



# **Statement of Accounts**

**[Audited]**


**2020/2021**

**Ribble Valley Borough Council**

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# Independent Auditors' Report to Members

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

### Report on the Audit of the Financial Statements

#### Opinion on financial statements

We have audited the financial statements of Ribble Valley Borough Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The notes comprise the Statement of Accounting Policies and Notes to the Core Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

In our evaluation of the Director of Resources conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public

## **Independent Auditors' Report to members of Ribble Valley Borough Council**

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sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

### **Other information**

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

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

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

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

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

## Independent Auditors' Report to members of Ribble Valley Borough Council

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

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

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

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources. The Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

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

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

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements

## Independent Auditors' Report to members of Ribble Valley Borough Council

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may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards) as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Accounts and Audit Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Accounts and Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, management estimates and transactions outside the course of business.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Director of resources has in place to prevent and detect fraud;
  - journal entry testing, with a focus on the material year end transactions and manual journals posted during the year with high risk characteristics;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in expenditure recognition, and the significant



## Independent Auditors' Report to members of Ribble Valley Borough Council

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accounting estimates related to land and buildings and defined benefit pensions liability valuations.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

#### **Responsibilities of the Authority**

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

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

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

## Independent Auditors' Report to members of Ribble Valley Borough Council

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate for Ribble Valley Borough Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

### **Use of our report**

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

*Georgia Jones*

Georgia Jones, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Liverpool  
29 November 2021

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# Narrative Report

## 1 INTRODUCTION

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### **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**

