippage	774,410

Balance Sheet

- 4.23 The Balance Sheet shows our assets, liabilities and reserves. The reserves are split in to usable and unusable and as the name suggests, the unusable reserves are not available to the council but are part of technical accounting requirements.
- 4.24 The main movements on the balance sheet between 31 March 2019 and 31 March 2020 are summarised below:

Long Term Assets:

- **Property, Plant and Equipment** has seen a substantial downward movement due to the full revaluation exercise that has been undertaken this year. Since the last full revaluation five years ago there has been a change in valuer used and in accordance with requirements, only annual desktop revaluation exercises undertaken annually. However, in year there have also been some sizeable additions to the balance sheet here – such as the Edisford Sports Complex.

Current Assets:

- **Short Term Debtors** has increased largely due to movements in year end balances relating to the business rates pool arrangements. Further increases have also been seen due to a higher debtor for central government in respect of the VAT reclaim at year end and also outstanding grant funding in respect of flooding following Storm Ciara.
- **Cash and Cash Equivalents** has increased largely due to the Government's early payment of full year Section 31 grants in respect of business rates (£1.252m). This early payment was due to covid-19 and was facilitated by the Government to help support cash flow for councils. This was paid in full by the government in respect of 2020/21 financial year at the end of March 2020.

Current Liabilities:

- **Short Term Creditors** increase is largely tied in to the variance above described under Cash and Cash Equivalents. As the Section 31 grants were paid by the government in March 2020 in respect of the 2020/21 financial year, this has been accounted for as a Receipt in Advance, which falls under Short Term Creditors grouping on the balance sheet. Other large movements have again been in respect of the business rates pool arrangements, and also due to commuted sums/S106 monies received in year.

Unusable Reserves:

- **Capital Adjustment Account** has largely increased as a result of the Edisford Sports Complex and other schemes in the capital programme where they haven't been funded from borrowing. Partly offsetting this is in-year depreciation and also schemes that have been charged back to the revenue accounts and not added to the balance sheet as assets – notably grant payment schemes in the capital programme such Disabled Facility Grants and the Primrose Lodge Blue and Greenway Project. The assets that haven't been charged back to the revenue account have been added to the balance sheet under Long Term Assets as detailed above, being the opposite side to this accounting entry.
- **Revaluation Reserve** has decreased as a result of the downward valuation of a number of the council's assets following the 5-year revaluation. This downward revaluation reduces any available past upward valuation gains that have previously been set aside in this unusable reserve and account for the balance seen here. This is the opposite side of the accounting entry seen under Long Term Assets.

Covid-19 Impact

Covid-19 infections started in 2019/20, and the economic impact escalated particularly with the beginning of lock down on 23 March 2020. The effects of the pandemic have been considered in measuring assets and liabilities wherever relevant, based on facts and circumstances at year-end.

The Covid-19 pandemic has had a major impact on the council, although the financial impact will likely be primarily in 2020/21 and perhaps 2021/22 and beyond.

At the 31 March 2020 we see no impact on the valuations of our non-current assets (land and buildings) as they will all continue to be used by the council, and our overall assets have a low level of reliance on commercial occupants, meaning values are affected to a lower extent. Where asset values are based on income attained, there may be temporary future impacts to be seen at 31 March 2021 valuations (i.e. Car Parks, due to lower income levels in 2020/21).

In respect of the pension fund, the outbreak of Covid-19 has impacted on global financial markets. There have been a number of material factors which make it difficult to quantify the potential outcome for financial markets. Although there has been significant variation to individual fund values (both increases and decreases), as at the end of June 2020 investments across the entire pension fund were valued overall at a higher value than in the financial statements at 31 March 2020.

Looking past the 2019/20 financial year, key impacts will be around substantial falls in service income, particularly over the periods of lockdown, but also beyond as restrictions on services limit the numbers that are able to utilise our services. Key areas that have been impacted in the early part of 2020/21 have been the Ribblesdale Pool, Edisford 3G Facility, Trade Waste Services and Car Parking.

Additionally, there will be increased service expenditure as facilities are prepared for reopening in line with government guidance.

Other than restrictions that were brought in as a result of the lockdown, the council's facilities continued to be staffed and operated as normal, other than for a number of staff that worked from home. Where staff would normally have worked at facilities that were prevented from opening, they were redeployed to other key service areas, including the Community Hub, assisting our most vulnerable residents. No staff were furloughed.

In addition to the work on the Community Hub, there has been a considerable amount of work in distributing grant income from the government to support eligible businesses. Other considerations that have also resulted from the level of grant income we have received as a council have been around curating such funds for cash flow purposes in as low risk a manner as possible, with temporary approved changes to our normal treasury management arrangements and limits.

It is inevitable that the pandemic will impact on the achievement of the forward capital programme and the timings of investment of our resources in those projects, for 2020/21 and also beyond. We will work to minimise the impact on the achievement of our priority actions within the corporate strategy, but it is envisaged that there will be some level of impact across all areas.

Looking at the council's finances, and those of our residents and businesses, there will be an impact on the level of business rates attained and council tax received as personal and business circumstances change. This also includes the timing differences seen between the granting of further government-initiated reliefs and discounts to businesses and the compensation for the same to the council through Section 31 grants.

This will particularly impact on the Collection Fund initially, but will then fall on the council's general fund as timings for the distribution of losses on the collection fund play through. The government has recently addressed the issue around the sudden impact of collection fund losses on council general fund balances through the ability to phase the recovery of any losses over longer timelines than those originally set out in regulations.

The pandemic has afforded the council an opportunity to review various areas of working practices and remote working, part of which has coincided with the end of term on existing software licencing contracts, although this has come at an extra cost.

5 CONCLUSION

- 5.1 The final outturn of a **deficit of £96,000** means that we have taken £60,000 **less** from general fund balances than was estimated when we prepared the Revised Estimates.
- 5.2 There has also been £783,000 more (revenue only) added to earmarked reserves than forecast at revised estimate. This was largely due to the set aside in the Business Rates Growth Reserve and New Homes Bonus Reserve, much of which is committed for financing the future capital programme. There is also the set aside of a number of grants in Earmarked Reserves due to the accounting treatment required for grants received but yet to be spent i.e. where grant conditions have been met or otherwise do not exist.
- 5.3 The Covid-19 pandemic carries with a high level of uncertainty. Whilst the Government is currently supporting the council for additional expenditure and lost income, together with financial support for the wider local economy, how long this will last, and what the longer-term impacts will be are unknown.
- 5.4 Added to this is great uncertainty around how local government will be funded in the medium to longer term, as the Government have reduced the planned spending review to a one-year spending review for 2021/22. This will be announced on 25 November 2020

6 RISK ASSESSMENT

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

7 RECOMMENDED THAT COMMITTEE

- 7.1 Approve the audited Statement of Accounts for 2019/20.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA17-20/LO/AC
16 November 2020



Statement of Accounts

[Audited]

2019/2020

Ribble Valley Borough Council

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

 01200 425111

 lawson.oddie@ribblevalley.gov.uk


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

Table of Contents

Independent Auditors' Report	5
Narrative Report	9
Statement of Responsibilities	42
Approval of the Statement of Accounts	43
Statement of Accounting Policies	44
Comprehensive Income and Expenditure Statement	62
Movement in Reserves Statement	64
Balance Sheet	66
Cash Flow Statement	68
Notes to the Core Financial Statements	
1 Expenditure and funding analysis	69
2 Note to the expenditure and funding analysis	70
3 Expenditure and income analysed by nature	72
4 Accounting standards that have been issued but have not yet been adopted	73
5 Critical judgements in applying accounting policies	73
6 Assumptions made about the future and other major sources of estimation uncertainty	73
7 Material items of income and expense	75
8 Taxation and non-specific grant income	76
9 Events after the reporting period	77
10 Adjustments between accounting basis and funding basis under regulations	77
11 Lancashire business rates pool	83
12 Transfers to/from earmarked reserves	87

Table of Contents

13	Property, plant and equipment	93
14	Heritage assets	97
15	Financial instruments	98
16	Short Term Debtors	100
17	Cash and cash equivalents	100
18	Short Term Creditors	101
19	Provisions	101
20	Usable reserves	101
21	Unusable reserves	103
22	Cash flow statement – operating activities	107
23	Cash flow statement – investing activities	108
24	Cash flow statement – financing activities	108
25	Members' allowances	109
26	Officers' emoluments	110
27	External audit costs	114
28	Grant income	114
29	Related party transactions	116
30	Capital expenditure and capital financing	119
31	Leases	119
32	Defined benefit pension schemes	120
33	Contingent liabilities	126
34	Contingent assets	127
35	Nature and extent of risks arising from financial instruments	127
Collection Fund		132
Glossary of Terms		140

Independent Auditors' Report to Members

**This page has been left
blank intentionally**

**This page has been left
blank intentionally**

**This page has been left
blank intentionally**

**This page has been left
blank intentionally**

Narrative Report

1 INTRODUCTION

Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (Based on International Financial Reporting Standards)

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

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

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

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

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

Narrative Report

2 RIBBLE VALLEY DEMOGRAPHICS AND ECONOMY

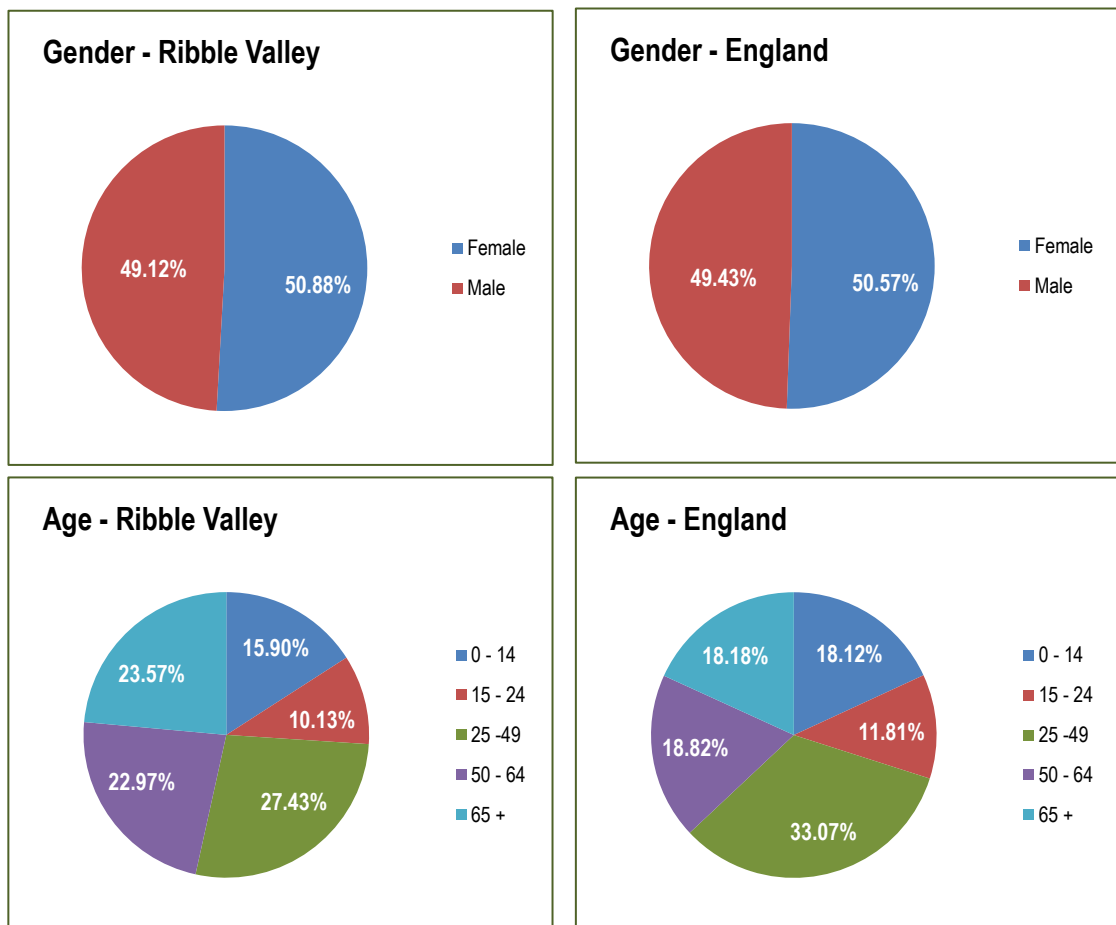
Locality

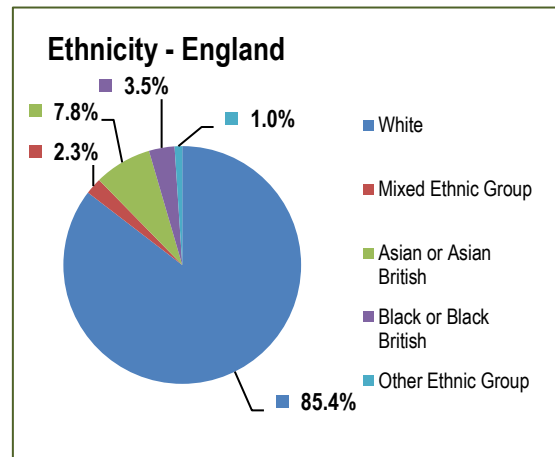
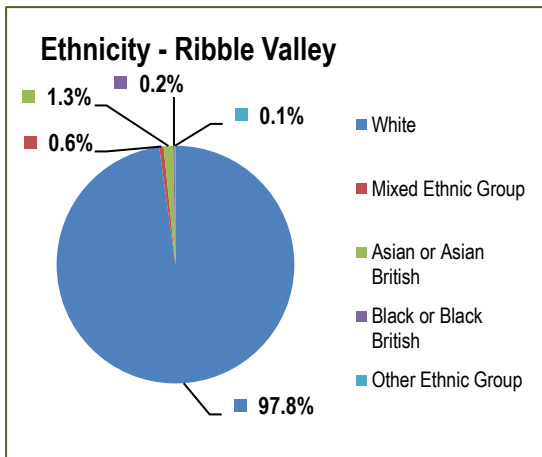
Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial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

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

Population

Shown below are key population figures as provided by the Office for National Statistics. These are based on 2018 Mid-Year Estimates for gender and age and March 2011 (Census) for Ethnicity. The total population for the borough, based on these statistics, is 60,057. The statistics for Ribble Valley are shown alongside those for England as a whole for comparison.



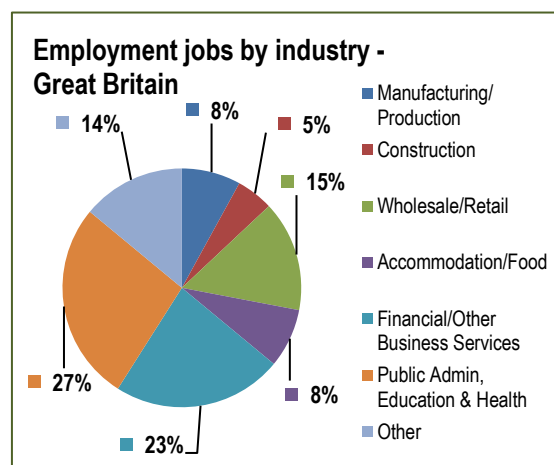
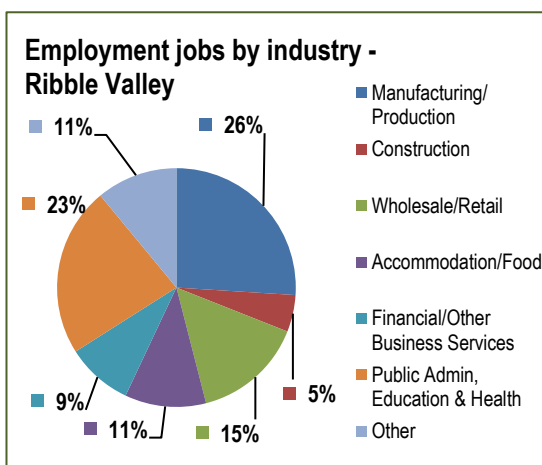


Local Economy and Business Information

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

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

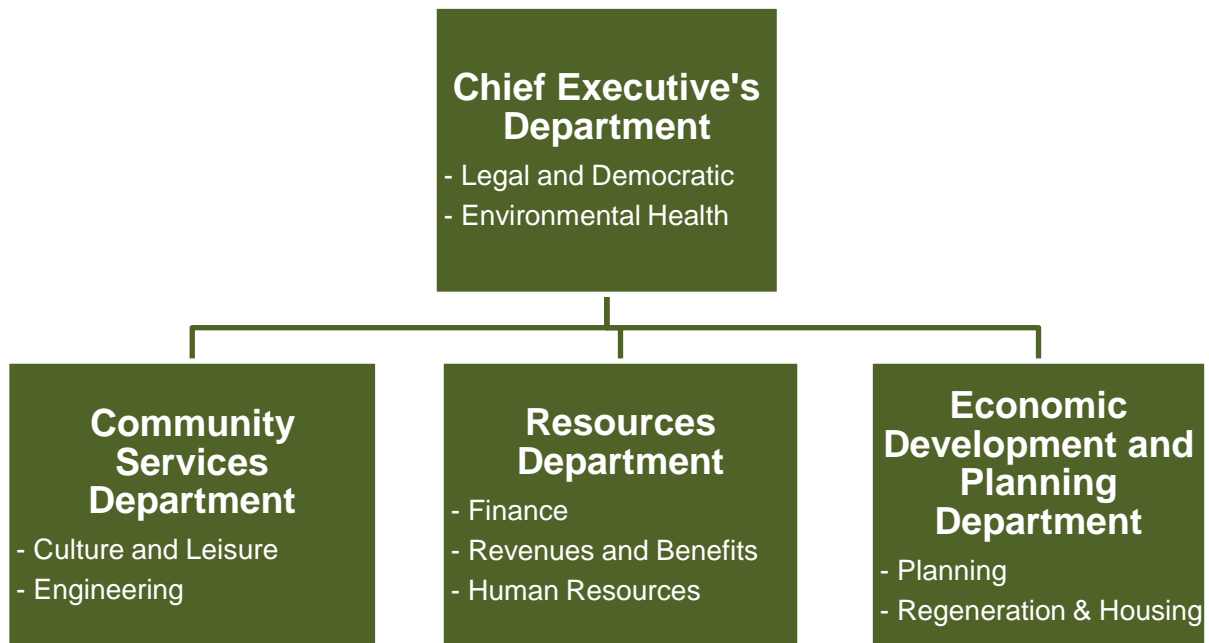
The area also has a strong agricultural association, with high value meat and milk products, and has a large number of farm holdings in the dairy and grazing categories. A number of farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions. In comparison to the national average, the borough has a relatively high proportion of jobs in the private sector. Agriculture is reflected in the statistics below under manufacturing/production (summarised from Nomis Statistics: Employment Jobs by Industry 2018).