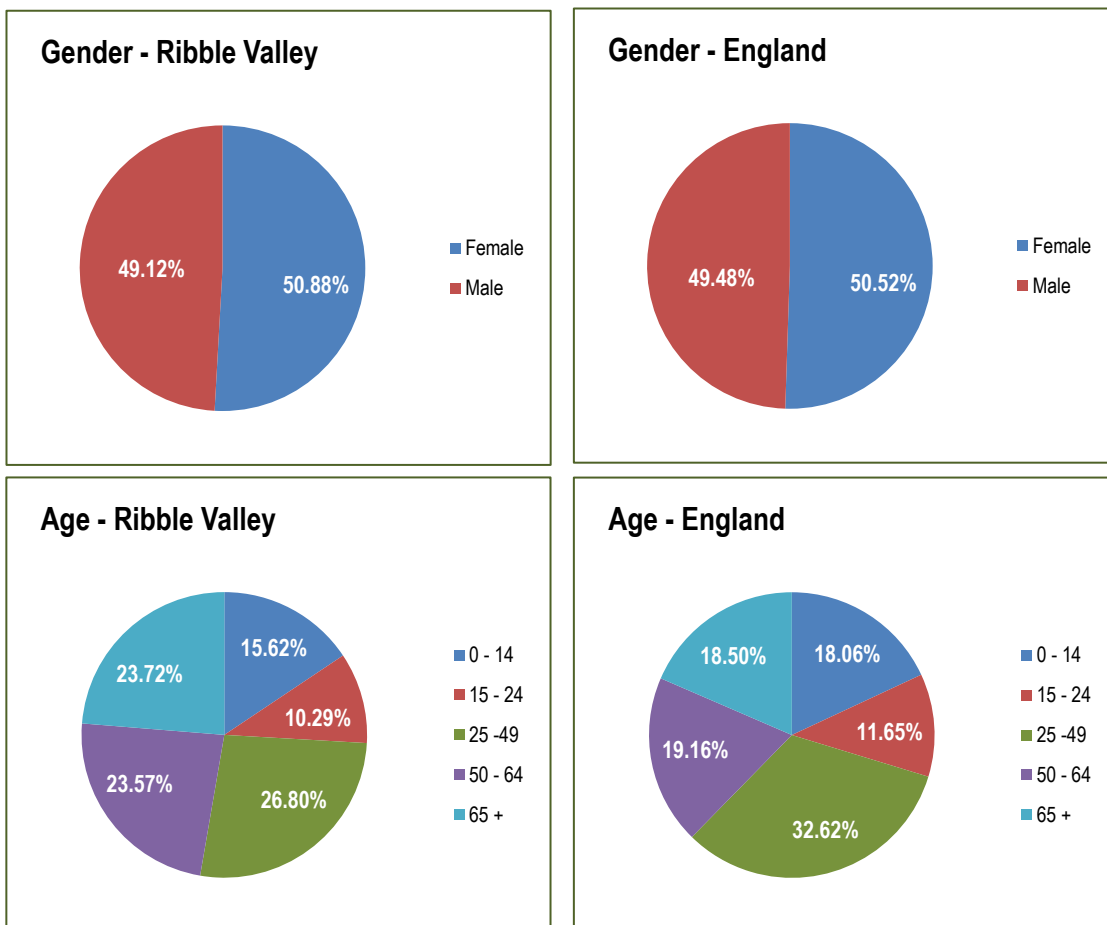
**Locality**

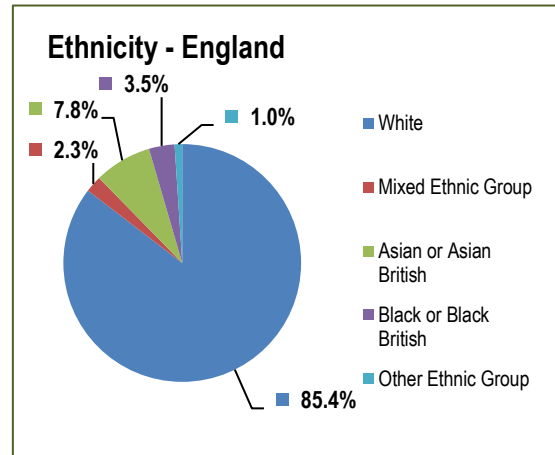
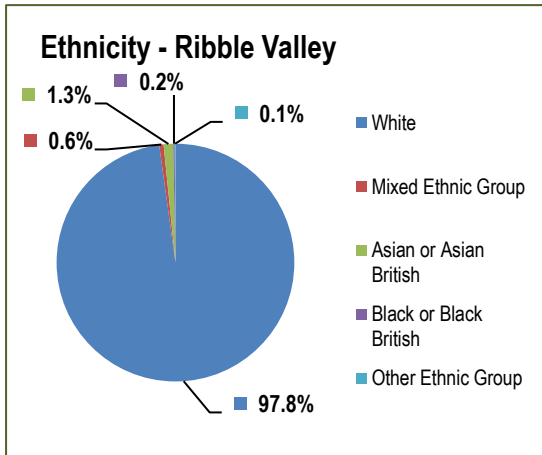
Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial 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 2020 Mid-Year Estimates for gender and age and March 2011 (Census) for Ethnicity. The total population for the borough, based on these statistics, is 62,026. The statistics for Ribble Valley are shown alongside those for England as a whole for comparison.



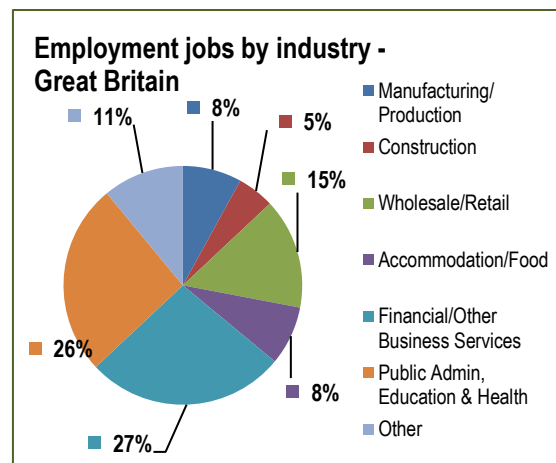
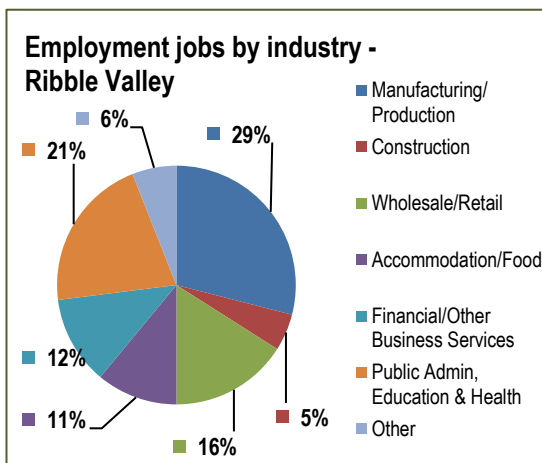


**Local Economy and Business Information**

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 of all sizes. The borough contains a number of well-established local employers within key business sectors including Advanced Manufacturing and Aerospace (BAE systems and site of the Lancashire Enterprise Zone), Creative and Digital, Chemicals and Mineral Extraction, Tourism and Agriculture.

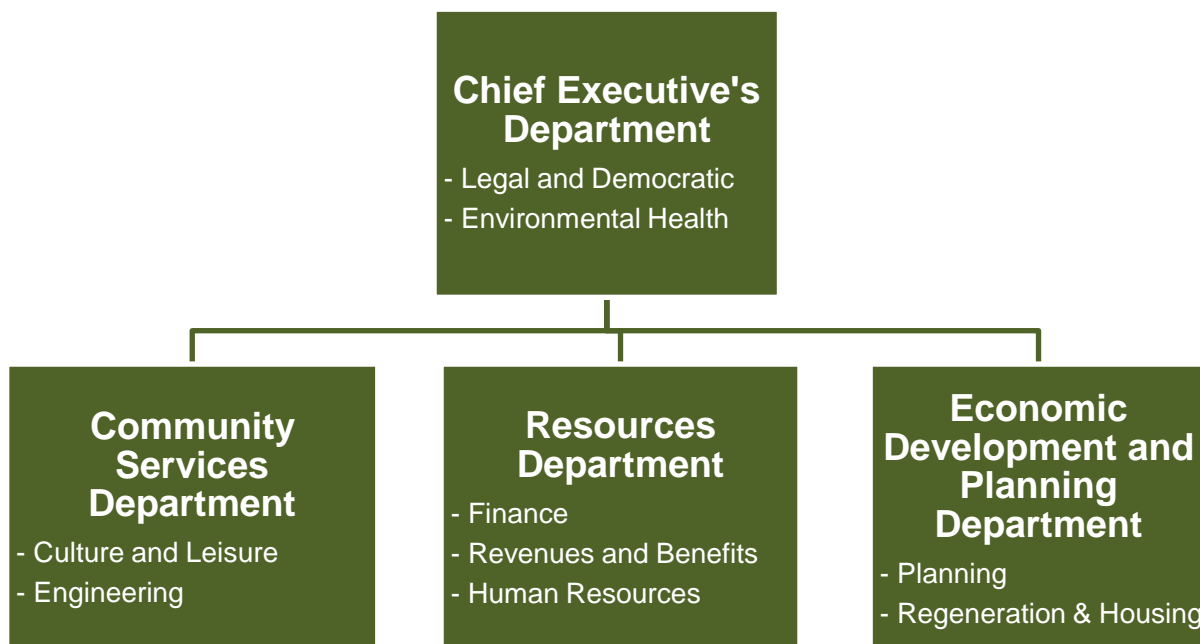
The area also has a strong agricultural association, with high value meat and milk products as well as farm holdings in dairy and grazing categories. In addition, several farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions. In comparison to the national average, the borough has a relatively high proportion of jobs in the private sector. The following graphs compare the difference in economy split between key sectors within the Ribble Valley and Great Britain (summarised from Nomis Statistics: Employment Jobs by Industry 2019).