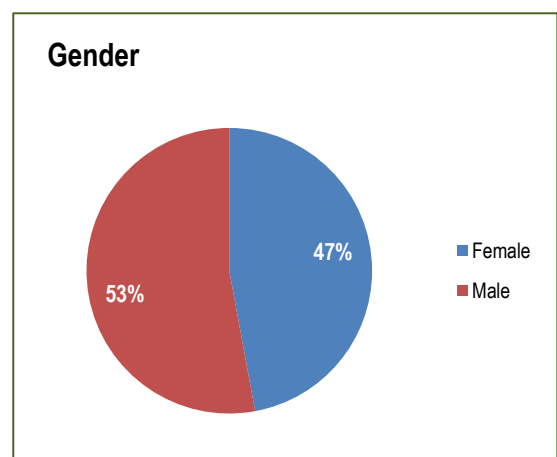
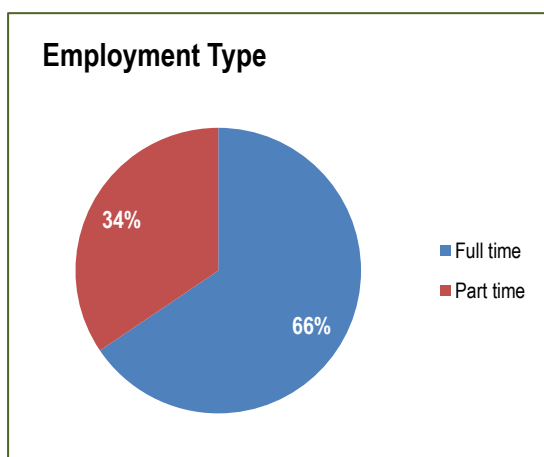
Narrative Report

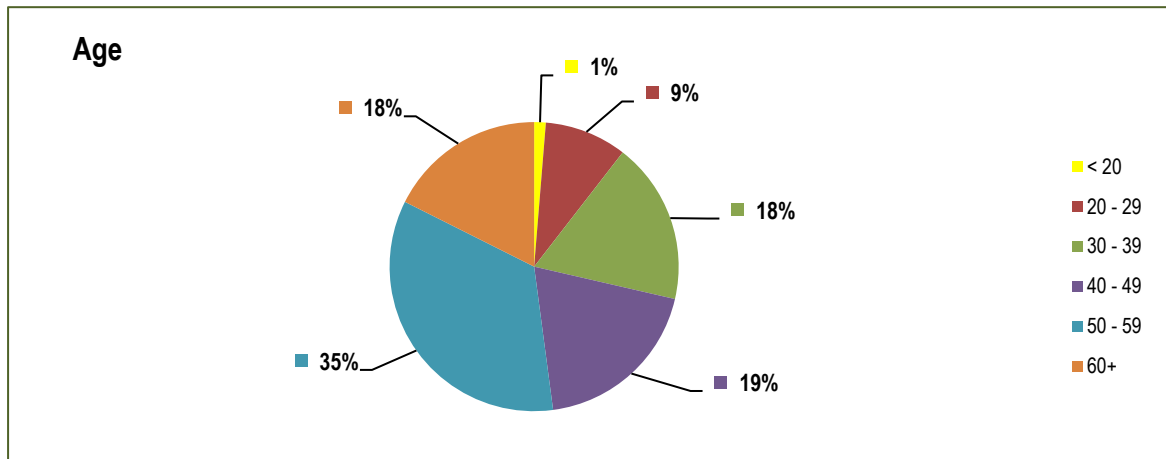
3 OUR EMPLOYEES

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



As at the 31 March 2020 the council employed 238 members of staff. The overall establishment consisted of 236 posts, of which 17 were vacant posts at 31 March. The tables below provide some information on the profile of our employees as at the end of the 2019/20 financial year.





4 ELECTED MEMBERS

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

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

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

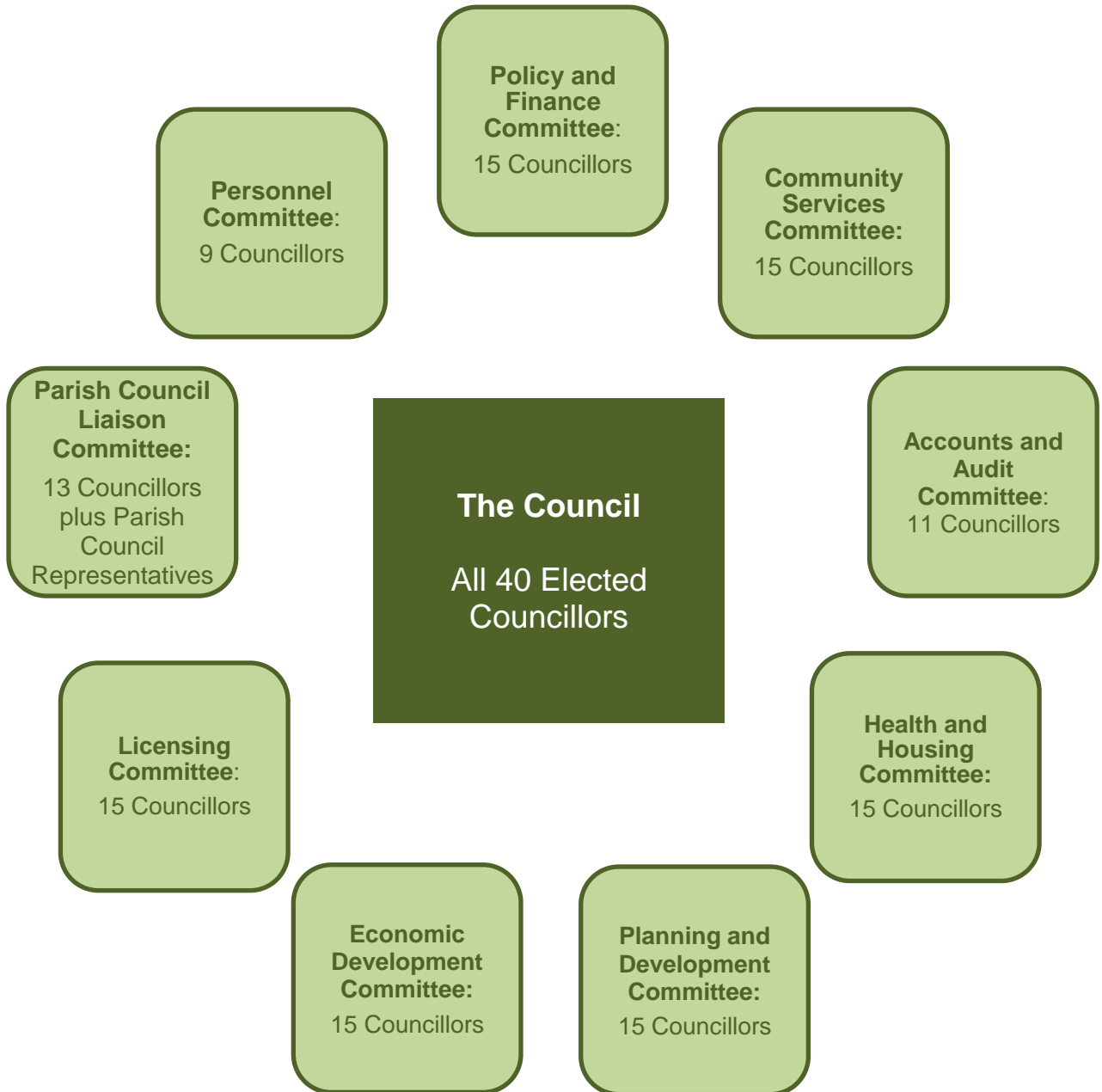
As well as representing the public, Councillors also represent political parties. As at 31 March 2020, our Councillors represented the following parties:

Conservative Party	28 Councillors
Liberal Democrat Party	10 Councillors
Independent	2 Councillors
Total	40 Councillors

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

Narrative Report

The diagram below shows the committee structure as at the 31 March 2020, and which operated throughout the 2019/20 financial year.



5 OUR FINANCIAL PERFORMANCE - REVENUE

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

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

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

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

Narrative Report

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,024	4,062	4,146	122	84
Economic Development	289	298	269	-20	-29
Health & Housing	1,003	982	795	-208	-187
Planning & Development	392	569	241	-151	-328
Policy & Finance	2,243	2,150	2,016	-227	-134
Committee Expenditure	7,951	8,061	7,467	-484	-594
Interest Payable	7	7	7	0	0
Parish Precepts	451	451	451	0	0
Interest Received	-100	-100	-114	-14	-14
Net Operating Expenditure	8,309	8,419	7,811	-498	-608
Impairment Losses on Outstanding Debts	0	0	6	6	6
Precept from Collection Fund (including parish precepts)	-3,948	-3,948	-3,948	0	0
Collection Fund Surplus - Council Tax	-62	-62	-62	0	0
Levy Account Surplus	-21	0	-5	16	-5
New Homes Bonus	-1,666	-1,666	-1,666	0	0
Business Rates Baseline Funding	-1,441	-1,441	-1,441	0	0
Retained Rates Income	-582	-582	-582	0	0
S31 Grant	-1,636	-1,659	-1,709	-73	-50
Retained Rates - Renewable Energy	-94	-94	-83	11	11
Contribution to Pilot Pool Risk Reserve	30	33	0	-30	-33
Contribution to Pilot Pool Strategic Growth Fund	148	166	2	-146	-164
Collection Fund Surplus - Business Rates	-224	-224	-224	0	0
(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-1,187	-1,058	-1,901	-714	-843
Depreciation	-1,005	-933	-933	72	0
Minimum Revenue Provision	126	126	126	0	0
Net Transfer to earmarked reserves	2,160	2,021	2,804	644	783
Deficit for Year	94	156	96	2	-60

Analysis of our income and expenditure by type

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

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,024	4,062	4,146	122	84
Economic Development	289	298	269	-20	-29
Health & Housing	1,003	982	795	-208	-187
Planning & Development	392	569	241	-151	-328
Policy & Finance	2,243	2,150	2,016	-227	-134
Committee Expenditure	7,951	8,061	7,467	-484	-594

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

Income or Expenditure Type	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Employee Related	7,020	6,932	6,927	-93	-5
Premises Related	1,760	1,840	1,796	36	-44
Transport Related	1,758	1,755	2,024	266	269
Supplies & Services	1,671	2,068	2,004	333	-64
Third Party Payments	365	413	406	41	-7
Transfer Payments	6,000	6,016	6,068	68	52
Support Services	6,747	6,904	6,691	-56	-213
Depreciation and Impairment	1,005	933	933	-72	0
Total Expenditure	26,326	26,861	26,849	523	-12
Government Grants	-6,039	-6,108	-6,158	-119	-50
Other Grants and Contributions	-100	-250	-797	-697	-547
Customer and Client Receipts	-3,345	-3,405	-3,488	-143	-83
Recharges and Oncosts	-8,891	-9,037	-8,939	-48	98
Total Income	-18,375	-18,800	-19,382	-1,007	-582
Net Expenditure	7,951	8,061	7,467	-484	-594

Narrative Report

Amendments to our budget in the year

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

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

Item	£'000
Net Increase in Service Committee Costs	110
Decrease in Levy Account Surplus Receipt	21
Increase in S31 Grants Receivable	-23
Increase in Forecast Contribution to Pilot Pool Risk Reserve	3
Increase in Forecast Contribution to Pilot Pool Strategic Growth Fund	18
Decrease in amount to be removed for Depreciation	72
Decrease in amount to set aside in Earmarked Reserves	-139
Net increase in amount to take from balances for the year	62

How our revenue services are financed

As shown earlier our total actual net expenditure for committees was £7.467m. This is after allowing for numerous elements of service income such as fees and charges, sales and service specific grants and contributions.

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

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

After allowing for the above further movements, the council was then left with net expenditure of £9.712m to be financed. This expenditure was financed from our major sources of income as detailed below:

Council Tax

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

Council Tax Element	£'000
Ribble Valley Borough Council Precept	-3,497
Precept relating to all Parishes	-451
Collection Fund Surplus	-62
Total Net Council Tax Income	-4,010

Business Rates

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

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

Business Rates Element	£'000
Total Business Rates Income Forecast for 2019/20	-14,976
Less Payable to Central Government	3,744
Less Payable to Lancashire County Council	2,621
Less Payable to Lancashire Combined Fire Authority	225
Balance Retained by Ribble Valley Borough Council	-8,386
Less Tariff Payable to Central Government	6,364
Baseline Business Rates Income of £1,440,000 plus Growth of £582,000	-2,022
Business Rates retained on Renewable Energy Schemes	-83
Section 31 Grants	-1,709
Less Contribution to the Strategic Growth Fund	2
Business Rates Collection Fund Surplus	-224
Overall Net Retained Business Rates Related Income	-4,036

In 2019/20 this council was a part of the 75% Lancashire Business Rates Pilot Pool which meant that we were able to retain a greater share of business rates income.

Narrative Report

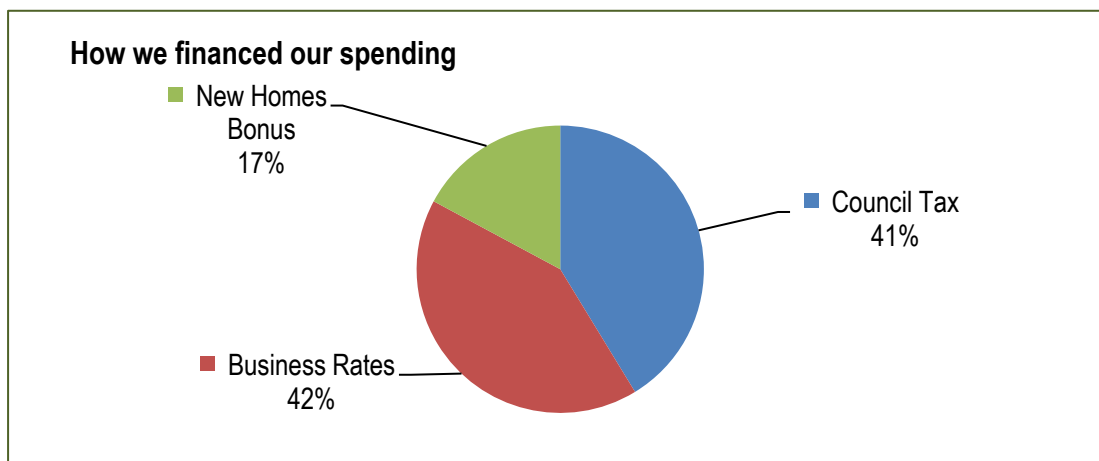
New Homes Bonus

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

Our allocation for 2019/20 was £1,666,486 and is shown in the table below (2018/19 £1,575,908)

New Homes Bonus	£'000
2016/17 Allocation	-398
2017/18 Allocation	-390
2018/19 Allocation	-414
2019/20 Allocation	-464
Total New Homes Bonus received in 2019/20	-1,666

Looking forward, there are substantial changes to New Homes Bonus. The 2020/21 element of New Homes Bonus will be paid for one year only. The legacy payments of the bonus in respect of growth in 2019/20, 2018/19 and 2017/18 will continue to be paid in 2020/21 but it is not clear if these will continue to be paid in future years.



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

During 2019/20 there were many variances identified when we monitored our budget. The main variations affecting our final position compared with the **revised estimate** can be summarised as follows (please note that favourable variances are denoted by figures with a minus symbol):

Narrative Report

Variation	£'000
<u>Expenditure Variations</u>	
Agency Staff	27
Salaries	-16
Tuition Fees and Training Expenses	-26
Energy Costs	23
General Repairs and Maintenance	-28
Vehicle Repairs and Maintenance	158
Vehicle Running Costs	-18
Communications and Computing	-35
Equipment, Furniture and Materials	25
Promotional Activities and Publicity	-27
Printing and Stationery	-18
Rent Allowance Payments	45
Total Expenditure Variances	110
<u>Income Variations</u>	
Rent Allowances Grant	11
Covid-19 Support Grant Tranche 1	-24
Storm Ciara S31 grant in respect of Council Tax Relief	-19
Use of Commuted Sums	-388
Recycling District Grant Fund	-16
Government Flood Community Recovery Grant	-66
Recovery of Rent Allowance Payments	-55
Other Grants, Reimbursements and Contributions	-53
Sale of Equipment and Materials	-32
Fees and Charges	-47
Total Income Variances	-689
Other Variations	-15
Net Variation on Committee Expenditure	-594
Increased Interest Received	-14
Variation on Net Operating Expenditure	-608
Impairment Losses on Outstanding Debts	6
Levy Account Surplus	-5
Increased S31 Grants	-50
Retained Rates - Renewable Energy	11
Contribution to Pilot Pool Risk Resilience Reserve	-33
Contribution to Pilot Pool Strategic Economic Growth and Financial Sustainability Fund	-164

Narrative Report

Variation	£'000
Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-843
Extra Transfers to Earmarked Reserves (for Revenue)	783
Decrease in amount to take from balances compared to Revised Estimate	-60

General Fund Balances and Earmarked Reserves

We had originally planned to take £93,896 from general fund balances to help finance the 2019/20 spending plans. However, this was revised later in the year to taking £155,965 from general fund balances. The final position shows that the council has taken £96,465 from general fund balances.

General Fund Balance	£'000
General Fund Balances: Brought forward at 1 April 2019	2,472,111
Deficit in 2019/20 taken from General Fund Balances	-96,465
General Fund Balances: Carried forward at 31 March 2020	2,375,646

With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to add £2,160,402. However, this was revised later in the year to adding £2,020,951 to earmarked reserves.

The final position shows that the council has added £2,803,867 to earmarked reserves for revenue purposes. For capital purposes we took £2,310,163 from earmarked reserves to fund the capital programme. The overall net movement was £493,704 added to earmarked reserves.

Earmarked Reserves	£
Earmarked Reserves: Brought forward at 1 April 2019	9,272,064
Net added to Earmarked Reserves for revenue purposes	2,803,867
Net taken from Earmarked Reserves for capital purposes	-2,310,163
Earmarked Reserves: Carried forward at 31 March 2020	9,765,768

6 OUR FINANCIAL PERFORMANCE - CAPITAL

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

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

During the year the Council spent £2,781,747 on capital schemes. The main areas of expenditure included:

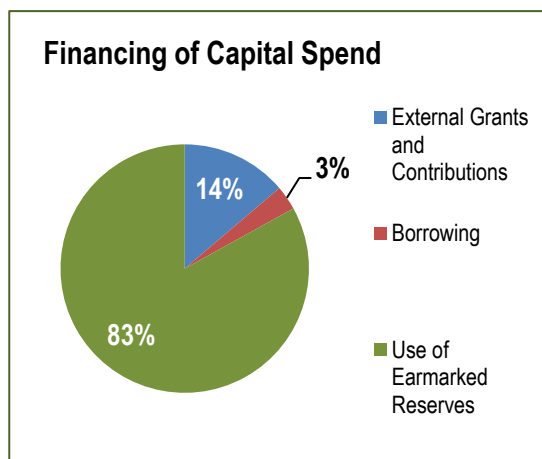
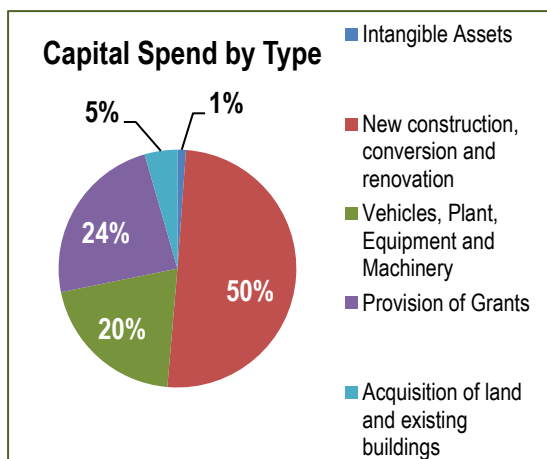
- Edisford Sports Complex
- Replacement Vehicles and Plant.
- ICT Hardware and Software
- Support for the Primrose Lodge Blue and Greenway Project
- Play Area Improvements.
- Payment of Housing Related Grants.

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

Capital Programme	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£	£	£	£	£
Community Services Committee	1,912,440	1,800,520	1,787,147	-125,293	-13,373
Economic Development Committee	20,000	20,000	0	-20,000	-20,000
Planning and Development Committee	14,500	324,920	276,243	261,743	-48,677
Policy and Finance Committee	196,250	162,720	122,542	-73,708	-40,178
Health and Housing Committee	545,000	1,254,710	595,815	50,815	-658,895
Total Capital Expenditure	2,688,190	3,562,870	2,781,747	93,557	-781,123
Grants and Contributions	-320,000	-346,370	-383,445	-63,445	-37,075
Borrowing	-175,000	-118,000	-88,139	86,861	29,861
Earmarked Reserves	-2,193,190	-3,098,500	-2,310,163	-116,973	788,337
Total Resources	-2,688,190	-3,562,870	-2,781,747	-93,557	781,123

Shown below are summaries of the type of expenditure that is represented in the £2,781,747 of capital expenditure shown in the table above and its financing.