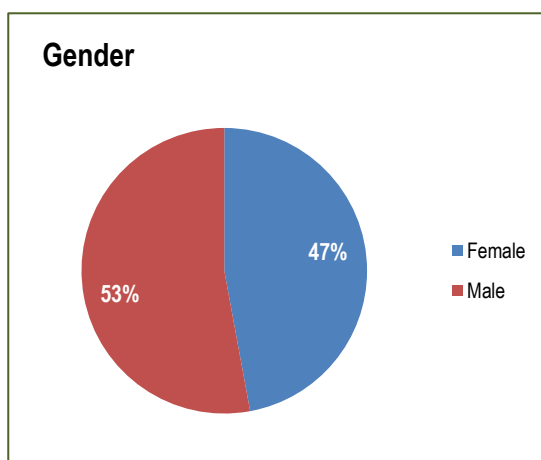
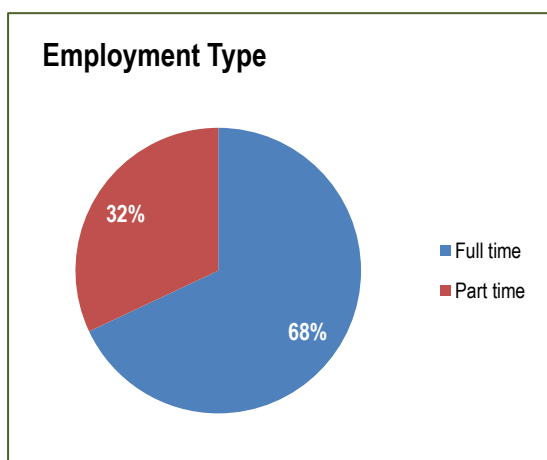
**Narrative Report**

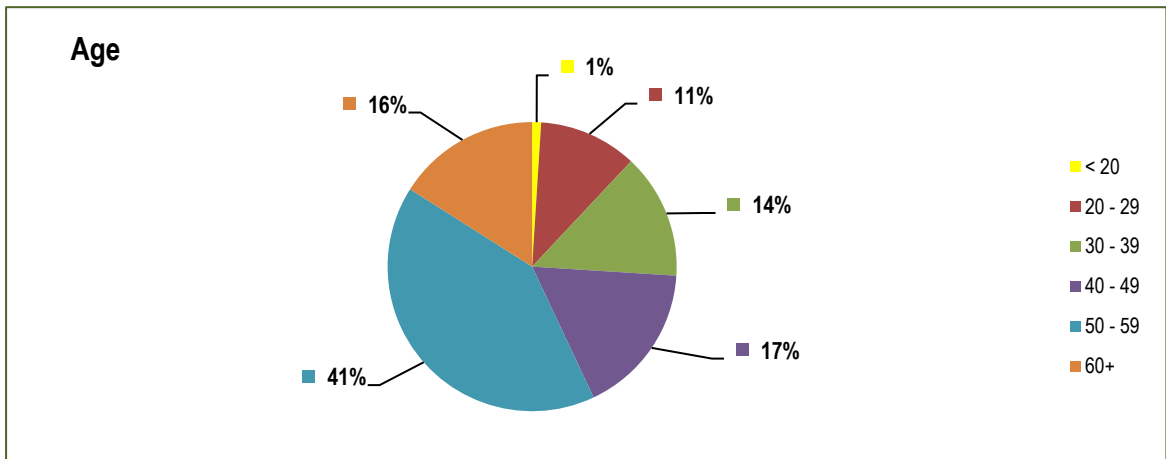
**3 OUR EMPLOYEES**

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 2021 the council employed 236 members of staff. The overall establishment consisted of 234 posts, of which 20 were vacant posts at 31 March. The tables below provide some information on the profile of our employees as at the end of the 2020/21 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 2021, our Councillors represented the following parties:

|                        |                       |
|------------------------|-----------------------|
| Conservative Party     | 28 Councillors        |
| Liberal Democrat Party | 10 Councillors        |
| Independent            | 2 Councillors         |
| <b>Total</b>           | <b>40 Councillors</b> |

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

**Narrative Report**

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The diagram below shows the committee structure as at the 31 March 2021, and which operated throughout the 2020/21 financial year.



For part of the 2020/21 financial year committee meetings were suspended due to the covid-19 pandemic, with decisions on urgent matters being delegated (following an Emergency Committee meeting) to the Chief Executive, in consultation with the Leader and Deputy Leader. All such decisions were retrospectively reported to the Policy and Finance Committee when meeting recommenced.



When meetings did resume, these were not able to be held in person due to the pandemic and so were instead held virtually using Zoom.

## **5 OUR FINANCIAL PERFORMANCE - REVENUE**

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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  | 4,205             | 4,367            | 4,369         | 164                                  | 2                                   |
| Economic Development  | 311               | 303              | 239           | -72                                  | -64                                 |
| Health & Housing  | 1,110             | 735              | 530           | -580                                 | -205                                |
| Planning & Development  | 571               | 394              | 233           | -338                                 | -161                                |
| Policy & Finance  | 2,195             | 2,170            | 1,731         | -464                                 | -439                                |
| <b>Committee Expenditure</b>  | <b>8,392</b>      | <b>7,969</b>     | <b>7,102</b>  | <b>-1,290</b>                        | <b>-867</b>                         |
| Interest Payable  | 6                 | 6                | 6             | 0                                    | 0                                   |
| Parish Precepts   | 507               | 507              | 507           | 0                                    | 0                                   |
| Interest Received   | -75               | -48              | -44           | 31                                   | 4                                   |
| <b>Net Operating Expenditure</b>  | <b>8,830</b>      | <b>8,434</b>     | <b>7,571</b>  | <b>-1,259</b>                        | <b>-863</b>                         |
| Impairment Losses/(Gains) on Outstanding Debts  | 0                 | 0                | -2            | -2                                   | -2                                  |
| Contingency - Feasibility Study Edisford Car Park   | 10                | 0                | 0             | -10                                  | 0                                   |
| Contingency - Refuse Collection Vehicles  | 50                | 0                | 0             | -50                                  | 0                                   |
| Emergency Unringfenced Covid Support Grant  | 0                 | 0                | -779          | -779                                 | -779                                |
| Precept from Collection Fund (including parish precepts)  | -4,185            | -4,185           | -4,185        | 0                                    | 0                                   |
| Collection Fund Surplus - Council Tax   | -82               | -82              | -82           | 0                                    | 0                                   |
| Rural Services Delivery Grant   | -108              | -108             | -108          | 0                                    | 0                                   |
| New Homes Bonus   | -1,758            | -1,771           | -1,771        | -13                                  | 0                                   |
| Business Rates Baseline Funding   | -1,354            | -1,354           | -1,354        | 0                                    | 0                                   |
| Retained Rates Income   | -447              | -447             | -447          | 0                                    | 0                                   |
| S31 Grant   | -1,252            | -3,942           | -3,931        | -2,679                               | 11                                  |
| Retained Rates - Renewable Energy   | -96               | -100             | -94           | 2                                    | 6                                   |
| Tax Income Guarantee S31 - Business Rates   | 0                 | 0                | -119          | -119                                 | -119                                |
| 10% of Retained Levy - Payable to LCC under Pooling Arrangements                                | 67                | 73               | 58            | -9                                   | -15                                 |
| Collection Fund Surplus - Business Rates  | -253              | -253             | -253          | 0                                    | 0                                   |
| <b>(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves</b> | <b>-578</b>       | <b>-3,735</b>    | <b>-5,496</b> | <b>-4,918</b>                        | <b>-1,761</b>                       |
| Depreciation  | -1,104            | -885             | -867          | 237                                  | 18                                  |
| Minimum Revenue Provision   | 118               | 115              | 115           | -3                                   | 0                                   |
| Net Transfer to earmarked reserves  | 1,707             | 4,692            | 6,090         | 4,383                                | 1,398                               |
| <b>Deficit for Year</b>   | <b>143</b>        | <b>187</b>       | <b>-158</b>   | <b>-301</b>                          | <b>-345</b>                         |