Narrative Report



As shown in the table above, comparing spend to budget, there is a variance of £781,123 between the revised capital programme and actual spend. At the end of the financial year work on some schemes was still underway. This can be carried forward into the new financial year and is known as slippage. Of the £781,123 variance, £774,410 is accounted for as slippage in to the 2020/21 financial year, and is summarised below:

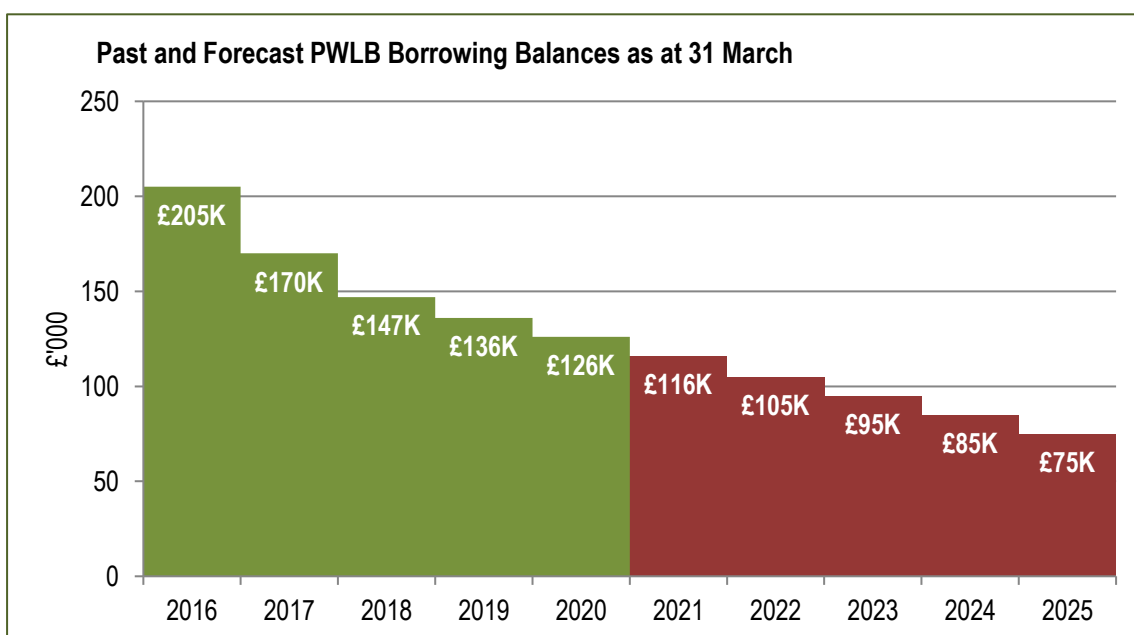
Scheme Name	Slippage in to the 2020/21 Financial Year £
Play Area Improvements	2,830
Replacement CCTV System	4,840
Ediasford Access Barrier	1,740
Edisford Sport Complex	2,450
Car Parks Payment Systems	1,500
Primrose Lodge Blue and Greenway Project	48,680
Committee Administration System	12,350
Replacement PCs and Windows 10 compatibility	10,000
Council Offices Lift Replacement	2,700
Financial System Upgrade	8,430
Disabled Facilities Grants	329,960
Landlord/Tenant Grants	58,300
Clitheroe Market Improvements	29,860
Longridge Affordable Housing Scheme	125,770
Chipping Community Housing Grant	115,000
Gateway Signs Scheme	20,000
Total Capital Slippage	774,410

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

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

The total Public Works Loan Board loans outstanding as at 31 March 2020 was £126k. These are included in the Balance Sheet within Short Term Borrowing and Long Term Borrowing. A detailed analysis of the Council's long term borrowing is shown in note 15 to the core financial statements.

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



Past actuals shown in green, forecast (based on Public Works Loan Board loans held at 31 March 2020) shown in red

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

7 OUR FINANCIAL PERFORMANCE – COLLECTION FUND

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

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

Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in

Narrative Report

either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from precepting bodies in the following financial year.

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

Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year. Performance of the Collection fund for 2019/20 is summarised in the table below, compared to the forecast performance.

Narrative Report

Collection Fund	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Council Tax - Expenditure					
Total of all Precepts	41,489	41,489	41,489	0	0
Total Council Tax Surplus distributed	619	619	619	0	0
Council Tax Benefit	0	0	11	11	11
Bad Debts Provision	313	100	187	-126	87
Expenditure Subtotal - Council Tax	42,421	42,208	42,306	-115	98
Business Rates - Expenditure					
Total Business Rates Surplus distributed	560	560	560	0	0
Cost of Collection	91	91	91	0	0
Enterprise Zones	133	221	210	77	-11
Renewable Energy Schemes	94	94	83	-11	-11
Total Distribution of Business Rates	14,976	14,976	14,976	0	0
Appeals Provision	488	38	38	-450	0
Bad Debts Provision	163	130	127	-36	-3
Expenditure Subtotal - Business Rates	16,505	16,110	16,085	-420	-25
Total Expenditure	58,926	58,318	58,391	-535	73
Council Tax - Income					
Surplus Brought Forward	619	706	706	87	0
Council Tax Income	41,802	42,363	42,355	553	-8
Council Tax Benefits	0	0	1	1	1
Flood Discounts - Chargeable to General Fund	0	0	19	19	19
Family Annexes Discount - Chargeable to General Fund	0	0	8	8	8
Income Subtotal - Council Tax	42,421	43,069	43,089	668	20
Business Rates - Income					
Surplus Brought Forward	560	576	576	16	0
Transitional Protection	169	197	197	28	0
Net Rates Payable (before appeals)	15,776	15,793	15,632	-144	-161
Income Subtotal - Business Rates	16,505	16,566	16,405	-100	-161
Total Income	58,926	59,635	59,494	568	-141
Council Tax Surplus carried forward	0	861	783	783	-78
Business Rates Surplus carried forward	0	456	320	320	-136
Total Net Surplus carried forward	0	1,317	1,103	1,103	-214

Narrative Report

8 OUR NON-FINANCIAL PERFORMANCE

The Council's Performance on Corporate Ambitions

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

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

- **To maintain critical financial management and controls, and ensure the authority provides council tax payers with value for money, within the current financial constraints:** The Council continued to have the lowest Band D Council Tax in Lancashire and one of the lowest in the Country. In the 2018 Perception Survey 60% of respondents said that they agreed that Ribble Valley Borough Council provides value for money.
- **To treat everyone equally and ensure that access to services is available to all, including our most vulnerable citizens:** Ribble Valley Borough Council continued to support charities and voluntary organisations across the borough who carry out an important role in supporting our vulnerable citizens. Our response to the Covid-19 pandemic began in the 2019/20 financial year and included a focus on our most vulnerable citizens through the establishment of the Community Hub. We have also endeavoured to enhance the services that we have available for provision online.
- **To engage with our communities to ensure we deliver services to meet customer needs and expectations:** In the 2018 Perception Survey 59% of respondents said that they were happy with the way in which the council ran services. We continually encourage feedback from our residents and act promptly and proactively where possible to trends in feedback and comment through our social media presence and website.

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

- **To promote stronger, more confident and more active communities throughout the borough:** The Council continued to work closely with all its parishes and town councils via the Parish Council Liaison Committee. Financial support was also provided to parishes through the concurrent function grant scheme. The Council has a number of grant schemes that support communities and organisations across the borough, these include recreation and sports, culture, arts, 'Ribble Valley in Bloom' and voluntary organisations.

- **To encourage economic development throughout the borough with a specific focus on tourism, the delivery of sufficient land for business development, and supporting high growth business opportunities:** The Council continues to take Economic Development, Regeneration and Tourism very seriously and has had many successes with both attracting new businesses into Ribble Valley and helping existing businesses to expand. In September 2019 the council published its Economic Plan 2019-2022, which focuses on five priority action areas of People; Places; Business Support and Growth; Connectivity; and Tourism. At the end of the 2019/20 financial year the council put in to place the processes for its rapid response to the Covid-19 pandemic and the distribution of vital grant support to many eligible businesses throughout the borough.
- **To seek to improve the transport network, especially to our rural areas:** Despite cuts by Lancashire County Council to some rural bus services, Ribble Valley Borough Council continues to provide essential grant funding to The Little Green Bus which offers a community transport service for the elderly and vulnerable people. We continue to seek improvements to rail connections to the borough and at the start of the 2020/21 financial year have been informed that our bid to the Government's Ideas Fund to work up a business case to reopen the Clitheroe to Hellifield rail line and look at options for increasing rail travel has been successful.
- **To work with our partners to ensure that the infrastructure in the Ribble Valley is improved:** There is ongoing work through the planning process to ensure that the road infrastructure supports new developments. Our continued work on the Ideas fund work in respect of the Clitheroe to Hellifield rail line will see continued work with partners and the community.

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

- **To improve the health of people living and working in our area:** We continued to provide important leisure services such as Ribblesdale Pool, football pitches, parks and play areas. The Council completed a significant capital scheme providing a new 3G pitch at Edisford along with two 3G five aside pitches, a three-tennis court size multi surface area along with a community classroom and toilets.
- **To improve the opportunity for people to participate in cultural, recreational and sporting activity:** The Council annually awards grants to young residents of the borough for equipment and tuition for youngsters who excel in sport, dance, drama and music. The new facilities at Edisford will encourage further recreational and sporting activity for young people within the Ribble Valley.
- **To ensure that Ribble Valley remains a safe place to live:** Ribble Valley remains a low crime area and a safe place to live. This success is in part due to the work of our Community Safety Partnership. The Partnership continues to address the problems around underage drinking and substance misuse through the deployment of CAN safe (Community Alcohol Network) teams (made up of police, Trading standards, Addaction & LCC) on targeted evenings to reduce risks and to protect and educate young people. This is further supported via the work of the Community Alcohol Partnership which aims to stop the supply of alcohol to underage young people. The Council also has a multidisciplinary event safety

Narrative Report

advisory group (ESAG) to ensure any events held in the Ribble Valley are carried out safely.

- **To combat rural isolation:** The council provides financial support to various luncheon clubs throughout the borough through the provision of grants. There has also been work to actively encourage the development of new luncheon clubs.

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

- **To conserve our countryside, the natural beauty of the area and enhance our built environment:** Through its planning powers the Council secured funds to assist in the restoration of Primrose Lodge in Clitheroe. This scheme will be carried out by the Ribble Rivers Trust and will ensure the site is improved and restored to provide a valuable habitat and accessible public area. Specifically this will see desilting, construction of bridges, footpaths and viewing platform and also the construction of one of longest fish passes in the country.
- **To retain weekly collections of residual waste:** The Council's weekly refuse collection and recycling service has continued to operate along with the free collection of green waste for residents.
- **To provide a high-quality environment, keeping land clear of litter and refuse, and reducing the incidents of dog fouling:** The Council's dog warden service continues to undertake a series of high-profile patrols specially targeted areas to reduce the incidence of dog fouling, and due to the success of the scheme employed a further dog warden for a six-month period in year.
- **To be an environmentally sustainable area, prepared for the future**

We continue to seek to minimise the use of single-use plastics within the council and reduce the use of paper wherever possible.
- **To aspire to be a carbon neutral borough by 2030**

The Council's Climate Change Working Group has met on several occasions and is preparing an action plan to work towards being a carbon neutral borough by 2030.

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

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

- **To develop the right housing in the right places**

Within the 2019/20 financial year the council engaged consultancy support to undertake a strategic housing and economic needs assessment in line with the commitment set out in the Core Strategy. The draft assessment was put out to public consultation in year.

Resident Satisfaction Surveys

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

A new survey had been due to take place towards the end of the 2019/20 financial year. However, this has now been postponed and it is hoped that it will instead take place during the 2020/21 financial year.

Your Local Area

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

Local Public Services

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

Recycling Services

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

Information and Customer Service

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

Narrative Report

Local Community

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

Change and Improvement

We continue to meet the improvement areas highlighted as part of the Corporate Peer Challenge that was carried out in November 2017. Following this review an action plan was formulated and agreed by the Policy and Finance Committee in March 2018.

The action plan set out the following key areas in need of future change and improvement.

- Strengthen engagement with staff and partners to ensure clarity of vision and desired outcomes in relation to the Corporate Strategy, priorities and initiatives.
- Review the Performance Management Framework linked to the Corporate Strategy.
- Review the resourcing of Corporate Strategy priorities.
- Develop an Economic Development Strategy.
- Explore opportunities to strengthen early engagement with developers in order to maximise community benefits, as well as opportunities to strengthen community engagement/communication in relation to development.
- Strengthen engagement between the Leadership and Corporate Management Team – this includes the chairs of committees.

The council has made significant progress on satisfying the action plan and the Peer Challenge Team revisited the Council for two days at the end of September 2019 to carry out their follow-up review. The purpose of the visit was to review progress made since the original Peer Challenge in 2017 and included a review of the new Corporate Strategy 2019-2023 and the Economic Development Plan.

In summary the peer team felt that:

- “Ribble Valley Borough Council has made clear progress in taking forward the recommendations made by the peer team in 2017.”
- “...it was evident from conversations with staff, members and partners that there is respect for both the political and managerial leadership of the Council and that member and officer relationships are positive.”
- “The challenge now that the new Corporate Strategy has been adopted is to ensure ambitions and values are fully embedded and understood.”
- “...the team found that staff have a strong commitment and passion for Ribble Valley and for working together across council service areas to achieve the best outcomes for residents.”
- “The continued achievements of the Council in relation to service delivery and customer satisfaction (as shown by LG Inform data and the Council’s 2018

perception survey) and prudent financial management are a credit to both the dedication and commitment of members and officers.”

- “Ensuring recruitment and retention of talented and skilled staff will be critical for future continued success.”

The Peer Challenge team make the following recommendations:

- Continue to strengthen communication and engagement approaches in relation to the Corporate Strategy and Economic Plan to ensure ambitions and values are fully embedded and understood. This should include opportunities for more face to face engagement with staff.
- Take a fresh look at the Council’s Performance Management Indicators to ensure they are fully aligned to and drive forward delivery of the new Corporate Plan 2019 - 2023.
- Develop a delivery plan which clearly articulates and captures the priorities and associated resources for each year of the Economic Plan, which can then be clearly overseen by the Economic Development Committee.
- Consider aligning the time frame of the Economic Plan to that of the Corporate Strategy and Medium-Term Financial Strategy (2019 – 2023)
- Agree a future programme of ‘top team days’ and/or meetings with senior members and the Corporate Management Team. This will support collaborative working and delivery of corporate ambitions.
- Develop the Council’s Workforce Plan to support succession planning, talent management and the recruitment, retention and reward of staff.
- Explore opportunities for the Council to continue to challenge itself, building on its strong financial position. This includes areas such as organisational transformation, service re-design, commercialisation and digitisation. It should also include future appetite for risk, investment and further income generation.

In addition to the Peer Challenge review actions, smarter working with our existing ICT infrastructure across all services is seen as a key area for improvement. This will allow us to ensure that we maximise the return from our investment and drive efficiencies in providing our services. We continue to work hard to enable better connectivity of our systems to our website to help our customers access our services at times that are convenient to them.

Additionally, hand in hand with the better use of our ICT infrastructure, we will seek to maximise the flexibilities that are afforded to us through recent Microsoft licencing changes and through the opportunities given by using Microsoft 365.

Narrative Report

9 PENSIONS

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

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

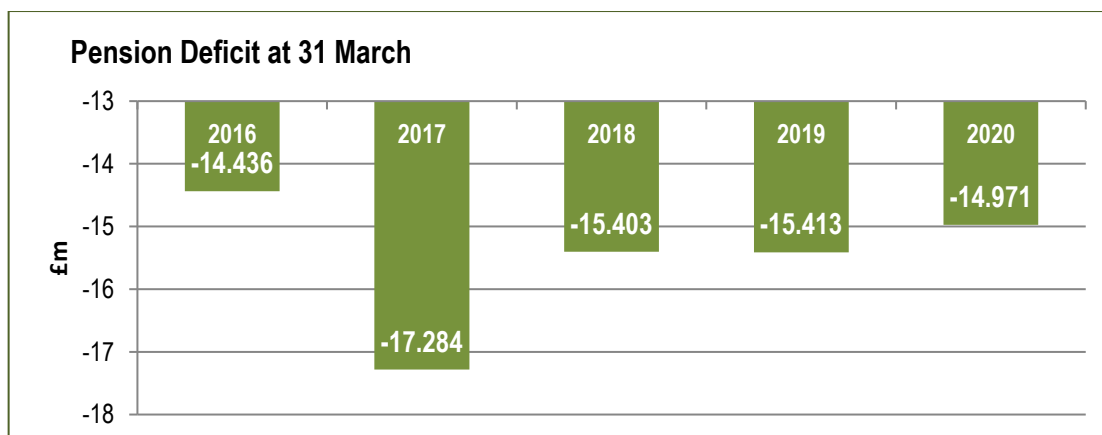
The net pension asset/liability in respect of the surplus/deficit on the pension fund, as calculated by the fund's actuary, is included in the council's balance sheet. In Ribble Valley Borough Council's case the net liability as at 31 March 2020 decreased to £14.971m (31 March 2019 £15.413m). The reason for the decrease in net liability is due to a mixture of reasons.

Looking firstly at the benefit obligation there has been an increase here due to Past Service Costs of £660,000 (2018/19 nil). This relates to the impact of the McCloud case (£426,000) and Guaranteed Minimum Pension (GMP) indexation (£234,000).

Other impacts have been in respect of movements experienced in the following areas under remeasurements.

	£'000
Remeasurements (liabilities)	
Experience loss	967
Gain on financial assumptions	-1,085
Gain on demographic assumptions	-2,421
Remeasurements (assets)	418
Net movement from remeasurements	-2,121

The Pension deficit has fluctuated quite widely over the past few years and as mentioned above, the main fluctuations year to year have been around financial assumptions. The last full revaluation was undertaken in 2019.



10 COVID-19 IMPACT

Covid-19 infections started in 2019/20, and the economic impact escalated particularly with the beginning of lock down on 23 March 2020. The effects of the pandemic have been considered in measuring assets and liabilities wherever relevant, based on facts and circumstances at year-end.

The Covid-19 pandemic has had a major impact on the council, although the financial impact will likely be primarily in 2020/21 and perhaps 2021/22 and beyond.

At the 31 March 2020 we see no impact on the valuations of our non-current assets (land and buildings) as they will all continue to be used by the council, and our overall assets have a low level of reliance on commercial occupants, meaning values are affected to a lower extent. Where asset values are based on income attained, there may be temporary future impacts to be seen at 31 March 2021 valuations (i.e. Car Parks, due to lower income levels in 2020/21).

In respect of the pension fund, the outbreak of Covid-19 has impacted on global financial markets. There have been a number of material factors which make it difficult to quantify the potential outcome for financial markets. Although there has been significant variation to individual fund values (both increases and decreases), as at the end of June 2020 investments across the entire pension fund were valued overall at a higher value than in the financial statements at 31 March 2020.

Looking past the 2019/20 financial year, key impacts will be around substantial falls in service income, particularly over the period of lockdown, but also beyond as restrictions on services limit the numbers that are able to utilise our services. Key areas that have been impacted in the early part of 2020/21 have been the Ribblesdale Pool, Edisford 3G Facility, Trade Waste Services and Car Parking.

Additionally, there will be increased service expenditure as facilities are prepared for reopening in line with government guidance.

Other than restrictions that were brought in as a result of the lockdown, the council's facilities continued to be staffed and operated as normal, other than for a number of staff that worked from home. Where staff would normally have worked at facilities that were prevented from opening, they were redeployed to other key service areas, including the Community Hub, assisting our most vulnerable residents. No staff were furloughed.

In addition to the work on the Community Hub, there has been a considerable amount of work in distributing grant income from the government to support eligible businesses. Other considerations that have also resulted from the level of grant income we have received as a council have been around curating such funds for cash flow purposes in as low risk a manner as possible, with temporary approved changes to our normal treasury management arrangements and limits.

Narrative Report

It is inevitable that the pandemic will impact on the achievement of the forward capital programme and the timings of investment of our resources in those projects, for 2020/21 and also beyond. We will work to minimise the impact on the achievement of our priority actions within the corporate strategy, but it is envisaged that there will be some level of impact across all areas.

Looking at the council's finances, and those of our residents and businesses, there will be an impact on the level of business rates attained and council tax received as personal and business circumstances change. This also includes the timing differences seen between the granting of further government-initiated reliefs and discounts to businesses and the compensation for the same to the council through Section 31 grants.

This will particularly impact on the Collection Fund initially, but will then fall on the council's general fund as timings for the distribution of losses on the collection fund play through. The government is looking to address the issue around the sudden impact of collection fund losses on council general fund balances with a view to phasing the recovery of any losses over longer timelines than those currently set out in regulations.

The pandemic has afforded the council an opportunity to review various areas of working practices and remote working, part of which has coincided with the end of term on existing software licencing contracts.

11 CURRENT ECONOMIC CLIMATE AND OUTLOOK

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

In early 2019, the Government consulted on reforms to the Business Rates Retention Scheme. This was planned to be implemented in 2020/21, but has now been delayed.