**Analysis of our income and expenditure by type**

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

| Committee                    | Original Estimate | Revised Estimate | Actual       | Original Estimate Compared to Actual | Revised Estimate Compared to Actual |
|------------------------------|-------------------|------------------|--------------|--------------------------------------|-------------------------------------|
|                              | £'000             | £'000            | £'000        | £'000                                | £'000                               |
| Community Services           | 4,205             | 4,367            | 4,369        | 164                                  | 2                                   |
| Economic Development         | 311               | 303              | 239          | -72                                  | -64                                 |
| Health & Housing             | 1,110             | 735              | 530          | -580                                 | -205                                |
| Planning & Development       | 571               | 394              | 233          | -338                                 | -161                                |
| Policy & Finance             | 2,195             | 2,170            | 1,731        | -464                                 | -439                                |
| <b>Committee Expenditure</b> | <b>8,392</b>      | <b>7,969</b>     | <b>7,102</b> | <b>-1,290</b>                        | <b>-867</b>                         |

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

| Income or Expenditure Type     | Original Estimate | Revised Estimate | Actual         | Original Estimate Compared to Actual | Revised Estimate Compared to Actual |
|--------------------------------|-------------------|------------------|----------------|--------------------------------------|-------------------------------------|
|                                | £'000             | £'000            | £'000          | £'000                                | £'000                               |
| Employee Related               | 6,877             | 6,737            | 6,834          | -43                                  | 97                                  |
| Premises Related               | 1,831             | 1,860            | 1,886          | 55                                   | 26                                  |
| Transport Related              | 1,801             | 1,824            | 2,104          | 303                                  | 280                                 |
| Supplies & Services            | 1,941             | 1,668            | 1,994          | 53                                   | 326                                 |
| Third Party Payments           | 390               | 381              | 373            | -17                                  | -8                                  |
| Transfer Payments              | 5,493             | 5,917            | 8,246          | 2,753                                | 2,329                               |
| Support Services               | 6,872             | 6,892            | 6,710          | -162                                 | -182                                |
| Depreciation and Impairment    | 1,104             | 883              | 867            | -237                                 | -16                                 |
| <b>Total Expenditure</b>       | <b>26,309</b>     | <b>26,162</b>    | <b>29,014</b>  | <b>2,705</b>                         | <b>2,852</b>                        |
| Government Grants              | -5,407            | -6,541           | -10,111        | -4,704                               | -3,570                              |
| Other Grants and Contributions | -145              | -460             | -602           | -457                                 | -142                                |
| Customer and Client Receipts   | -3,293            | -2,148           | -2,140         | 1,153                                | 8                                   |
| Recharges and Oncosts          | -9,072            | -9,044           | -9,059         | 13                                   | -15                                 |
| <b>Total Income</b>            | <b>-17,917</b>    | <b>-18,193</b>   | <b>-21,912</b> | <b>-3,995</b>                        | <b>-3,719</b>                       |
| <b>Net Expenditure</b>         | <b>8,392</b>      | <b>7,969</b>     | <b>7,102</b>   | <b>-1,290</b>                        | <b>-867</b>                         |

## Narrative Report

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### Amendments to our budget in the year

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

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

| Item  | £'000     |
|---|-----------|
| Net Decrease in Service Committee Costs                                 | -423      |
| Decrease in Contingencies   | -60       |
| Decrease in Forecast Interest Received                                  | 27        |
| Increase in S31 Grants Receivable                                       | -2,690    |
| Increase in New Homes Bonus   | -13       |
| Increase in Retained Rates - Renewable Energy                           | -4        |
| Increase in 10% Retained Levy Payable to LCC under Pooling Arrangements | 6         |
| Decrease in amount to be removed for Depreciation                       | 219       |
| Reduction in amount to be added for Minimum Revenue Provision           | -3        |
| Increase in amount to set aside in Earmarked Reserves                   | 2,985     |
| <b>Net increase in amount to take from balances for the year</b>        | <b>44</b> |

### How our revenue services are financed

As shown earlier our total actual net expenditure for committees was £7.102m. 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 £12.179m 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 | -3,678        |
| Precept relating to all Parishes      | -507          |
| Collection Fund Surplus               | -82           |
| <b>Total Net Council Tax Income</b>   | <b>-4,267</b> |