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

Despite the level of uncertainty, a budget forecast was prepared at the time of setting the revenue budget for 2020/21 at the start of February 2020. This was based on many assumptions due to the high level of uncertainty around future local government funding.

	2020/21 Forecast £	2021/22 Forecast £	2022/23 Forecast £	2023/24 Forecast £
Net Expenditure	7,456,927	7,546,699	7,630,862	7,924,843
Interest Receipts	-75,000	-75,000	-75,000	-75,000
Use of Superannuation Reserve	-36,512	-36,512	-36,512	-36,512
Rural Services Grant	-107,921	0	0	0
Use of Business Rates Growth	-875,514	-675,514	-675,514	-675,514
Use of New Homes Bonus	-1,105,000	-1,105,000	-1,105,000	-1,105,000
Use of Balances	-142,812	-250,000	-250,000	-250,000
Savings Required	0	-281,360	-205,909	-337,468
Budget Requirement	5,114,168	5,123,313	5,282,927	5,445,349
Negative Revenue Support Grant	0	109,000	109,000	109,000
Business Rates Baseline	-1,354,393	-1,354,393	-1,354,393	-1,354,393
Collection Fund Surplus	-81,910	-25,000	-25,000	-25,000
Precept	3,677,865	3,852,920	4,012,534	4,174,956
Taxbase	23,623	23,977	24,217	24,459
Band D Council Tax	£155.69	£160.69	£165.69	£170.69
Projected/Actual Council Tax increase	£5 max	£5 max	£5 max	£5 max

Narrative Report

The forecast assumes our funding stays at the 2020/21 level and with the reintroduction of negative revenue support grant, however at this stage there are no indications from the Government. The forecast also assumes the current maximum permitted increase of £5 for Band D Council Tax. However, the actual council tax rate set for any given year would be a decision for the elected members at that time.

The budget forecast at the time estimated a budget gap of £281k in 2021/22, £206k in 2022/23 and £337k in 2023/24. However, it is important to note the high levels of uncertainty across this forecast, and to highlight the further potential impacts of Covid-19 on vastly reduced income levels, increased expenditure, and also government support.

In 2019/20 this Council was a member of the new Lancashire Business Rate Pilot Pool which meant that locally we retained 75% of business rate growth. The Pilot was for one year only following the delay to the introduction of business rates reforms. In 2020/21 the council is a member of a new Lancashire Business Rates Pool on a 50% business rates retention basis.

In respect of New Homes Bonus, whilst the Government have already said that in future there will be no legacy payments made for new allocations but that previous years' allocations will attract legacy payments, we expect further significant reforms or even replacement of the current scheme.

The Government have stated that it is not clear that the New Homes Bonus scheme in its current form is focussed on incentivising homes where they are needed most. Alongside the Provisional Grant Settlement for 2020/21 they announced that they will consult on the future of housing incentivising. This will include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes they need, and which is aligned with other measures around planning performance.

The financial implications for the Council of the UK leaving the European Union continue to be a cause for concern however we will keep this under review.

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

It is important for the council to maintain a healthy level of balances to cover unforeseen events and also provide a stable level of resources for future planning. This is particularly important as we face uncertainty regarding our future core funding and the impacts of Covid-19.

Our Earmarked Reserves will continue to be a major source of funding for the Council's five year capital programme and also in balancing the revenue budget.

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

12 PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

Future of Local Government Finance Settlement

- Outcome of Fair Funding Review and Business Rates Retention Reform Consultations.
- Longer term viability of the Lancashire Business Rates Pilot following the Fair Funding Review and Business Rates Retention Reform.

Availability of Staffing

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

Business Rates Retention Scheme

- Outcome of Business Rates Retention Reform Consultation.
- Risk of large appeals.
- The impact of Covid-19.

Business Continuity

- Major fire, flooding or utilities fault.

ICT

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

Unable to Meet Service Demands

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

Planning

- Outcomes of Planning for the Future consultation

Covid-19

- Impact on businesses and households within the borough – including financial impact.

Narrative Report

- Ability to adapt to alternative working practices.
- Vast reductions in service income and increased direct and in-direct costs.
- Impact on general fund balances.
- Potential impact on staffing levels due to sickness and/or self-isolation.

Combined Authority Plans

- Implications for the future of Ribble Valley Borough Council under any government conditions.

13 THE STATEMENTS

The Council's statement of accounts for the year ended 31 March 2020 is set out on the following pages. These have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice on Local Authority Accounting in the United Kingdom and are based on International Financial Reporting Standards. The statements produced for 2019/20 are detailed in the following paragraphs.

Statement of Responsibilities

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

Statement of Accounting Policies

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

Movement in Reserves Statement

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

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

Comprehensive Income and Expenditure Statement

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

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

Balance Sheet

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

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

Cash Flow Statement

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

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

Collection Fund Statement

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

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

Statement of Responsibilities

Statement of Responsibilities

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

The Authority's Responsibilities

The authority is required to:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2020.

Jane L Pearson
Director of Resources CPFA
25 November 2020

Approval of the Statement of Accounts

I confirm that these accounts, including the Comprehensive Income and Expenditure Statement on page 63 and the Balance Sheet on page 67, were approved by the Accounts and Audit Committee at its meeting held on 25 November 2020.

Signed by:

Chairman of Accounts and Audit Committee
25 November 2020

Statement of Accounting Policies

1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2019/20*, supported by International Financial Reporting Standards (IFRS).

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

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

2 ACCRUALS OF INCOME AND EXPENDITURE

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

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

Statement of Accounting Policies

3 CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

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

Statement of Accounting Policies

6 COUNCIL TAX AND NON-DOMESTIC RATES (NDR)

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

Accounting for Council Tax and NDR

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

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

7 EMPLOYEE BENEFITS

Benefits Payable during Employment

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

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

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

Statement of Accounting Policies

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% (2.5% 31 March 2019) based on the indicative rate of return on AA rated corporate bonds.
- The assets of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The Change in the Net Pensions Liability is analysed into the following components:

Statement of Accounting Policies

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

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

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

Statement of Accounting Policies

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

Discretionary Benefits

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

8 EVENTS AFTER THE REPORTING PERIOD

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

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

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

9 FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Statement of Accounting Policies

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Statement of Accounting Policies

10 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

11 HERITAGE ASSETS

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

Heritage Assets are

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

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

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

Statement of Accounting Policies

- Civic Regalia
- The Roman Bath site at Ribchester

The Castle Keep at Clitheroe

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

The Clitheroe Castle Museum Collection

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

Civic Regalia

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

Statement of Accounting Policies

The Roman Bath site at Ribchester

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

Heritage Assets - General

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

12 INTANGIBLE ASSETS

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

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

Statement of Accounting Policies

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

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

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

13 INVENTORIES AND LONG TERM CONTRACTS

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

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

14 LEASES

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

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

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

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

Statement of Accounting Policies

Operating Leases Where the Council is Lessee

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

Operating Leases Where the Council is Lessor

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

15 OVERHEADS AND SUPPORT SERVICES

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

16 PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- The purchase price

Statement of Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

Statement of Accounting Policies

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

Property, Plant and Equipment Classification	31 March 2020	
	Revalued Amount in Balance Sheet £	Equivalent Carrying Amount Under Cost Model £
Other Land and Buildings	12,998,547	7,927,814
Vehicles, Plant, Furniture and Equipment	2,098,477	2,098,477
Infrastructure Assets	262,717	262,717
Community Assets	1,564,248	1,551,938
Surplus Assets (Not for Sale)	24,761	18,493
Assets Under Construction	11,313	11,313
Total	16,960,063	11,870,752

Impairments

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

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

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

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

Depreciation

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

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

Statement of Accounting Policies

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Statement of Accounting Policies

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

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

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

Componentisation

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

17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

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

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

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

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

Statement of Accounting Policies

Contingent Liabilities

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

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

Contingent Assets

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

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

18 RESERVES

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

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

19 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

20 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21 FAIR VALUE MEASUREMENT

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

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

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 authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement

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

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

The Comprehensive Income and Expenditure Statement has two sections:

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

Comprehensive Income and Expenditure Statement

2018/19			2019/20				
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £	Note
8,324,390	-4,232,337	4,092,053	Community Services Committee	8,987,394	-4,533,335	4,454,059	
373,037	-68,242	304,795	Economic Development Committee	370,427	-81,709	288,718	
7,828,900	-6,870,026	958,874	Health and Housing Committee	7,379,587	-6,440,783	938,804	
1,459,750	-932,312	527,438	Planning and Development Committee	1,782,057	-1,174,453	607,604	
2,945,060	-873,937	2,071,123	Policy and Finance Committee	4,204,852	-1,349,937	2,854,915	
20,931,137	-12,976,854	7,954,283	Cost of Services	22,724,317	-13,580,217	9,144,100	1/2
			Other Operating Expenditure				
		435,183	Payment of Precepts to Parishes			450,764	
		24,000	Pensions Administration Expenses			29,000	32
		-238,241	(Gains)/Losses on the Disposal of non-Current Assets			33,489	
			Financing and Investment Income and Expenditure				
		7,033	Interest Payable on Debt			6,527	
		-92,326	Investment Interest Income			-113,422	
		-8,569	Impairment Losses/(Gains)			5,746	
		374,000	Net Interest on the net defined benefit liability (asset)			352,000	32
		-47,726	Gain on Trading Accounts			-22,334	
			Taxation and Non-Specific Grant Income				
		-3,943,505	Council Tax			-4,014,273	8
		-1,889,056	Non Domestic Rates Income and Expenditure			-2,274,104	8/11
		-109,149	Revenue Support Grant (RSG)			0	8
		-3,000	Capital Grants and Contributions			0	8
		-2,659,205	Other Non-Specific Grants			-3,379,891	8
		-196,278	(Surplus) or Deficit on Provision of Services			217,602	1/2
		-601,803	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			2,810,189	
		-934,000	Actuarial Gains on Pensions Assets/Liabilities			-2,121,000	32
		-1,535,803	Other Comprehensive Income and Expenditure			689,189	
		-1,732,081	Total Comprehensive Income and Expenditure			906,791	

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

Movements in Reserves Statement

Movement in Reserves Statement

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

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

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

Movements in Reserves Statement

Movements in 2019/20	General Fund Balance £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2019	2,472,111	9,272,065	11,744,176	380,059	1,086,608	13,210,843	1,127,120	14,337,963
Total Comprehensive Income and Expenditure	-711,305	493,703	-217,602			-217,602	-689,189	-906,791
Adjustments between Accounting Basis and Funding Basis Under Regulations <i>See Note 10</i>	614,840		614,840	7,581		622,421	-622,421	0
Increase/(Decrease) in Year	-96,465	493,703	397,238	7,581	0	404,819	-1,311,610	-906,791
Balance at 31 March 2020 Carried Forward	2,375,646	9,765,768	12,141,414	387,640	1,086,608	13,615,662	-184,490	13,431,172

Movements in 2018/19	General Fund Balance £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2018	2,533,703	8,547,420	11,081,123	305,428	842,867	12,229,418	376,464	12,605,882
Total Comprehensive Income and Expenditure	-528,367	724,645	196,278			196,278	1,535,803	1,732,081
Adjustments between Accounting Basis and Funding Basis Under Regulations <i>See Note 10</i>	466,775		466,775	74,631	243,741	785,147	-785,147	0
Increase/(Decrease) in Year	-61,592	724,645	663,053	74,631	243,741	981,425	750,656	1,732,081
Balance at 31 March 2019 Carried Forward	2,472,111	9,272,065	11,744,176	380,059	1,086,608	13,210,843	1,127,120	14,337,963

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

Balance Sheet

Balance Sheet

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

Reserves are reported in two categories:

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

Balance Sheet

31 March 2019		31 March 2020	Note
£		£	
Long Term Assets			
18,747,386	Property, Plant and Equipment	16,960,063	13
917,217	Heritage Assets	944,857	14
36,105	Intangible Assets	71,626	
265,462	Long Term Debtors	258,083	15
19,966,170	Total Long Term Assets	18,234,629	
Current Assets			
10,000	Financial Asset Held for Sale	10,000	15
54,933	Inventories	49,050	
1,439,578	Short Term Debtors	2,361,104	6/15/16
12,392,535	Cash and Cash Equivalents	14,783,508	15/17
13,897,046	Total Current Assets	17,203,662	
Current Liabilities			
-17,893	Short Term Borrowing	-17,894	
-3,558,404	Short Term Creditors	-6,307,648	15/18
-409,973	Provisions	-594,987	6/19
-3,986,270	Total Current Liabilities	-6,920,529	
Long Term Liabilities			
-125,983	Long Term Borrowing	-115,590	15
-15,413,000	Net Pensions Liability	-14,971,000	6/32
-15,538,983	Total Long Term Liabilities	-15,086,590	
14,337,963	Net Assets	13,431,172	
Usable Reserves			
2,472,111	General Fund Balance	2,375,646	20
9,272,065	Earmarked General Fund Reserves	9,765,768	12
1,086,608	Usable Capital Receipts Reserve	1,086,608	
380,059	Capital Grants Unapplied	387,640	
13,210,843	Total Usable Reserves	13,615,662	
Unusable Reserves			
7,158,190	Capital Adjustment Account	8,586,778	21
300,110	Collection Fund Adjustment Account	251,248	
9,148,982	Revaluation Reserve	6,034,168	
-15,413,000	Pension Reserve	-14,971,000	32
-67,162	Accumulated Absences Account	-85,684	
1,127,120	Total Unusable Reserves	-184,490	
14,337,963	Total Reserves	13,431,172	

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

Cash Flow Statement

Cash Flow Statement

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

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

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

2018/19 £		2019/20 £	Note
-196,278	Net (Surplus) or Deficit on the Provision of Services	217,602	
-1,727,096	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	-3,074,151	22
243,741	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	0	22
-1,679,633	Net Cash Flows from Operating Activities	-2,856,549	
-209,962	Investing Activities	87,319	23
-351,553	Financing Activities	378,257	24
-2,241,148	Net Increase or decrease in Cash and Cash Equivalents	-2,390,973	
10,151,387	Cash and Cash Equivalents 1 April	12,392,535	
12,392,535	Cash and Cash Equivalents 31 March	14,783,508	17

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

Notes to the Core Financial Statements

1 EXPENDITURE AND FUNDING ANALYSIS

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

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

2019/20	Net Expenditure Chargeable to the General Fund £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,145,598	308,461	4,454,059
Economic Development Committee	269,462	19,256	288,718
Health and Housing Committee	795,372	143,432	938,804
Planning and Development Committee	240,587	367,017	607,604
Policy and Finance Committee	2,016,244	838,671	2,854,915
Net Cost of Services	7,467,263	1,676,837	9,144,100
Other Income and Expenditure	-7,864,503	-1,061,995	-8,926,498
(Surplus) or Deficit	-397,240	614,842	217,602
Opening General Fund Balance at 31 March 2019	-11,744,175		
Closing General Fund Balance as at 31 March 2020	-12,141,415		

Notes to the Core Financial Statements

2018/19	Net Expenditure Chargeable to the General Fund £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	3,843,274	248,779	4,092,053
Economic Development Committee	286,840	17,955	304,795
Health and Housing Committee	879,111	79,763	958,874
Planning and Development Committee	450,324	77,114	527,438
Policy and Finance Committee	1,958,302	112,821	2,071,123
Net Cost of Services	7,417,851	536,432	7,954,283
Other Income and Expenditure	-8,080,903	-69,658	-8,150,561
(Surplus) or Deficit	-663,052	466,774	-196,278
Opening General Fund Balance at 31 March 2018	-11,081,123		
Closing General Fund Balance as at 31 March 2019	-11,744,175		

2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

2019/20	Net Expenditure Chargeable to the General Fund £	Adjustments for Capital Purposes £	Net Change for the Pensions Adjustments £	Other Statutory Adjustments £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,145,598	22,320	282,656	3,485	4,454,059
Economic Development Committee	269,462		19,345	-89	288,718
Health and Housing Committee	795,372	23,188	97,855	22,389	938,804
Planning and Development Committee	240,587	276,242	89,966	809	607,604
Policy and Finance Committee	2,016,244	16,231	808,177	14,263	2,854,915
Net Cost of Services	7,467,263	337,981	1,297,999	40,857	9,144,100
Other Income and Expenditure	-7,864,503	-1,469,524	381,000	26,529	-8,926,498
(Surplus) or Deficit	-397,240	-1,131,543	1,678,999	67,386	217,602

Notes to the Core Financial Statements

2018/19	Net Expenditure Chargeable to the General Fund £	Adjustments for Capital Purposes £	Net Change for the Pensions Adjustments £	Other Statutory Adjustments £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	3,843,274	9,290	240,743	-1,253	4,092,054
Economic Development Committee	286,840		15,843	2,112	304,795
Health and Housing Committee	879,111	-56,101	87,722	48,142	958,874
Planning and Development Committee	450,324		78,970	-1,856	527,438
Policy and Finance Committee	1,958,302	-25,615	123,398	15,037	2,071,122
Net Cost of Services	7,417,851	-72,426	546,676	62,182	7,954,283
Other Income and Expenditure	-8,080,903	-240,434	398,000	-227,224	-8,150,561
(Surplus) or Deficit	-663,052	-312,860	944,676	-165,042	-196,278

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

- **For services** this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.

Notes to the Core Financial Statements

- For **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other Statutory Adjustments

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

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

3 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2018/19 £	2019/20 £
Expenditure	
7,619,743 Employee Expenditure	8,689,244
12,916,706 Other Service Expenses	13,262,393
856,783 Depreciation, Amortisation and Impairment	1,271,250
24,000 Pensions Administration Costs	29,000
7,033 Interest Payments	6,527
435,183 Precepts and Levies	450,764
21,859,448 Total Expenditure	23,709,178
Income	
-5,974,078 Fees and Charges and Other Service Income	-6,492,648
-238,241 Gain or Loss on Disposal of Non-Current Assets	33,489
-5,832,561 Income from Council Tax and Business Rates	-6,288,377
-9,918,520 Government Grants, Contributions and Donations	-10,630,619
-92,326 Interest and Investment Income	-113,422
-22,055,726 Total Income	-23,491,577
-196,278 (Surplus) or Deficit on Provision of Services	217,601

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

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IFRS 16 Leases:** this will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- **IAS 19 Employee Benefits:** this will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.

5 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set at the beginning of the Statement of Accounts, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There continues to be a high degree of uncertainty about the future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>There have been substantial falls in equity markets in March 2020 in relation to the COVID-19 pandemic resulting in a reduction in asset values for accounting purposes.</p>	<p>Mercer Limited are the actuaries for the Lancashire County Pension Fund. The Pension Fund Deficit for Ribble Valley at 31 March 2020 was £14.971m. The following sensitivity analysis is provided by Mercer Limited:</p> <ul style="list-style-type: none"> • +0.1% p.a. discount rate as at 31 March 2020: deficit would be £13.884m • +0.1% p.a. inflation as at 31 March 2020: deficit would be £16.076m • +0.1% p.a. pay growth as at 31 March 2020: deficit would be £15.108m • 1-year addition to members' life expectancy as at 31 March 2020: deficit would be £16.812m • +1% change in 2019/20 investment returns: deficit would be £14.434m • -1% change in 2019/20 investment returns: deficit would be £15,508m
Arrears	<p>At 31 March 2020, the Council had a balance of sundry debtors of £747,323 (including overpaid housing benefits). A review of significant balances suggested that an impairment of doubtful debts of £170,063 (including overpaid housing benefits) was appropriate. However, the level of such an allowance may fluctuate in adequacy.</p>	<p>If collection rates were to deteriorate, a 10% increase in the impairment would equate to £17,006</p>
Business Rates Appeals Provision	<p>At the 31 March the Council made a provision on the Collection Fund of £1,062,477 in relation to the liability for any successful appeals lodged with the Valuation Office. The level of this provision which relates to this council is £594,987 as shown on the Balance Sheet. The impact from successful appeals can potentially be significant in its impact on the finances that the council retains under the localisation of business rates. The council also has an earmarked reserve to further protect itself from the volatilities around business rates and retained income.</p>	<p>If anticipated appeals were to be 10% higher than those allowed for in the provision, the increase would equate to £106,248 in total or a £59,499 share for this council.</p>
Property, Plant and Equipment Valuations	<p>The reporting date for the valuations, 31 March 2020, was in the midst of the Covid-19 pandemic. On 19 March 2020 the Royal Institution of Chartered Surveyors issued a Valuation Notification to all RICS members identifying that issues caused by the pandemic mean valuations are prepared at a time of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution should be attached to our valuations than would normally be the case. Valuations reported should also be kept under frequent review</p>	<p>A variation of 10% in the value of the council's land and buildings would be approximately £1.696m. A reduction would result in a reduction to the revaluation reserve and/or a loss charged to the comprehensive income and expenditure statement. An increase in estimated valuations would result in the reversal of any negative revaluations previously charged to the comprehensive income and expenditure statement and/or increases to the revaluation reserve and/or gains charged to the comprehensive income and expenditure statement.</p>

7 MATERIAL ITEMS OF INCOME AND EXPENSE

Housing Benefit

The Council has a statutory duty to administer Housing Benefit claims on behalf of the Department for Work and Pensions. The Council pays out Housing Benefits to eligible claimants. In 2019/20 £5.68m was paid out (£6.28m in 2018/19), after taking in to account reimbursements from claimants for any overpayments made. The Council receives subsidy grant from the Department for Work and Pensions to cover the payments made. Subsidy grant of £5.71m was received from the Department for Work and Pensions in 2019/20 (£6.34m in 2018/19).