### Business Rates

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

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

| Business Rates Element  | £'000         |
|---|---------------|
| Total Business Rates Income Forecast for 2020/21                            | -15,283       |
| Less Payable to Central Government  | 7,641         |
| Less Payable to Lancashire County Council                                   | 1,376         |
| Less Payable to Lancashire Combined Fire Authority                          | 153           |
| <b>Balance Retained by Ribble Valley Borough Council</b>                    | <b>-6,113</b> |
| Less Tariff Payable to Central Government                                   | 4,311         |
| <b>Baseline Business Rates Income of £1,354,393 plus Growth of £447,301</b> | <b>-1,802</b> |
| Business Rates retained on Renewable Energy Schemes                         | -94           |
| Section 31 Grants   | -3,931        |
| Section 31 Grant - Tax Income Guarantee Grant                               | -119          |
| Less 10% Retained Levy payment to Lancashire County Council                 | 58            |
| Business Rates Collection Fund Surplus                                      | -253          |
| <b>Overall Net Retained Business Rates Related Income</b>                   | <b>-6,141</b> |

## Narrative Report

In 2020/21 this council was a part of the Lancashire Business Rates Pool which meant that we were able to retain a greater share of business rates income compared to not being a member of a pooling arrangement.

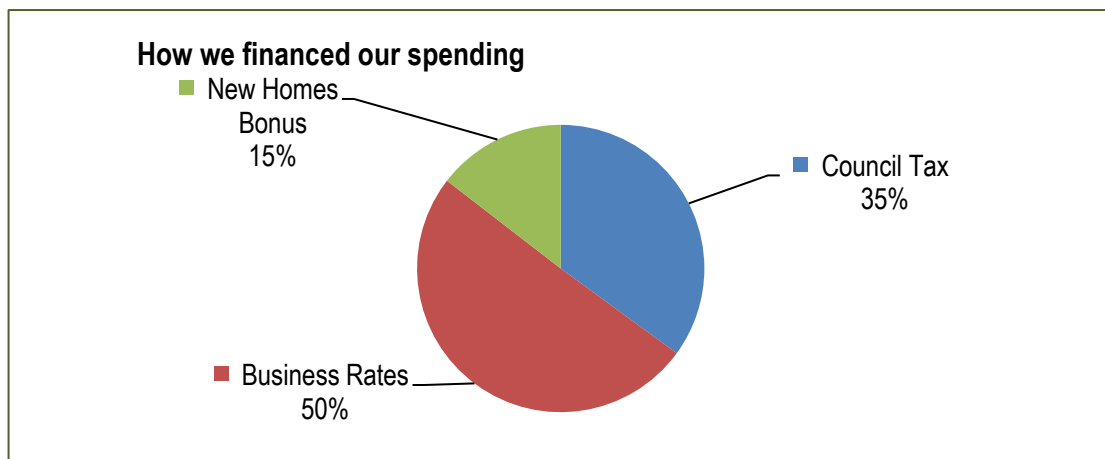
### New Homes Bonus

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 2020/21 was £1,770,952 and is shown in the table below (2019/20 £1,666,486)

| New Homes Bonus                                  | £'000         |
|--|---------------|
| 2017/18 Allocation                               | -390          |
| 2018/19 Allocation                               | -414          |
| 2019/20 Allocation                               | -464          |
| 2020/21 Allocation                               | -503          |
| <b>Total New Homes Bonus received in 2020/21</b> | <b>-1,771</b> |

Looking forward, the legacy payments of the bonus in respect of growth in 2018/19 and 2019/20 will continue to be paid in 2021/2, but it is not clear if these will continue to be paid in future years. The payment shown above for 2020/21 was for one year only and no legacy payments will be made in future years.