Car Parking Pay and Display Income

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

In 2019/20 the Council received £403,464 in income from chargeable car parks (in 2018/19 £392,985). This income excludes that received from parking fines.

Planning application fees

Local government administer much of the planning system with district councils responsible for most planning matters, other than transport and minerals and waste planning which are typically functions of the county council. A planning application is only required in certain circumstances. If a planning application is required the council requires that the application is accompanied with a fee. In 2019/20 the council received £673,673 in planning application fees, which help fund the provision of the service. (£673,661 in 2018/19).

Business Rates Section 31 Grants

The council receives a number of grants, known as Section 31 Grants from MHCLG (formerly DCLG), in compensation for business rates income lost as a result of measures introduced by the Government. In 2019/20 the Council received £1,708,862 through various business rates Section 31 grants (£954,930 in 2018/19).

Notes to the Core Financial Statements

8 TAXATION AND NON-SPECIFIC GRANT INCOME

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

Council Tax

	2018/19 £	2019/20 £
Ribble Valley Borough Council Precept	-3,451,102	-3,497,364
Precept Relating to Parishes	-435,183	-450,764
Surplus Received in Year (Declared January Prior to Start of Year)	-70,351	-61,419
Movement on Collection Fund (Surplus)/Deficit at Year End	13,131	-4,726
Total Council Tax	-3,943,505	-4,014,273

Non-Domestic Rates Income and Expenditure

	2018/19 £	2019/20 £
Ribble Valley Borough Council Share of Business Rates Income	-5,848,942	-8,386,713
Less Tariff Payable to Central Government	4,147,262	6,364,376
(Surplus)/Deficit Payment in Year (Declared January Prior to Start of Year)	25,165	-224,211
Movement on Collection Fund Deficit/(Surplus) at Year End	-192,628	53,588
Business Rates Retained on Renewable Energy Schemes	-92,478	-83,293
10% Retained Levy Payable to Lancashire County Council under Business Rates Pooling Arrangements	72,565	
Contribution to the Lancashire Pilot Pool Strategic Economic Growth and Financial Sustainability Fund		2,149
Overall Net Retained Business Rates Related Income	-1,889,056	-2,274,104

Revenue Support Grant

This is a source of funding that has seen a significant decrease over past years and stopped in 2018/19. As such this grant was not received in 2019/20 (£109,149 in 2018/19).

Capital Grants and Contributions

	2018/19 £	2019/20 £
Longridge Town Council	-3,000	0
Total Capital Grants and Contributions	-3,000	0

Notes to the Core Financial Statements

Other Non-Specific Grants

	2018/19 £	2019/20 £
New Homes Bonus	-1,575,908	-1,666,486
Rural Areas Delivery Grant	-107,921	0
Levy Account Surplus	-20,446	-4,543
Business Rates Section 31 Grants		
Small Business Rates Relief (SBRR) Scheme	-847,033	-1,316,044
SBRR on Existing Properties where 2nd Property is Occupied	-7,043	-4,213
'New Empty' Properties	-18	0
Multiplier Cap	-49,431	-77,498
Discretionary Scheme	-18,651	-12,043
Pub Relief Scheme	-18,586	11
Rural Rate Relief	-8,040	-11,672
Supporting Small Businesses	-6,021	-7,462
In Lieu of Transitional Relief	-107	0
Retail Discount	0	-271,504
Flooding Relief	0	-8,437
Other Non-Specific Grants	-2,659,205	-3,379,891

9 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue on the 25 November 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The impact from the Covid-19 pandemic on the council is on-going and cannot be quantified to date, the Council continues to assess the impact on the Council's financial situation but is certain significant financial losses will occur. The impact of Covid-19 after the 31 March is explained in more detail in the Narrative Report.

10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

Notes to the Core Financial Statements

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

General Fund Balance

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

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Notes to the Core Financial Statements

Movements in 2019/20	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	926,003			-926,003
Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)	69,320			-69,320
Amortisation of Intangible Assets	7,221			-7,221
Capital Grants and Contributions Applied	-33,635			33,635
Revenue Expenditure Funded from Capital Under Statute	659,687			-659,687
Amounts of Non-Current Assets Written Off on Disposal or sale as Part of the gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	33,489			-33,489
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-126,075			126,075
Capital expenditure charged against General Fund Balances	-2,310,163			2,310,163
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-357,391	357,391		
Application of grants to capital financing transferred to the Capital Adjustment Account		-349,810		349,810
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	0		0	
Contribution from the Capital Receipts Reserve towards administrative cost of Non-Current asset disposals	0		0	

Notes to the Core Financial Statements

Movements in 2019/20	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	2,716,000			-2,716,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-1,037,000			1,037,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	48,862			-48,862
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18,522			-18,522
Total Adjustments	614,840	7,581	0	-622,421

Notes to the Core Financial Statements

Movements in 2018/19	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	926,775			-926,775
Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)	-12,575			12,575
Amortisation of Intangible Assets	2,395			-2,395
Capital Grants and Contributions Applied	-144,444			144,444
Revenue Expenditure Funded from Capital Under Statute	448,630			-448,630
Amounts of Non-Current Assets Written Off on Disposal or sale as Part of the gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	9,750			-9,750
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-129,840			129,840
Capital expenditure charged against General Fund Balances	-802,773			802,773
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-367,037	367,037		
Application of grants to capital financing transferred to the Capital Adjustment Account		-292,406		292,406
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	-247,991		247,991	
Contribution from the Capital Receipts Reserve towards administrative cost of Non-Current asset disposals	4,250		-4,250	

Notes to the Core Financial Statements

Movements in 2018/19	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,968,000			-1,968,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-1,023,324			1,023,324
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	-179,497			179,497
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	14,456			-14,456
Total Adjustments	466,775	74,631	243,741	-785,147

11 LANCASHIRE BUSINESS RATES POOL

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

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

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

A comparison of the business rates income allocations in 2018/19 and 2019/20 are shown in the table below:

	2018/19	2019/20
District Authorities	40%	56%
Lancashire County Council	9%	17.5%
Lancashire Combined Fire Authority	1%	1.5%
	50%	75%
Central Government	50%	25%
Total	100%	100%
Unitary Authorities	49%	73.5%

Notes to the Core Financial Statements

Lancashire Business Rates Pilot Pool Members 2019/20	Authority Type	Tariffs and Top-Ups in Respect of 2019/20 £	Total Growth above Baseline Under 75% Scheme £	Additional Retained Growth above that under the 50% Scheme £
Blackburn with Darwen Unitary Authority	Top-Up	-27,209,155	6,290,545	2,096,849
Blackpool Unitary Authority	Top-Up	-27,136,666	965,342	321,780
Burnley Borough Council	Tariff	8,389,841	3,894,421	1,112,691
Chorley Borough Council	Tariff	10,116,103	2,888,454	825,273
Fylde Borough Council	Tariff	11,921,669	3,971,482	1,134,710
Hyndburn Borough Council	Tariff	5,350,206	644,806	184,230
Pendle Borough Council	Tariff	5,125,168	2,363,324	675,236
Preston Borough Council	Tariff	27,181,715	1,627,197	464,913
Ribble Valley Borough Council	Tariff	6,364,376	2,331,874	666,250
Rossendale Borough Council	Tariff	4,595,868	1,820,769	520,220
South Ribble Borough Council	Tariff	15,149,823	4,667,725	1,333,636
West Lancashire Borough Council	Tariff	13,287,104	2,905,817	830,233
Wyre Borough Council	Tariff	10,760,888	2,011,984	574,853
Lancashire County Council	Top-Up	-164,645,542	9,362,315	4,448,284
Lancashire Combined Fire Authority	Top-Up	-17,656,850	957,163	311,393
Central Government	-	118,405,452	-	-
Total		0	46,703,218	15,500,551

In 2019/20 the governance arrangements for the pilot pool were approved such that any retained growth above that which would have been received under the previous 50% scheme was to be split on the following basis:

- Risk Resilience Reserve: The first 5% of any additional growth was to be used to create a new risk resilience reserve to mitigate against any extra loss arising from being a pilot member.
- Strategic Economic Growth and Financial Sustainability Fund: A further 25% of the additional growth was to be set aside to create a Lancashire wide fund to be used to target strategic economic growth and improve financial sustainability and allocated based on unanimous decisions of the Pilot Pool Governing Body after the closure of the financial year.

The position on the Pilot Pool for 2019/20, based upon the final submitted NNDR3 returns, is detailed below:

Notes to the Core Financial Statements

Lancashire Business Rates Pilot Pool Members 2019/20	Additional Retained Growth above that under the 50% Scheme £	5% Due to Risk Resilience Reserve £	25% Due to Strategic Economic Growth and Financial Sustainability Fund £
Blackburn with Darwen Unitary Authority	2,096,849	104,842	524,212
Blackpool Unitary Authority	321,780	16,089	80,445
Burnley Borough Council	1,112,691	55,635	278,173
Chorley Borough Council	825,273	41,264	206,318
Fylde Borough Council	1,134,710	56,736	283,678
Hyndburn Borough Council	184,230	9,212	46,058
Pendle Borough Council	675,236	33,762	168,809
Preston Borough Council	464,913	23,246	116,228
Ribble Valley Borough Council	666,250	33,313	166,563
Rosendale Borough Council	520,220	26,011	130,055
South Ribble Borough Council	1,333,636	66,682	333,409
West Lancashire Borough Council	830,233	41,512	207,558
Wyre Borough Council	574,853	28,743	143,713
Lancashire County Council	4,448,284	222,414	1,112,071
Lancashire Combined Fire Authority	311,393	15,570	77,848
Total	15,500,551	775,028	3,875,138

During the year an advance request for use of the Strategic Economic Growth and Financial Sustainability Fund was considered and agreed by the Governing Body in respect of expenditure to be incurred by Lancashire County Council in the creation of the Greater Lancashire Plan. This was to be capped at £400,000.

At a later point in the year, and in light of the Covid-19 pandemic financial pressures, it was decided by the Governing Body that the expenditure on the Great Lancashire Plan would instead only be funded up to the £50,000 that had been defrayed at that point. It was also agreed that all authorities would retain any remaining balance on the Strategic Economic Growth and Financial Sustainability Fund to help them meet their own financial resilience pressures under the pandemic.

In accordance with the Memorandum of Understanding for the Pilot Pool, the Risk Resilience Reserve would be retained by each Pool member, unless it was evidenced at the end of the financial year through the completion of the NNDR3 returns that such funds were needed.

The outturn position showed that the Risk Resilience Reserve was not needed and that the only payment due to the Strategic Economic Growth and Financial Sustainability Fund was the £50,000 in total towards the Greater Lancashire Plan. The overall position is shown in the table below:

Notes to the Core Financial Statements

Lancashire Business Rates Pilot Pool Members 2019/20	Total Growth above Baseline Under 75% Scheme £	Actual Payments Due to the Strategic Economic Growth and Financial Sustainability Fund £	Net Business Rates Growth Above the Baseline Retained by Local Authority £
Blackburn with Darwen Unitary Authority	6,290,545	6,764	6,283,781
Blackpool Unitary Authority	965,342	1,038	964,304
Burnley Borough Council	3,894,421	3,589	3,890,832
Chorley Borough Council	2,888,454	2,662	2,885,792
Fylde Borough Council	3,971,482	3,660	3,967,822
Hyndburn Borough Council	644,806	594	644,212
Pendle Borough Council	2,363,324	2,178	2,361,146
Preston Borough Council	1,627,197	1,500	1,625,697
Ribble Valley Borough Council	2,331,874	2,149	2,329,725
Rosendale Borough Council	1,820,769	1,678	1,819,091
South Ribble Borough Council	4,667,725	4,302	4,663,423
West Lancashire Borough Council	2,905,817	2,678	2,903,139
Wyre Borough Council	2,011,984	1,854	2,010,130
Lancashire County Council	9,362,315	14,349	9,347,966
Lancashire Combined Fire Authority	957,163	1,005	956,158
Total	46,703,218	50,000	46,653,218

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pilot Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £30,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

Notes to the Core Financial Statements

12 TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20.

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Reserves for Shorter Term Service Commitments							
Community Services							
Committee Grants Fund <i>Used to fund various Community Services Committee grants</i>	17,975	16,980		34,955		-17,042	17,913
Audit Reserve Fund <i>Used for computer audit</i>	12,335			12,335			12,335
Refuse Collection <i>To fund refuse collection costs of bin replacements.</i>	68,497	6,542	-27,724	47,315	22,295	-10,000	59,610
Amenity Cleansing Reserve <i>Used to fund known future amenity cleansing works</i>	5,750	24,160		29,910		-18,080	11,830
Clitheroe Food Festival <i>Resources set aside or used to help support the costs associated with the Clitheroe Food Festival</i>	17,736		-3,910	13,826		-6,921	6,905
Two-Way Radio Reserve <i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i>	0			0	718		718
Promotional Activities Reserve <i>To fund planned publicity and promotional activities</i>	0	5,000		5,000		-5,000	0
Total Reserves for Shorter Term Service Commitments	122,293	52,682	-31,634	143,341	23,013	-57,043	109,311
Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs							
Elections Fund <i>Used to fund local elections held once every four years</i>	87,000	33,000	-18,232	101,768	36,852	-113,502	25,118
Revaluation of Assets Reserve <i>To contribute towards the revaluation of the Council's assets every five years.</i>	7,290	2,110		9,400	2,420	-9,400	2,420

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Pensions Triennial Revaluation Reserve							
<i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	12,778	29,450		42,228	26,364		68,592
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	107,068	64,560	-18,232	153,396	65,636	-122,902	96,130
Reserves for Trading or Business Units							
Building Control Fund							
<i>Available to equalise net expenditure over a three-year period</i>	-41,160		-7,993	-49,153		-29,602	-78,755
Total Reserves for Trading or Business Units	-41,160		-7,993	-49,153	0	-29,602	-78,755
Reserves for Sums Set Aside for Major Schemes such as Capital Projects							
Capital							
<i>Used to fund the capital programme</i>	860,472	835,243	-802,772	892,943	2,348,987	-2,310,163	931,767
ICT Renewals							
<i>To fund future software and hardware pressures</i>	167,789	3,130	-26,048	144,871		-22,131	122,740
Vehicle & Plant Renewals Reserve							
<i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	438,000		-386,965	51,035			51,035
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,466,261	838,373	-1,215,785	1,088,849	2,348,987	-2,332,294	1,105,542
Reserves for Longer Term Strategic or Corporate Items							
VAT Shelter Reserve							
<i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,223,054	37,779	-52,964	1,207,869	32,963	-136,379	1,104,453
Fleming VAT Claim							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	67,271		-6,452	60,819		-2,000	58,819

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
<u>Insurance</u>							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
<u>Repairs and Maintenance</u>							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	29,299	31,100	-15,320	45,079			45,079
<u>Post LSVT</u>							
<i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	219,075		-36,512	182,563		-36,513	146,050
<u>Restructuring Reserve</u>							
<i>To fund costs resulting from restructuring reviews</i>	207,317		-10,284	197,033		-9,130	187,903
<u>Equipment Reserve</u>							
<i>To fund essential and urgent equipment requirements</i>	123,517	14,866	-56,775	81,608	30,413	-28,366	83,655
<u>Invest to Save Fund</u>							
<i>To fund future invest to save projects</i>	250,000		-18,169	231,831	5,559	-228	237,162
<u>Planning Reserve</u>							
<i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>	124,980	113,278	-105,707	132,551	1,676	-92,584	41,643
<u>Housing Benefit Reserve</u>							
<i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Business Rates Volatility Reserve</u>							
<i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000			1,682,000
<u>Business Rates Growth Reserve</u>							
<i>Business rates growth used to support revenue expenditure or the capital programme.</i>	221,060	873,020	-94,508	999,572	1,920,439	-1,345,397	1,574,614
<u>New Homes Bonus Reserve</u>							
<i>To help support revenue and capital expenditure</i>	1,886,771	470,908	-139,469	2,218,210	561,486	-361,547	2,418,149

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
Total Reserves for Longer Term Strategic or Corporate Items	6,148,925	1,540,951	-536,160	7,153,716	2,552,536	-2,012,144	7,694,108
<i>Reserves for External Funding where Expenditure has yet to be Incurred</i>							
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and used to fund associated projects</i>	67,577			67,577			67,577
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	46,794	4,323		51,117			51,117
<u>Pendle Hill User Reserve</u> <i>To fund improvement schemes on Pendle Hill</i>	44,510	191	-20,280	24,421		-22,240	2,181
<u>Crime Reduction Partnership Reserve</u> <i>To fund cost of crime reduction initiatives</i>	34,608	4,494		39,102	4,550	-5,593	38,059
<u>Exercise Referral and Up and Active Reserve</u> <i>To fund potential residual staffing costs and to hold other service grants</i>	13,771		-1,183	12,588		-7,556	5,032
<u>Housing Related Grants Reserve</u> <i>Residual grant received, to be committed to future grant funded schemes</i>	198,705		-36,165	162,540	45,368	-1,456	206,452
<u>Planning Policy Related Grants Reserve</u> <i>To provide short term capacity support when dealing with housing planning applications</i>	5,850			5,850			5,850
<u>Community Right to Bid/Challenge</u> <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	45,124			45,124			45,124
<u>Grant Funded Sports Development</u> <i>To finance future Sports Development grant funded expenditure</i>	3,640		-650	2,990	7,737	-40	10,687

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
<u>Whalley Moor Reserve</u> <i>Grant received towards work at Whalley Moor Woodland</i>	4,520			4,520			4,520
<u>Individual Electoral Registration Reserve</u> <i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	16,590			16,590			16,590
<u>Rural Services Reserve</u> <i>Grant received with the purpose of supporting rural services</i>	105,544		-21,494	84,050		-8,658	75,392
<u>Neighbourhood Planning Reserve</u> <i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	10,069	6,064		16,133			16,133
<u>Repossession Prevention Fund Reserve</u> <i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u> <i>PRG resources set aside to fund the Parish Grant Scheme</i>	36,819			36,819		-1,050	35,769
<u>Custom and Self Build Register Grant Reserve</u> <i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	45,000	28,750		73,750	15,000		88,750
<u>Brownfield Register Grant Reserve</u> <i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	16,420	7,397		23,817	2,446		26,263

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2018 £	Transfers In 2018/19 £	Transfers Out 2018/19 £	Balance at 31 March 2019 £	Transfers In 2019/20 £	Transfers Out 2019/20 £	Balance at 31 March 2020 £
<u>Flood Resilience, Response and Recovery Grant Reserve</u> <i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	20,000		-20,000	0	18,408		18,408
<u>EU Exit Funding Reserve</u> <i>Grant funding relating to impacts in respect of the EU Exit</i>	0	17,484		17,484	34,968		52,452
<u>Cyber Resilience Grant Reserve</u> <i>Grant funding in respect of Cyber Resilience work</i>	0	10,600		10,600			10,600
<u>Pendle Hill Landscape Partnership Reserve</u> <i>To fund schemes in respect of the Pendle Hill Landscape Partnership</i>	0	20,000		20,000		-20,000	0
<u>Housing Benefits New Burden Grants Reserve</u> <i>Grant income to support new burdens in respect of Housing Benefits</i>	0	11,983		11,983		-7,314	4,669
<u>LCTS New Burdens Grant Reserve</u> <i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	0	26,370		26,370		-8,000	18,370
<u>Parks Improvement Funding Reserve</u> <i>Grant funding to support improvements to parks</i>	0			0	10,000	-2,889	7,111
<u>Covid-19 Response</u> <i>Balance of grant income received prior to the end of the 2019/20 financial year in respect of the response to the Covid-19 pandemic.</i>	0			0	3,835		3,835
Total Reserves for External Funding where Expenditure has yet to be Incurred	744,032	137,656	-99,772	781,916	142,312	-84,796	839,432
Total of all Earmarked Reserves	8,547,420	2,634,222	-1,909,576	9,272,065	5,132,484	-4,638,781	9,765,768

13 PROPERTY, PLANT AND EQUIPMENT

Movements in 2019/20	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>							
At 1 April 2019	15,064	5,122	360	1,593	25		22,164
Additions/Acquisitions	1,393	678				9	2,080
Derecognition - Disposal		-415	-15				-430
Reclassification (to)/from Surplus Assets		-3				3	0
Revaluation decreases recognised in the Revaluation Reserve	-3,385						-3,385
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-7						-7
At 31 March 2020	13,065	5,382	345	1,593	25	12	20,422
<i>Accumulated Depreciation and Impairments</i>							
At 1 April 2019	-44	-3,274	-73	-26			-3,417
Derecognition - Disposal		411					411
Depreciation Charge	-493	-420	-10	-3	-1		-927
Depreciation written out to the Revaluation Reserve	473						473
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2						-2
Impairment reversals recognised in the Revaluation Reserve	61						61
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	-61						-61
At 31 March 2020	-66	-3,283	-83	-29	-1	0	-3,462
Net Book Value							
at 31 March 2019	15,020	1,848	287	1,567	25	0	18,747
at 31 March 2020	12,999	2,099	262	1,564	24	12	16,960

Notes to the Core Financial Statements

Movements in 2018/19	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>						
At 1 April 2018	14,824	4,674	359	1,593	77	21,527
Additions/Acquisitions	79	712				791
Derecognition - Disposal		-263				-263
Reclassification (to)/from Surplus Assets	52				-52	0
Revaluation increases recognised in the Revaluation Reserve	165					165
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-56					-56
At 31 March 2019	15,064	5,123	359	1,593	25	22,164
<i>Accumulated Depreciation and Impairments</i>						
At 1 April 2018	-27	-3,122	-62	-23	0	-3,234
Derecognition - Disposal		263				263
Depreciation Charge	-496	-416	-10	-3	-2	-927
Depreciation written out to the Revaluation Reserve	465					465
Depreciation written out to the Surplus/Deficit on the Provision of Services	15				1	16
Impairment losses recognised in the Revaluation Reserve	-53					-53
Impairment reversals recognised in the Surplus/Deficit on the Provision of Services	53					53
Reclassification (to)/from Surplus Assets	-1				1	0
At 31 March 2019	-44	-3,275	-72	-26	0	-3,417
Net Book Value						
at 31 March 2018	14,797	1,552	297	1,570	77	18,293
at 31 March 2019	15,020	1,848	287	1,567	25	18,747

Notes to the Core Financial Statements

Depreciation

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

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

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

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

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

Capital Commitments

At 31 March 2020 the Council had an approved capital programme of £2,455,140 for 2020/21 and had £774,410 of budget slippage from the 2019/20 capital programme that was rolled forward to be spent in 2020/21. At 31 March 2020, the Council had capital commitments of £387,337, of which £31,956 related to 2019/20 capital programme slippage and £355,381 related to the 2020/21 capital programme.

Of the £387,337 capital commitments, £364,100 related to property, plant and equipment and £23,237 related to intangible assets.

Effects of Changes in Estimates

In 2019/20 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Notes to the Core Financial Statements

Revaluations

The freehold and leasehold properties, which comprise the Council's property portfolio, were fully revalued on 1 March 2020 by Taylor Weaver Ltd (Alex Taylor BSc MRICS and Neil Weaver MRICS, RICS registered valuers) and Lea Hough & Co Chartered Surveyors (Michael Harrison BSc (Hons) MRICS). The valuations were made in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

For each asset under Property, Plant and Equipment an Existing Use Value (EUV) was provided, unless they fell under one of the following categories.

In the case of specialised properties, that is, those properties which are rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise, the valuation approach used was Depreciated Replacement Cost (DRC). The DRC approach requires an estimate of the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Such DRC valuations were made having regard to the prospect and viability of the continuance of the occupancy and use.

Assets being Held for Sale were valued at Fair Value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

There has been a substantial downward movement in our Other Land and Buildings valuations due to the full revaluation exercise that has been undertaken this year. Since the last full revaluation five years ago there has been a change in valuer used and in accordance with requirements, only annual desktop revaluation exercises undertaken annually.

Componentisation

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

Covid-19 Impact

At the 31 March 2020 we see no impact on the valuations of our non-current assets as they will all continue to be used by the council, and our overall assets have a low level of reliance on commercial occupants. This position has been confirmed by our external valuers.

14 HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council	Clitheroe Castle Museum Collection £'000	Civic Regalia £'000	Total Heritage Assets £'000
<i><u>Cost or Valuation</u></i>			
At 1 April 2019	852	65	917
Disposals (Stolen Items)	26	-14	12
Revaluations		16	16
At 31 March 2020	878	67	945
<i><u>Cost or Valuation</u></i>			
At 1 April 2018	827	65	892
Revaluations	25		25
At 31 March 2019	852	65	917

The Clitheroe Castle Museum Collection

The Clitheroe Castle Museum Collection principally includes archaeological artifacts, geological collections, militaria and items of local social historical interest. The collection is managed by Lancashire Museum Services on behalf of the Council and is insured by them. The collection is reported in the Balance Sheet at insurance valuation. This value has been reviewed by Lancashire Museum Services prior to the latest insurance renewal.

Civic Regalia

The Council's civic regalia is reported in the balance sheet at insurance valuation.

Additions and Disposals of Heritage Assets

In 2019/20 the only disposal recognised under Civic Regalia above is in respect of the theft of several sets of unique and irreplaceable mayoral chains from the Ribble Valley Civic Suite. The theft constitutes the loss of important and unique civic artefacts.

There were no additions to or disposals of the council's Heritage Assets in the 2018/19.

Notes to the Core Financial Statements

15 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	2018/19		2019/20	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Assets Measured at Amortised Cost</u>				
Investments	12,402,535	12,402,535	14,793,508	14,793,508
Total Investments	12,402,535	12,402,535	14,793,508	14,793,508
Long-Term Debtors	265,462	265,462	258,083	258,083
Short-Term Debtors	1,120,601	1,120,601	1,850,922	1,850,922
Total Debtors	1,386,063	1,386,063	2,109,005	2,109,005
Total Financial Assets	13,788,598	13,788,598	16,902,513	16,902,513

The Financial Instruments categorised above represent:

- Amounts shown under Investments consist of cash held by the Council, bank accounts, short term investments and subscribed for shares in the UK Municipal Bonds Agency plc (Local Capital Finance Company).
- Amounts shown under Long-Term Debtors consist of car loans and a loan to Roefield Leisure Centre.
- Amounts shown under Short-Term Debtors represents net operational (sundry) debtors.

	2018/19		2019/20	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Liabilities Measured at Amortised Cost</u>				
Long-Term Borrowing	-125,983	-161,174	-115,590	-151,581
Short-Term Borrowing	-10,393	-13,297	-10,393	-13,629
Total Borrowings	-136,376	-174,471	-125,983	-165,210
Short-Term Creditors	-902,798	-902,798	-1,934,819	-1,934,819
Total Creditors	-902,798	-902,798	-1,934,819	-1,934,819
Total Financial Liabilities	-1,039,174	-1,077,269	-2,060,802	-2,100,029

The Financial Instruments categorised above represent:

- Amounts shown under Long-Term and Short-Term borrowings are loans with the Public Works Loan Board. The fair value is greater than the carrying amount because the Council's portfolio of loans are at fixed interest rates and the premature repayment set of rates in force at 31 March were generally higher than the rates at which the money was borrowed.
- Amounts shown under Short-Term Creditors are the Council's operational creditors.

Income, Expense, Gains and Losses

The amounts shown below are recognised in the Comprehensive Income and Expenditure Statement under the (Surplus) or Deficit on Provision of Services:

	2018/19	2019/20
	£	£
<u>Financial Liabilities</u>		
Interest expenses	7,033	6,527
Total Expense in Surplus or Deficit on the Provision of Service	7,033	6,527
<u>Financial Assets</u>		
Interest income	-92,326	-113,422
Total Income in Surplus or Deficit on the Provision of Service	-92,326	-113,422

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented above under the section titled Categories of Financial Instruments are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

- For loans from the Public Works Loan Board the fair value has been calculated by reference to the premature repayment set of rates in force on 31 March 2019 and 31 March 2020 respectively
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value
- The fair value of Debtors and Creditors is taken to be the invoiced amount.

Notes to the Core Financial Statements

16 SHORT TERM DEBTORS

	31 March 2019	31 March 2020
	£	£
Central government bodies	489,245	633,919
Other local authorities	86,100	721,765
Other entities and individuals		
- Other Debtors	602,892	648,815
- Business Rates	263,098	439,616
- Council Tax	212,995	236,293
- Prepayments	160,758	184,456
- Impairment	-375,510	-503,760
Total	1,439,578	2,361,104

17 CASH AND CASH EQUIVALENTS

	31 March 2019	31 March 2020
	£	£
Cash held by the Council	15,628	1,927
Bank Current Accounts	201,907	2,881,581
Short Term Investments	12,175,000	11,900,000
Total	12,392,535	14,783,508

To allow added flexibility and speed to the response to the Covid-19 pandemic, particularly in the payment of grant support, a higher level of cash was held in the council's Bank Current Accounts at the end of the financial year rather than as Short-Term Investments as would ordinarily have been the case.

This was facilitated through a temporary change to our cash limits normally operated under the treasury management policies and practices.

18 SHORT TERM CREDITORS

	31 March 2019	31 March 2020
	£	£
Central government bodies	-964,631	-487,224
Other local authorities	-1,319,160	-2,491,881
Other entities and individuals		
- Other Creditors	-398,039	-492,226
- Business Rates	-81,183	-59,904
- Council Tax	-71,910	-76,347
- Commuted Sums	-658,001	-1,405,310
- Refundable Deposits	-12,624	-13,784
- Receipts in Advance	-52,856	-1,280,972
Total	-3,558,404	-6,307,648

19 PROVISIONS

The only provision, which is shown in the table below, relates to amounts set aside to meet potential future liabilities from appeals through the business rates retention scheme. The timing of the fulfilment of such liabilities is unknown as these appeals have been lodged with the Valuation Office Agency by the individual ratepayers and relies on when the Valuation Office Agency reviews each appeal.

The provision is calculated based on past experience of the success of appeals and the amount of reduction in rateable value made. As a consequence there is a level of uncertainty around the estimation of this provision as referred to in note 6.

Business Rates Appeals Provision	2018/19	2019/20
	£	£
Balance at 1 April	388,560	409,973
Movements in provisions in the year	21,413	185,014
Balance at 31 March	409,973	594,987

20 USABLE RESERVES

Movements in the Council's usable reserves are detailed in this note, the Movement in Reserves Statement and Note 10.

In summary the Usable Reserves are shown below. Detailed analysis of the council's earmarked reserves is available in Note 12.

Notes to the Core Financial Statements

31 March 2019 £		31 March 2020 £
2,472,111	General Fund Balance	2,375,646
9,272,065	Earmarked General Fund Reserves	9,765,768
1,086,608	Usable Capital Receipts Reserve	1,086,608
380,059	Capital Grants Unapplied	387,640
13,210,843	Total Usable Reserves	13,615,662

General Fund Balance

The general fund balance is a usable reserve of the Council which is not earmarked or set aside for any specific purpose.

It is very important to maintain healthy levels of general fund balances to cover for unforeseen events and also provide a stable level of resources for future planning.

2018/19 £		2019/20 £
2,533,703	Opening General Fund Balance	2,472,111
-61,592	Net amount added to (taken from) General Fund Balance	-96,465
2,472,111	Closing General Fund Balance	2,375,646

Earmarked General Fund Reserves

Unlike the general fund balance, the council's Earmarked General fund Reserves have been set aside for a specific purpose. The Council has a variety of earmarked reserves and the specific details of each one can be seen at Note 12.

The table below provides a high-level summary of the movement in the Council's Earmarked General Fund Reserves.

2018/19 £		2019/20 £
8,547,420	Opening Earmarked General Fund Reserves	9,272,065
2,634,222	Amounts added to Earmarked General Fund Reserves	5,132,484
-1,909,577	Amounts taken from Earmarked General Fund Reserves	-4,638,781
9,272,065	Closing Earmarked General Fund Reserves	9,765,768

Capital Grants Unapplied

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account reflecting its status as a capital resource available to finance expenditure.

Notes to the Core Financial Statements

2018/19 £		2019/20 £
305,428	Opening Capital Grants Unapplied	380,059
511,481	Amounts added to Capital Grants Unapplied	357,391
-436,850	Amounts taken from Capital Grants Unapplied	-349,810
380,059	Closing Capital Grants Unapplied	387,640

Usable Capital Receipts Reserve

Capital Receipts arise from the sale of assets owned by the Council. Any receipts from General Fund asset sales are credited to the Usable Capital Receipts Reserve to finance future capital expenditure.

2018/19 £		2019/20 £
842,867	Opening Usable Capital Receipts Reserve	1,086,608
247,991	Amounts added to the Usable Capital Receipts Reserve	0
-4,250	Amounts taken from the Usable Capital Receipts Reserve	0
1,086,608	Closing Usable Capital Receipts Reserve	1,086,608

21 UNUSABLE RESERVES

31 March 2019 £		31 March 2020 £
7,158,190	Capital Adjustment Account	8,586,778
300,110	Collection Fund Adjustment Account	251,248
9,148,982	Revaluation Reserve	6,034,168
-15,413,000	Pension Reserve	-14,971,000
-67,162	Accumulated Absences Account	-85,684
1,127,120	Total Unusable Reserves	-184,490

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

Notes to the Core Financial Statements

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £		2019/20 £	£
6,880,184	Balance at 1 April		7,158,190
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement		
-926,775	- Charges for depreciation and impairment of non-current assets	-926,003	
12,575	- Revaluation losses on Property, Plant and Equipment	-69,320	
-2,395	- Amortisation of intangible assets	-7,221	
-448,630	- Revenue expenditure funded from capital under statute	-659,687	
-9,750	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-33,489	
-1,374,975			-1,695,720
283,518	Adjusting amounts written out of the Revaluation Reserve		304,625
5,788,727	Net written out amount of the cost of non-current assets consumed in the year		5,767,095
	Capital financing applied in the year		
144,444	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	33,635	
292,406	- Application of grants to capital financing from the Capital Grants Unapplied Account	349,810	
129,840	- Statutory provision for the financing of capital investment charged against the General Fund	126,075	
802,773	- Capital expenditure charged against the General Fund balance	2,310,163	
1,369,463			2,819,683
7,158,190	Balance at 31 March		8,586,778

Notes to the Core Financial Statements

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure statement as it falls due from council tax payers and business rates payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/19		2019/20
£		£
120,613	Balance at 1 April	300,110
-13,131	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	4,726
192,628	Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	-53,588
300,110	Balance at 31 March	251,248

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2018/19		2019/20
£		£
8,830,696	Balance at 1 April	9,148,982
1,016,949	Upward revaluation of assets	843,866
-415,145	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-3,427,260
	Impairment losses	-226,795
601,804	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	-2,810,189
-283,518	Difference between fair value depreciation and historical cost depreciation	-290,315
	Accumulated gains on assets sold or scrapped	-14,310
-283,518	Amount written off to the Capital Adjustment Account	-304,625
9,148,982	Balance at 31 March	6,034,168

Notes to the Core Financial Statements

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £		2019/20 £
-15,402,324	Balance at 1 April	-15,413,000
934,000	Remeasurements of the net defined benefit liability/(asset)	2,121,000
-1,968,000	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,716,000
1,023,324	Employer's pensions contributions and direct payments to pensioners payable in the year	1,037,000
-15,413,000	Balance at 31 March	-14,971,000

Notes to the Core Financial Statements

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General fund Balance is neutralised by transfers to or from the Account.

Adjustments are only made through this account where the change in the level of compensated absences earned moves by more than 10%.

2018/19 £		2019/20 £
-52,706	Balance at 1 April	-67,162
52,706	Settlement or cancellation of accrual made at the end of the preceding year	67,162
-67,162	Amounts accrued at the year end of the current year	-85,684
-14,456	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-18,522
-67,162	Balance at 31 March	-85,684

22 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2018/19 £		2019/20 £
-92,325	Interest received	-113,422
7,033	Interest paid	6,527
-85,292	Net Interest	-106,895

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

2018/19 £		2019/20 £
-243,741	Proceeds from the sale of property, plant and equipment and intangible assets	0
-243,741		0

Notes to the Core Financial Statements

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

2018/19 £	2019/20 £
-926,775 Depreciation	-926,003
12,575 Impairment and downward valuations	-69,320
-2,395 Amortisation	-7,221
-107,100 Increase in creditors	-3,075,175
-558,276 Increase/(decrease) in debtors	883,974
-20,455 Decrease in inventories	-5,883
-21,413 Increase in provisions	-185,014
-944,676 Movement in pension liability	-1,679,000
-9,750 Carrying amount of Property, Plant and Equipment sold	-33,489
144,444 Capital Grants and Contributions Applied	33,635
-448,630 Revenue Expenditure Funded from Capital Under Statute	-659,687
802,773 Capital Expenditure Charged against General Fund Balances	2,310,163
367,037 Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement	357,391
-14,455 Accumulated Absences	-18,522
-1,727,096	-3,074,151

23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2018/19 £	2019/20 £
1,340,321 Purchase of property, plant and equipment, investment property and intangible assets	2,758,335
-243,741 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
-1,306,542 Other receipts from investing activities	-2,671,016
-209,962 Net cash flows from investing activities	87,319

24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2018/19 £	2019/20 £
10,394 Repayments of short- and long-term borrowing	10,392
-361,947 Other payments for financing activities	367,865
-351,553 Net cash flows from financing activities	378,257

25 MEMBERS' ALLOWANCES

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

	2018/19	2019/20
	£	£
Basic Allowance	145,108	148,293
Special Responsibility Allowances	74,900	75,280
Expenses	4,215	4,006
	224,223	227,579

Notes to the Core Financial Statements

26 OFFICERS' EMOLUMENTS

Shown in the tables below are details of those officers where the **salary** element within officer remuneration is greater than £50,000.

Remuneration Disclosure (excluding Pension Contributions)

Post Holder Information	Salary	Benefits in Kind	Total Remuneration excluding Pension Contributions	Salary	Benefits in Kind	Total Remuneration excluding Pension Contributions
	2018/19 £	2018/19 £	2018/19 £	2019/20 £	2019/20 £	2019/20 £
Chief Executive ¹	103,688	10,090	113,778	119,022	7,416	126,438
Director of Community Services	82,038	4,492	86,530	83,679	6,382	90,061
Director of Resources	82,038	11,430	93,468	83,679	8,477	92,156
Director of Economic Development and Planning Services ²	49,206	0	49,206	78,247	12,043	90,290
Head of Financial Services	53,691	7,451	61,142	54,765	8,447	63,212
Head of Planning Services	53,691	6,626	60,317	54,765	7,417	62,182
Head of Legal and Democratic Services ³	42,953	4,238	47,191	40,161	4,521	44,682
	467,305	44,327	511,632	514,318	54,703	569,021

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2019/20 £13,657 (all of which was pensionable); 2018/19 £389 (all of which was pensionable).

² The post of Director of Economic Development and Planning Services was a new post in 2018/19 and the post holder started in the role on 6 August 2018. The full year equivalent of the pay received in 2018/19 was £75,174 and therefore this officer was required to be disclosed in this note for that year.

³ The Head of Legal and Democratic Services worked part-time and the role equates to 0.8 full time equivalent. The full time equivalent salary for this post was £54,765 in 2019/20 (£53,691 in 2018/19) and therefore this officer is required to be disclosed in this note. This officer retired from the post on 29 February 2020. Had they remained in post for the full financial year the salary would have been £43,812.

In both financial years there were no employees with a salary of more than £150,000.

Notes to the Core Financial Statements

Where an employee is a member of the Local Government Pension Scheme a contribution is made by the council to the pension scheme in addition to the employee's own contribution. The employee's contributions for all staff are made on a sliding scale dependent upon salary level as shown in the table below.

The table below shows the contribution rates that applied in the 2018/19 and 2019/20 financial years. The band that an employee falls within is determined by reference to the actual pensionable pay received, not the full time equivalent rate of pay.

Salary Banding 2018/19	Salary Banding 2019/20	Employee Contribution Rate
£0 - £14,100	£0 - £14,400	5.50%
> £14,101 - £22,000	> £14,401 - £22,500	5.80%
> £22,001 - £35,700	> £22,501 - £36,500	6.50%
> £35,701 - £45,200	> £36,501 - £46,200	6.80%
> £45,201 - £63,100	> £46,201 - £64,600	8.50%
> £63,101 - £89,400	> £64,601 - £91,500	9.90%
> £89,401 - £105,200	> £91,501 - £107,700	10.50%
> £105,201 - £157,800	> £107,701 - £161,500	11.40%
> £157,801	> £161,501	12.50%

For 2018/19 and 2019/20, the contribution to the pension scheme which the council made was **based** upon a rate of 16.5%. However, the actual employer rate equates to a lower rate as the council paid a fixed single discounted payment at the beginning of the financial year in settlement of its in year pension contribution liabilities.

This fixed single discounted payment in both years was calculated by the pension fund using the 16.5% contribution rate as a base. As a result, the 16.5% has been used throughout this note.

Elements of Contribution Rate	2018/19	2019/20
Percentage Contribution Rate <i>(This is the rate from which the fixed single discounted payment was calculated by the pension fund - see below)</i>	16.5%	16.5%
Actual Fixed Single Discounted Payment Made	£767,700	£775,400
Lump Sum Payment from the Council <i>(in respect of pension fund deficit recovery)</i>	£179,900	£186,500

The table below sets out the remuneration disclosures for Senior Officers whose **salary** is less than £150,000 but equal to or more than £50,000 per year, together with the council's pension contributions. The pension contributions shown exclude those which were made by the employee and are based on the Percentage Contribution Rate shown above.

Notes to the Core Financial Statements

Remuneration Disclosure (including Pension Contributions)

Post Holder Information	Total Remuneration excluding Pension Contributions 2018/19 £	Pension Contributions 2018/19 £	Total Remuneration including Pension Contributions 2018/19 £	Total Remuneration excluding Pension Contributions 2019/20 £	Pension Contributions 2019/20 £	Total Remuneration including Pension Contributions 2019/20 £
Chief Executive ¹	113,778	17,109	130,887	126,438	19,639	146,077
Director of Community Services	86,530	13,536	100,066	90,061	13,807	103,868
Director of Resources	93,468	13,536	107,004	92,156	13,807	105,963
Director of Economic Development and Planning Services ²	49,206	8,119	57,325	90,290	12,911	103,201
Head of Financial Services	61,142	8,859	70,001	63,212	9,036	72,248
Head of Planning Services	60,317	8,859	69,176	62,182	9,036	71,218
Head of Legal and Democratic Services ³	47,191	7,087	54,278	44,682	6,627	51,309
	511,632	77,105	588,737	569,021	84,863	653,884

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2019/20 £13,657 (all of which was pensionable); 2018/19 £389 (all of which was pensionable).

² The post of Director of Economic Development and Planning Services was a new post in 2018/19 and the post holder started in the role on 6 August 2018. The full year equivalent of the pay received in 2018/19 was £75,174 and therefore this officer was required to be disclosed in this note for that year.

³ The Head of Legal and Democratic Services worked part-time and the role equates to 0.8 full time equivalent. The full time equivalent salary for this post was £54,765 in 2019/20 (£53,691 in 2018/19) and therefore this officer is required to be disclosed in this note. This officer retired from the post on 29 February 2020. Had they remained in post for the full financial year the salary would have been £43,812.

Notes to the Core Financial Statements

The Council's employees receiving more than £50,000 **remuneration** for the year (excluding employer's pension contributions) were paid the following amounts. This table also includes those officers listed in the previous tables, which showed officers where their **salary element** was more than £50,000:

	2018/19	2019/20
£50,000 - £54,999	5	5
£55,000 - £59,999	***1	***1
£60,000 - £64,999	2	2
£65,000 - £69,999		
£70,000 - £74,999		
£75,000 - £79,999	**1	
£80,000 - £84,999		
£85,000 - £89,999	1	
£90,000 - £94,999	1	**3
£95,000 - £99,999		
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999	1*	
£115,000 - £119,999		
£120,000 - £124,999		
£125,000 - £129,999		1*

* The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2019/20 £13,657 (all of which was pensionable); 2018/19 £389 (all of which was pensionable).

** The post of Director of Economic Development and Planning Services was a new post in 2018/19 and the post holder started in the role on 6 August 2018. The full year equivalent of the pay received in 2018/19 was £75,174 and therefore this officer was required to be disclosed in this note for that year.

*** The Head of Legal and Democratic Services worked part-time and the role equates to 0.8 full time equivalent. The full time equivalent salary for this post was £54,765 in 2019/20 (£53,691 in 2018/19) and therefore this officer is required to be disclosed in this note. This officer retired from the post on 29 February 2020. Had they remained in post for the full financial year the salary would have been £43,812.

There were four redundancy payments made in 2019/20. These totalled £6,158 and were payable due to the end of a specific fixed term contract for the provision of a service. There were no redundancy payments made in 2018/19.

Notes to the Core Financial Statements

27 EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2018/19 £	2019/20 £
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2018/19	30,956	4,500
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2019/20		37,106
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2019/20 but relating to the 2018/19 financial year claims</i>		4,995
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2018/19 but relating to the 2017/18 financial year claims</i>	11,191	
Public Sector Audit Appointments (PSAA) Rebate		-3,117
Total	42,147	43,484

28 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20 and 2018/19:

	2018/19 £	2019/20 £
<i>Credited to Taxation and Non Specific Grant Income</i>		
Revenue Support Grant	-109,149	
New Homes Bonus	-1,575,908	-1,666,486
Business Rates S31 Grant	-954,930	-1,708,862
Rural Services Delivery Grant	-107,921	
Levy Account Surplus	-20,446	-4,543
Capital Grants	-3,000	
Total Credited to Taxation and Non Specific Grant Income	-2,771,354	-3,379,891
<i>Credited to Services</i>		
<i>Grants Received for Capital Purposes</i>		
Disabled Facilities Grant - Main Funding	-320,991	-346,368
Disabled Facilities Grant - additional funding	-93,365	
Funding from Onward Homes towards Disabled Facilities Grant	-85,451	-44,658
LCC Affordable Warmth Grant	-8,674	
Total Grants Received for Capital Purposes	-508,481	-391,026

Notes to the Core Financial Statements

	2018/19 £	2019/20 £
<u>Grants Received for Revenue Purposes</u>		
Business Rates Administration	-88,160	-90,783
DWP - Rent Allowance and Rent Rebate Subsidy	-6,338,892	-5,710,579
DWP and MHCLG Local Council Tax Support and Housing Benefit Administration Grant	-122,400	-110,470
Ribble Valley Community Safety Partnership	-10,047	-6,050
DWP LA Data Sharing IT Costs Funding	-20,894	-17,085
Individual Electoral Registration Grant	-25,411	-25,936
DWP - Discretionary Housing Payments Fund	-38,233	-37,716
MHCLG (via LCC) Flood Resilience Grants	20,000	
MHCLG - Custom House and Self Build Grant	-30,000	-15,000
MHCLG - Flexible Homelessness Support Grant	-41,000	-40,000
DWP - Universal Credit Service Funding	-12,259	-11,190
LCC - Domestic Abuse Outreach Support Service Grant	-10,469	-58,491
MHCLG - EU Exit Funding	-17,484	-34,968
MHCLG - High St Community Clean-Up	-11,660	
MHCLG - Local Authority Parks Improvement Funding	-10,000	
MHCLG - Neighbourhood Plan	-20,000	
LGA - Cyber Resilience Grant	-10,600	
Together an Active Future Pathfinder Engagement Funding		-14,000
LCC - Recycling District Grant Fund		-15,600
MHCLG - Flood Grant in respect of Council Tax Relief		-18,365
MHCLG - Covid-19 Support Grant Tranche 1		-23,853
MHCLG - Flood Community Recovery Grant		-65,500
Other Grants	-60,121	-48,210
Total Grants Received for Revenue Purposes	-6,847,630	-6,343,796
Total Credited to Services	-7,356,111	-6,734,822

Where the Council receives grants, contributions and donations which have conditions attached to them that will require the monies or property to be returned to the giver, such grants, contributions and donations are not recognised as income in the Comprehensive Income and Expenditure Statement. At the end of both financial years there have been no such grants, contributions or donations.

Notes to the Core Financial Statements

29 RELATED PARTY TRANSACTIONS

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

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

Central Government

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

Elected Members

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

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

In the 2019/20 financial year the Council made material payments of £2,967,688 to Lancashire County Council in addition to the standard in-year precepts, superannuation and business rates pool transfer payments. One member had disclosed an interest in Lancashire County Council. These transactions related to a cash flow investment £2.5m and the balance was for normal and reasonable expenditure. All transactions were administered and approved by officers and with the involvement from the Member declaring an interest.

Also, in the 2019/20 financial year the Council made a grant award to an organisation where the award was financially significant to that organisation and three Members had disclosed an interest. This was in respect of a grant for £52,500 awarded to Ribble Valley Citizens Advice Bureau to cover core running costs. The Members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

Notes to the Core Financial Statements

In the 2018/19 financial year, the Ribble Valley Citizens Advice Bureau had also received a grant of £51,500 from the Council, which was financially significant to that organisation, and two members had disclosed an interest. The Members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

A number of Members represent the views of the Council on various external bodies and organisations. Consequently, they have no personal controlling interests in those organisations. Please see 'Entities Controlled or Significantly Influenced by the Council' below.

Senior Officers

Senior officers (Directors and Heads of Service) may exert influence or control over the Council's financial and operating policies. Each year, senior officers declare interests by completing a 'Register of Officer Interests' form.

In respect of the 2019/20 financial year, there were no material transactions between the Council and organisations where senior officers had declared a controlling interest, from the point of view of the Council. This was also the case in 2018/19.

Other Public Bodies

The main transactions that have taken place with other public bodies are:

- Payment of precepts to Lancashire County Council, the Police and Crime Commissioner for Lancashire, Lancashire Fire and Rescue Service and Precepting Parish and Town Councils – see Collection Fund page 132.
- Other standard business transactions between the Council and Lancashire County Council, such as superannuation payments to Lancashire Pension Fund - see Note 32.
- The Lancashire Business Rates Pool was operational during 2018/19 and 2019/20 with some changes around membership. Full details of the operation of the business rates pool and the role of this council are included under Note 11.

The Council and other public bodies operate under the common control and law of UK Central Government, and do not exert influence or control over each other.

Entities Controlled or Significantly Influenced by the Council

The Council does not have any associated companies or joint venture partners.

Notes to the Core Financial Statements

A number of Members represent the views of the Council on a number of external bodies and organisations:

- Children's Trust
- Lancashire Tourism Forum
- Lancashire Waste Partnership
- Langho Football Club
- Longridge Social Enterprise Company Limited
- Ribble Valley Sports and Recreation (Roefield Leisure Centre)
- Salesbury and Copster Green Commons Management Committee
- Carer's Link
- Mersey Care NHS Foundation Trust (regarding Calderstones Partnership)
- Environment Agency Liaison Committee
- Hanson Cement Liaison Committee
- Health and Wellbeing Board (Lancashire County Council)
- Lancashire County Council Health Scrutiny Committee
- East Lancashire Health and Wellbeing Partnership
- North West Regional Older Peoples Champion Network
- Pendle Club, Clitheroe
- Tarmac Liaison Committee
- North West Employers' Organisation
- Forest of Bowland (Area of Outstanding Natural Beauty) Advisory Committee
- Rural Services Network
- Armed Forces Champion
- Clitheroe Royal Grammar School Foundation Trust
- Citizen's Advice Bureau
- Hyndburn and Ribble Valley Council for Voluntary Services
- Local Government Association General Assembly
- Police and Crime Panel
- Ribble Valley Community Safety Partnership
- Ribble Valley Community Transport
- Whalley Educational Foundation Trust.

The Council can exert some influence on these organisations but cannot determine the outcome of decisions made by these organisations. Consequently, the Council has no controlling interest over these organisations.

30 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2018/19 £	2019/20 £
Opening Capital Financing Requirement	3,486,756	3,393,536
<u>Capital Investment</u>		
Property, Plant and Equipment	827,613	2,122,060
Revenue Expenditure Funded from Capital Under Statute	448,630	659,687
<u>Sources of Finance:</u>		
Grants and Other Contributions	-436,850	-383,445
Sums set aside from revenue:		
- Revenue Contributions	-802,773	-2,310,163
- Minimum Revenue Provision	-129,840	-126,075
Closing Capital Financing Requirement	3,393,536	3,355,600
<u>Explanation of Movements in Year</u>		
Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	-93,220	-37,936
Decrease in Capital Financing Requirement	-93,220	-37,936

31 LEASES**Operating Leases with the Council as Lessee**

The council holds a number of vehicles, land and buildings on operating leases. The future minimum lease payments due are:

	31 March 2019 £	31 March 2020 £
Not later than one year	89,807	84,815
Later than one year and not later than five years	178,336	147,460
Later than five years	402,908	396,209
	671,051	628,484

Notes to the Core Financial Statements

The expenditure charged to the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £99,775 (£85,884 in 2018/19).

Operating Leases with the Council as Lessor

The council leases out land and property under operating leases for services such as sports and leisure, economic development, commercial use and affordable housing.

The future minimum lease payments receivable are:

	31 March 2019 £	31 March 2020 £
Not later than one year	-91,144	-98,502
Later than one year and not later than five years	-218,949	-311,508
Later than five years	-481,471	-505,330
	-791,564	-915,340

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

In 2019/20 income included under the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £93,922 (£100,023 in 2018/19).

32 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Scheme

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme. The scheme is administered by Lancashire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Lancashire County Pension Fund is a multi-employer arrangement, under which each employer is responsible for the pension cost, liabilities and funding risks relating to its own employees and former employees. Each employer's contributions to the Fund are calculated in accordance with the LGPS Regulations, which require an actuarial valuation to be carried out every three years.

Notes to the Core Financial Statements

Transactions relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves statement during the year:

	Local Government Pension Scheme	
	2018/19	2019/20
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Cost of Services		
- current service costs	1,570	1,675
- past service costs		660
Other Operating Expenditure		
- administration expenses	24	29
Financing and Investment Income and Expenditure		
- net interest expense	374	352
Total Post employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,968	2,716
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising		
- return on plan assets (excluding the amount included in the net interest expenses)	-4,252	418
- actuarial gains and losses arising on changes in financial assumptions	3,318	-1,085
- actuarial gains and losses arising on changes in experience		967
- actuarial gains and losses arising on changes in demographic assumptions		-2,421
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	1,034	595
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-1,968	-2,716
Actual amount charged against the General Fund Balance for pensions in the year:		
- employers' contributions payable to the scheme	1,024	1,037

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2020 is a gain of £2,121,000 (31 March 2019 gain of £934,000).

Notes to the Core Financial Statements

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the council's obligation in respect of defined benefit plans is as follows:

Local Government Pension Scheme	2018/19 £'000	2019/20 £'000
Present value of the defined benefit obligation	68,377	68,294
Fair value of plan assets	-52,964	-53,323
Net liability arising from defined benefit obligation	15,413	14,971

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

Local Government Pension Scheme	2018/19 £'000	2019/20 £'000
Opening fair value of scheme assets	48,023	52,964
Interest Income	1,254	1,280
Remeasurements gain/(loss):		
- the return on plan assets, excluding the amount included in the net interest expense	4,252	-418
Administration Expenses	-24	-29
Contributions from employer	1,024	1,037
Contributions from employees into the scheme	314	314
Benefits/transfers paid	-1,879	-1,825
Closing fair value of scheme assets	52,964	53,323

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

Local Government Pension Scheme	2018/19 £'000	2019/20 £'000
Opening balance at 1 April	63,426	68,377
Current service cost	1,570	1,675
Interest cost	1,628	1,632
Contributions from scheme participants	314	314
Past service costs		660
Remeasurement (gains) and losses:		
- Experience loss		967
- Actuarial (gains)/losses arising from changes in financial assumptions	3,318	-1,085
- Actuarial gains arising from changes in demographic assumptions		-2,421
Benefits/transfers paid	-1,879	-1,825
Closing balance at 31 March	68,377	68,294

Notes to the Core Financial Statements

Pensions Ruling – The McCloud Case

The case concerned the transitional protections given to scheme members, who in 2012 were within 10 years of their normal retirement age, in the judges and fire fighters schemes as part of public services pension reforms. Judgements have upheld claimants' cases that the method of implementation of the Career Average Revalued Earnings (CARE) schemes discriminated against younger members.

In preparing the 2018/19 accounts, the actuarial calculations of the net change to pension liabilities as a result of the above judgments was not considered material, with no charge made to the Comprehensive Income and Expenditure Statement (CIES). The Council's accounts for 2019/20 include this liability for the first time as a 'Past Service Cost' in the sum of £660k, as disclosed above. This cost has been reported within the Surplus/Deficit on Provision of Services line in the 2019/20 CIES in accordance with the Code.

This calculation has been based on member data held by the actuary at 31 March 2019.

Local Government Pension Scheme Assets Comprised:

Local Government Pension Scheme	Quoted	31 March 2019	31 March 2020
Fair value of scheme assets	Y/N	£'000	£'000
Cash			
- Cash and Cash Equivalents	N	0	0
- Cash accounts	N	270	1,493
- Net Current Assets/(Liabilities)	N	37	-906
Subtotal Cash		307	587
Bonds			
- UK corporate	Y	359	640
- Overseas corporate	N	262	693
- UK index linked	Y	1,862	0
- Overseas fixed interest	N	0	0
Subtotal Bonds		2,483	1,333
Property			
- Offices	N	1,035	0
- Offices/warehouse	N	137	0
- Industrial/warehouse	N	1,600	213
- Shops	N	382	0
- Retail warehouse	N	713	53
- Shopping centre	N	180	0
- Multi let commercial building	N	889	480
Subtotal Property		4,936	746
Alternatives			
- Overseas private equity	N	4,071	4,266
- Infrastructure	N	7,487	7,359
- Credit funds	N	3,761	8,425
- Pooled fixed income	N	5,761	2,826
- Indirect property funds	N	811	3,786
- Overseas pooled equity funds	N	23,347	23,995
Subtotal Alternatives		45,238	50,657
Total		52,964	53,323

Notes to the Core Financial Statements

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	2018/19	2019/20
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	22.8 years	22.3 years
Women	25.5 years	25.0 years
Longevity at 65 for future pensioners:		
Men	25.1 years	23.8 years
Women	28.2 years	26.8 years
Rate of Consumer Price Index (CPI) Inflation	2.2%	2.1%
Rate of increase in salaries (<i>adjustment made for short term pay restraint in line with the latest actuarial valuation</i>)	3.7% *	3.6%
Rate of increase in pensions	2.3%	2.2%
Rate for discounting scheme liabilities	2.4%	2.4%
* An adjustment has been made for short term pay restraints in line with the latest actuarial valuation		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Local Government Pension Scheme	Increase in Assumption
Impact on the Defined Benefit Obligation in the Scheme	£'000
Longevity (1 year increase in life expectancy)	1,841
Rate of inflation (+0.1% per annum)	1,105
Rate of increase in salaries (+0.1% per annum)	137
Rate of discounting scheme liabilities (+0.1% per annum)	-1,087

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible.

An actuarial valuation of the Lancashire County Pension Fund was carried out as at 31 March 2019 to determine the contribution rates with effect from 1 April 2020 to 31 March 2023. On the basis of the assumptions adopted, the Fund's assets of £8,410m represented 100% of the Fund's past service liabilities of £8,398m (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £12 million.

The valuation also showed that a Primary contribution rate of 17.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it is usually appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Service Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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.

It is projected that the council will pay £904,000 in employer contributions to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 16 years based on later of 31 March 2019 and admission date (17 years based on later of 31 March 2016 and admission date for 2018/19).

Scheme History

Local Government Pension Scheme	2015/16	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	54,250	64,082	63,426	68,377	68,294
Fair Value of Assets	-39,814	-46,798	-48,023	-52,964	-53,323
Deficit in the scheme	14,436	17,284	15,403	15,413	14,971

Notes to the Core Financial Statements

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £14.971m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy.

Impact of Covid-19

In respect of the pension fund, the outbreak of Covid-19 has impacted on global financial markets. There have been a number of material factors which make it difficult to quantify the potential outcome for financial markets. Although there has been significant variation to individual fund values (both increases and decreases), as at end of June 2020, investments across the entire pension fund were valued overall at a higher value than in the financial statements at 31 March 2020.

33 CONTINGENT LIABILITIES

Housing Stock Transfer Warranties

Collateral warranty by the Council in favour of Security Trustee (Prudential Trustee Company Ltd)

The Council has given a number of warranties for up to 30 years from 1 April 2008 in respect of title, encumbrances, planning matters, statutory obligations, adverse orders, leases, tenancies and information and statistics supplied.

In addition the following specific warranties have been given:

- Unlimited warranty for up to 30 years from 1 April 2008 in respect of environmental pollution.
- Unlimited warranty for up to 30 years from 1 April 2008 in respect of claims relating to asbestos pollution, except that this shall not apply in respect of the first £381,000 of costs and expenses incurred in aggregate by the Trustees and Ribble Valley Homes in relation to works.

Warranties by the Council in favour of Ribble Valley Homes

The Council has given a number of warranties for up to 22 years from 1 April 2008 in respect of title, encumbrances, planning matters, statutory obligations, adverse orders, leases, tenancies and information and statistics supplied.

In addition the following specific warranties have been given:

- Warranty not exceeding £27m for up to 25 years from 1 April 2008 in respect of environmental pollution.
- Unlimited warranty for up to 15 years from 1 April 2008 in respect of claims relating to asbestos pollution, except in respect of the first £381,000 of costs and expenses in aggregate incurred in relation to the removal and treatment works.

Notes to the Core Financial Statements

- Unlimited warranty for an unlimited period in respect of claims relating to exposure to asbestos.
- Unlimited warranty for an unlimited period in respect of vires claims.
- Warranty for any losses arising as a result of incorrect application of the 2012 rent convergence.

34 CONTINGENT ASSETS

VAT Sharing Arrangement

As part of the Voluntary Stock Transfer an agreement has been reached with Ribble Valley Homes Ltd to share the Value Added Tax that they can claim from HM Revenue and Customs. This arrangement is unique to Councils and Registered Social Landlords upon transfer. The agreement was planned to run for 15 years, starting in 2008/09. The Council's share of total reclaimable VAT received each year will depend on the actual amount of qualifying capital expenditure incurred by Ribble Valley Homes Ltd each year.

35 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out within the Council's Financial Services team, under policies approved by the Council in the annual treasury management strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Overall Procedures for Managing Risk

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;

Notes to the Core Financial Statements

- Its maximum and minimum exposures to fixed and variable rates;
- Its maximum and minimum exposures to the maturity structure of its debt;
- Its maximum annual exposures to investments maturing beyond a year.
- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

The Prudential Indicators are required to be reported and approved at or before the Council's annual Council Tax setting meeting in early March. These items are also reported with the annual Treasury Management Strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported quarterly to Members.

Treasury Management activity is monitored by the Financial Services team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Credit risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria as detailed in the Council's treasury management practices. The Council maintains strict credit criteria for investment counterparties and monitors activity against these criteria. As a result of this high credit criteria there has been no experience of defaults.

The credit criteria in respect of financial assets held by the council are detailed as below:

- Investments to Building Societies limited to top 8 based on total assets (provided they are included in Fitch Ratings).
- Institutions must have a short term Fitch IBCA rating of F2 or above
- Institutions are UK based

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council does not generally allow credit for its sundry debtors. The sundry debtors outstanding which are past their due date for payment at 31 March 2020 can be analysed by age as shown in the table below. Note 16 to the accounts shows a total provision for the impairment of debts of £503,760 of which £16,663 relates to sundry debts (or £170,063 when including impairment for total Housing Benefit recovery impairment). The balance of £333,697 is in respect of this Council's share of the Council Tax and Business Rates impairment of debts.

Notes to the Core Financial Statements

The council's maximum exposure to credit risk in relation to its investments in banks and building societies at the 31 March was nil, based on past and current experience. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2020 that this was likely.

The following analysis summarises the council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions. Shown in the table is a provision for 'bad and doubtful debts' which the council is confident is more than adequate to cover for future losses due to default.

	Amount at 31 March 2020	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectability at 31 March 2020	Estimated maximum exposure at 31 March 2019
	£ A	% B	% C	£ (A x C)	£
Deposits with banks and building societies	11,900,000	0.00%	0.00%	0	0
Customers (Sundry Debt including overpaid Housing Benefits recovered from ongoing benefit)	747,324	3.79%	22.76%	170,063	164,317

The council expects settlement terms from debtors of no greater than 14 days. On this basis £672,418 of the sundry debtor balance at 31 March 2020 is past its due date for payment (£372,376 at 31 March 2019); However, a proportion of this is being paid on an agreed alternative payment plan. The full sundry debtor balance due but not impaired can be analysed by age as follows:

Aged Sundry Debt	As at 31 March 2019 £'000	As at 31 March 2020 £'000
Less than 30 days	92	305
30 days to 59 days	21	55
60 days to 89 days	8	5
90 days to 119 days	1	10
120 days +	307	321
	429	696

Notes to the Core Financial Statements

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the council has ready access to borrowings from the money markets, the Public Works Loans Board and through the UK Municipal Bonds Agency plc (Local Capital Finance Company). There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures, such as the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports, as well as through cash flow management procedures required by the Code of Practice.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategy addresses the main risks and the Financial Services team address the operational risks within the approved parameters.

The maturity analysis of financial liabilities is as follows:

Financial Liabilities by Maturity Risk	31 March 2019	31 March 2020
	£'000	£'000
Less than one year	10	10
Between 1 and 2 years	10	10
Between 2 and 5 years	31	31
Between 5 and 10 years	50	50
More than 10 years	35	25
	136	126

Market Risk

Interest Rate Risk

The Council has limited exposure to interest rate movements on its borrowings and investments, particularly as its long term borrowing is on fixed rates.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

Notes to the Core Financial Statements

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Financial Services team monitors market and forecast interest rates within the year to adjust exposures appropriately.

If all lending interest rates had been 1% higher with all other variables held constant the financial effect would impact on the interest receivable on variable rate investments by approximately an additional £168,260. All other interest payable and receivable are fixed.

Price risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For Ribble Valley Borough Council, the Council Tax precepting bodies are Lancashire County Council, Police and Crime Commissioner (PCC) for Lancashire and Lancashire Combined Fire Authority.

In 2013/14, the local government finance regime was revised with the introduction of the Business Rates Retention Scheme (BRRS). The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Forecast surpluses declared earlier in the calendar year by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

STATEMENT OF ACCOUNTS 2019/20

Collection Fund

2018/19 Total £'000		2019/20 Council Tax £'000	2019/20 Business Rates £'000	2019/20 Total £'000	Notes
Income					
39,743	Income from Council Tax Payers	42,355		42,355	
0	Transfers From General Fund - Council Tax Benefits	1		1	
0	Transfers From General Fund - Flood Relief	19		19	
6	Transfers From General Fund - Family Annexes	8		8	
15,375	Income from Business Ratepayers		15,632	15,632	1
187	Transitional Protection Payments		196	196	
	Share of Estimated Deficit				
31	- Central Government			0	
6	- Lancashire County Council			0	
25	- Ribble Valley Borough Council			0	
1	- Lancashire Combined Fire Authority			0	
55,374		42,383	15,828	58,211	
Expenditure					
	Precepts and Demands:				3
29,656	- Lancashire County Council	31,253		31,253	
3,886	- Ribble Valley Borough Council (including parishes)	3,948		3,948	
4,064	- Police and Crime Commissioner (PCC) for Lancashire	4,675		4,675	
1,545	- Lancashire Combined Fire Authority	1,613		1,613	
	Business Rates				
7,311	- Central Government		3,744	3,744	
1,316	- Lancashire County Council		2,621	2,621	
5,849	- Ribble Valley Borough Council		8,386	8,386	
146	- Lancashire Combined Fire Authority		225	225	
	Share of Estimated Surplus:				
0	- Central Government		280	280	
525	- Lancashire County Council	469	50	519	
70	- Ribble Valley Borough Council	61	224	285	
28	- Lancashire Combined Fire Authority	24	6	30	
71	- Police and Crime Commissioner (PCC) for Lancashire	64		64	
7	Transfers to General Fund - Council Tax Benefits	12		12	
88	Costs of Collection		91	91	
92	Renewable Energy Schemes		83	83	
104	Provision for Bad/Doubtful Debts	187	126	313	4
195	Enterprise Zone		210	210	
0	Transitional Protection Payments			0	
54	Provision for Appeals		38	38	5
55,007		42,306	16,084	58,390	
367	(Deficit)/Surplus for the Year	77	-256	-179	
915	Surplus Brought Forward	706	576	1,282	
1,282	Surplus Carried Forward	783	320	1,103	
Allocated to					
288	- Central Government		84	84	6
586	- Lancashire County Council	590	54	644	
300	- Ribble Valley Borough Council	74	177	251	
74	- Police and Crime Commissioner (PCC) for Lancashire	88		88	
34	- Lancashire Combined Fire Authority	31	5	36	
1,282		783	320	1,103	

Collection Fund

1 BUSINESS RATES

In 2013/14, the administration of Business Rates changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectable rates due.

In 2018/19 this Council was part of the Lancashire Business Rates Pool which operated on the 50% business rates retention scheme. In 2019/20 we became a 75% Business Rates Pilot Pool, which meant that 75% of collected rates were retained in Lancashire rather than 50% as previously.

The table below shows what this means in respect of retained shares across the two years.

	2018/19	2019/20
District Authorities	40%	56%
Lancashire County Council	9%	17.5%
Lancashire Combined Fire Authority	1%	1.5%
	50%	75%
Central Government	50%	25%
Total	100%	100%
Unitary Authorities	49%	73.5%

The business rates shares payable for 2019/20 were estimated before the start of the financial year as £3.744m to Central Government, £2.621m to Lancashire County Council, £0.225m to Lancashire Combined Fire Authority and £8.387m to Ribble Valley Borough Council. These sums have been paid in 2019/20 and charged to the collection fund in year.

When the business rates retention scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Ribble Valley Borough Council paid a tariff of £6.364m from the general fund.

The total income from business rate payers collected in 2019/20 was £15.632m (£15.375m in 2018/19).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VOA) and hence business rates outstanding as at 31 March 2020. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision at 31 March 2020 has been calculated at £1.062m (31 March 2019 £1.025m)

The total non-domestic rateable value at 31 March 2020 was £39,303,492 compared to £39,376,242 at 31 March 2019 based on the 2010 listing. The non-domestic rateable value at 31 March 2020 on the 2017 listing was £42,937,595 compared to £42,243,495 at 31 March 2019.

The national non-domestic multiplier (rate in the pound) for the year 2019/20 was 50.4 pence compared to 49.3 pence in the year 2018/19.

The income collectable from business ratepayers differs from the yield; based on the total rateable value due to the award of transitional adjustments, empty property relief and mandatory relief.

Collection Fund

2 COUNCIL TAX BASE

The gross amount of council tax payable for a property is determined by reference to a band that is allocated to the property by the Listing Officer who is an official of the Inland Revenue. There are eight property bands, A to H, each of which attracts a different level of council tax based upon the charge at band D.

In 2019/20 the Council set a band D council tax of £1,768.21 which was calculated by dividing the aggregate of the Council's expenditure to be met from the council tax and the Lancashire County Council, Police and Crime Commissioner (PCC) for Lancashire and Lancashire Combined Fire Authority precept by the council tax base. The council tax base is the number of band D equivalent properties in the Council's area and it represents the amount of income that would be raised from a council tax levy of £1.00 at band D level. The council tax base has been calculated as follows:

Band	Ratio to Band D	Total No of Properties	Total Equivalent No After Discounts	Band D Equivalents
A (entitled to disabled relief)	5/9	12	11.0	6.1
A	6/9	3,645	3,009.7	2,006.5
B	7/9	5,118	4,493.9	3,495.3
C	8/9	5,080	4,561.0	4,054.2
D	1	4,597	4,216.3	4,216.3
E	11/9	3,644	3,426.7	4,188.1
F	13/9	2,284	2,168.9	3,132.8
G	15/9	1,880	1,787.0	2,978.3
H	18/9	203	195.1	390.1
Totals		26,463	23,869.6	24,467.7
			Adjustments	-1,083.3
			Adjustment for Collection Rate	-175.4
			Council Tax Base	23,209

3 BAND D COUNCIL TAX

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

	2018/19 £	2019/20 £
Lancashire County Council Precept	29,656,258	31,253,007
Police and Crime Commissioner (PCC) for Lancashire Precept	4,063,960	4,675,453
Lancashire Combined Fire Authority Precept	1,544,969	1,612,562
Ribble Valley Borough Council Demand (excluding Parishes)	3,451,102	3,497,364
Total to be Met From Council Tax	38,716,289	41,038,386
Divided by Council Tax Base (Band D Equivalent Dwellings)	22,902	23,209
Band D Council Tax (Average excluding Parishes)	£1,690.52	£1,768.21

4 PROVISION FOR LOSSES

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

	Council Tax £	NNDR £	Total £
Opening Balance 1 April 2019	580,000	390,000	970,000
Write Offs in Year	-26,823	-46,494	-73,317
Increase to Provision	186,823	126,494	313,317
Closing Balance 31 March 2020	740,000	470,000	1,210,000

5 PROVISION FOR BUSINESS RATES APPEALS

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

	2018/19 £	2019/20 £
Balance at 1 April	971,400	1,024,932
Adjustment to the provision made in the year	53,532	37,545
Balance at 31 March	1,024,932	1,062,477

Collection Fund

6 PRECEPTS AND DEMANDS ON THE COLLECTION FUND

For both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year must be the accrued income for the year. The table below shows the precept for each major precepting body for the year and the accrued deficit at the 31 March.

2018/19		2019/20	
Precept	Share of 31 March (Deficit) or Surplus	Precept	Share of 31 March (Deficit) or Surplus
£'000	£'000	£'000	£'000
29,656	534	31,253	590
4,064	74	4,675	88
1,545	28	1,613	31
3,886	70	3,948	74
39,151	706	41,489	783

The business rates shares as at the 31 March are shown in the table below. As with Council Tax, the income included in the Income and Expenditure Account for the year must be the accrued income for the year.

2018/19		2019/20	
Business Rates Share Paid	Share of 31 March (Deficit) or Surplus	Business Rates Share Paid	Share of 31 March (Deficit) or Surplus
£'000	£'000	£'000	£'000
7,311	288	3,744	84
1,316	52	2,621	54
146	6	225	5
5,849	230	8,386	177
14,622	576	14,976	320

Collection Fund

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. The total forecast surplus/deficit on the collection fund for council tax and business rates at January 2019 and January 2020 are shown in the table below.

(Deficit) or Surplus Declared January 2019				(Deficit) or Surplus Declared January 2020		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
280		280	Central Government	118		118
51	469	520	Lancashire County Council	78	648	726
	64	64	Police and Crime Commissioner for Lancashire		97	97
6	24	30	Lancashire Combined Fire Authority	7	34	41
224	62	286	Ribble Valley Borough Council	253	82	335
561	619	1,180	Total	456	861	1,317

7 COVID-19 AND THE COLLECTION FUND

Looking at the council's finances, and those of our residents and businesses, there will be an impact on the level of business rates attained and council tax received as personal and business circumstances change.

This will particularly impact on the Collection Fund initially, but will then fall on the council's general fund as timings for the distributions of losses on the collection fund play through. The government is looking to address the issue around the sudden impact of collection fund losses on council general fund balances with a view to phasing the recovery of any losses over longer timelines than those currently set out in regulations.

Glossary of Terms

Glossary of Terms

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1st April for local authorities.

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through

- I. recognising,
- II. selecting measurement bases for, and
- III. presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the revenue account or Balance Sheet it is to be presented.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Accruals Basis

An accounting concept which requires that income and expenditure are accrued (i.e. recognised as they are earned or incurred, not as they are received or paid). Under this concept therefore, inclusion or exclusion of an item of income or expenditure will depend on the period to which it relates, not the period in which it was received or performed.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- I. events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- II. the actuarial assumptions have changed.

Amortisation

The loss in value of an intangible asset due to its use by the organisation.

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. Grant Thornton is the council's Appointed Auditor

Auditor's Opinion

This is the opinion required by statute from the Council's external auditors, indicating whether the statement of accounts give a true and fair view of the financial position of the Council.

Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances

The total level of funds the council has accumulated over the years, available to support revenue expenditure within the year (also known as reserves)

Business Rates Retention Scheme (BRRS)

Under the business rates retention scheme local authorities are able to come together, on a voluntary basis to pool their NDR, giving them scope to generate additional growth through collaborative effort and reduce levy payments.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Financing Costs

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

Capital Grants Unapplied

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with. This reserve holds the balance of grants unapplied at year-end.

Glossary of Terms

Capital Receipt

Income from the sale of capital assets such as land or buildings.

Carrying Amount

The amount at which an asset is recognised in the balance sheet after deducting accumulated depreciation and accumulated impairment losses.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

Community Assets

Assets that the council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability

A contingent liability is either:

- I. a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control, or
- II. a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax Base

The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General fund Balances, grants and any funding from reserves.

Creditors

Amounts owed by the Council at 31st March for goods received or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Debtor

Amounts owed to the Council, which are collectable or outstanding at 31st March.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Glossary of Terms

Finance Lease

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. It should be presumed that such a transfer of risks and rewards occurs if at the inception of a lease the present value of the minimum lease payments including any initial payment amounts to substantially all (normally 90% or more) of the fair value of the leased asset.

Financial Instrument

A contract that gives rise to a financial asset of one entity and a financial liability of another entity.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Fixed Asset

Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

General Fund

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

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Impairment

A reduction in the value of a fixed asset to a value below its carrying amount on the Balance Sheet.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Asset

This is a non-physical fixed asset. Intangible fixed assets include patents, brands, etc.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Leasing

A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Liabilities

Are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential.

Long-term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority

Medium Term Financial Strategy

This is a financial planning document that sets out the future years financial forecast for the council. It considers local and national policy influences and projects their impact on the general fund revenue account and capital programme. For this council it usually covers the current year and future three years.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to a council's revenue account each year to provide for the repayment of debt, as required by the Local Government and Housing act 1989

Net Book Value

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Glossary of Terms

Net Debt

The authority's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference is made to net funds rather than net debt.

Net Realisable Value

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

Non-Current Assets

Assets that can be expected to be consumed or realised over a period greater than the next accounting period.

Non Domestic Rates (NDR)

With effect from April 1990 all non-domestic properties were revalued and the Government determines a national non-domestic rating multiplier every year which is applicable to all local authorities. The rateable values are set by the Valuation Office Agency of HM Revenue & Customs, and there is a statutory revaluation every 5 years. The proceeds of the business rates are partly retained by the Council and the balance is redistributed to the Government, Lancashire County Council and Lancashire Combined Fire Authority.

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precepts

The amount which local authorities which cannot levy a council tax directly on the public (i.e. County Council, Fire Authority, Police Authority or Parish Council) requires to be collected on its behalf.

Prepayment

The payment of a debt obligation before it is due

Provision

A liability of uncertain timing or amount

Prudence

Accounts should be prepared in accordance with the concept of prudence. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

Public Works Loan Board (PWLB)

A body, now part of the Debt Management Office (a Government agency), which lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made. The materiality of related party transactions should be judged not only in terms of their significance to the authority, but also in relation to its related party.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Reserves

Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure

Glossary of Terms

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

Revenue Expenditure Funded from Capital Under Statute

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

Revenue Support Grant

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

Scheme Liabilities

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

Useful Life

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

Abbreviations used within the Statement of Accounts

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

Glossary of Terms

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



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Council Offices | Church Walk | Clitheroe | Lancashire | BB7 2RA
Telephone: 01200 425111

www.ribblevalley.gov.uk