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

During 2020/21 there were many variances identified when we monitored our budget. The main variations affecting our final position compared with the **revised estimate** can be summarised as follows (please note that favourable variances are denoted by figures with a minus symbol):

| Variation  | £'000         |
|--|---------------|
| <b><u>Expenditure Variations</u></b>                       |               |
| Direct employee costs                                      | -69           |
| Tuition fees and training expenses                         | -35           |
| Business Rates   | -19           |
| Vehicle repairs and maintenance                            | 181           |
| Vehicle running costs                                      | -38           |
| Postages   | -16           |
| Subscriptions  | -19           |
| Advertising, marketing, and statutory notices              | -35           |
| Printing and stationery                                    | -10           |
| General grant scheme payments                              | -30           |
| Depreciation   | -16           |
| Rent Allowance Payments ( <i>see grant below</i> )         | -31           |
| Directly charged Covid costs                               | 420           |
| Covid grant payments where this Council acted as principal | 2,614         |
| <b>Total Expenditure Variances</b>                         | <b>2,897</b>  |
| <b><u>Income Variations</u></b>                            |               |
| Rent Allowances Grant ( <i>see payment above</i> )         | 42            |
| Restoring your railways funding                            | -50           |
| Other government grants                                    | -62           |
| Other grants, reimbursements and contributions             | -86           |
| Specific Covid funding charged to committee services       | -3,551        |
| <b>Total Income Variances</b>                              | <b>-3,707</b> |
| Other Variations   | -57           |
| <b>Net Variation on Committee Expenditure</b>              | <b>-867</b>   |
| Decreased Interest Received                                | 4             |
| <b>Variation on Net Operating Expenditure</b>              | <b>-863</b>   |
| Impairment Losses/(Gains) on Outstanding Debts             | -2            |
| Emergency Un-ringfenced Covid Support Grant                | -779          |
| Decreased Business Rates S31 Grants                        | 11            |
| Retained Rates - Renewable Energy                          | 6             |

## Narrative Report

| Variation   | £'000         |
|---|---------------|
| Tax Income Guarantee S31 – Business Rates   | -119          |
| 10% of retained levy – Payable to LCC   | -15           |
| <b>Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves</b>  | <b>-1,761</b> |
| Depreciation  | 18            |
| Extra Transfers to Earmarked Reserves (for Revenue)   | 1,398         |
| <b>Difference between the amount to add to balances at the Outturn position and the amount forecast to take from balances at the Revised Estimate</b> | <b>-345</b>   |

### **General Fund Balances and Earmarked Reserves**

We had originally planned to take £142,812 from general fund balances to help finance the 2020/21 spending plans. However, this was revised later in the year to taking £186,411 from general fund balances. The final position shows that the council has added £158,497 to general fund balances.

| General Fund Balance   | £                |
|--|------------------|
| <b>General Fund Balances: Brought forward at 1 April 2020</b>  | <b>2,375,646</b> |
| Surplus in 2020/21 added to General Fund Balances              | 158,497          |
| <b>General Fund Balances: Carried forward at 31 March 2021</b> | <b>2,534,143</b> |

With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to add £1,707,099. However, this was revised later in the year to adding £4,691,569 to earmarked reserves.

The final position shows that the council has added £6,090,318 to earmarked reserves for revenue purposes. For capital purposes we took £935,705 from earmarked reserves to fund the capital programme. The overall net movement was £5,154,613 added to earmarked reserves.

| Earmarked Reserves  | £                 |
|---|-------------------|
| <b>Earmarked Reserves: Brought forward at 1 April 2020</b>  | <b>9,765,768</b>  |
| Net added to Earmarked Reserves for revenue purposes        | 6,090,318         |
| Net taken from Earmarked Reserves for capital purposes      | -935,705          |
| <b>Earmarked Reserves: Carried forward at 31 March 2021</b> | <b>14,920,381</b> |

The large movements in our earmarked reserves at this year-end have largely related to Covid funding. Part of this is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2021/22. Other large movements are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2021/22, and the mismatch of timings in the receipt of compensatory funding, which was received in 2020/21 and has been set aside in earmarked reserve until 2021/22.



## 6 OUR FINANCIAL PERFORMANCE - CAPITAL

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

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

During the year the Council spent £1,196,240 on capital schemes. The main areas of expenditure included:

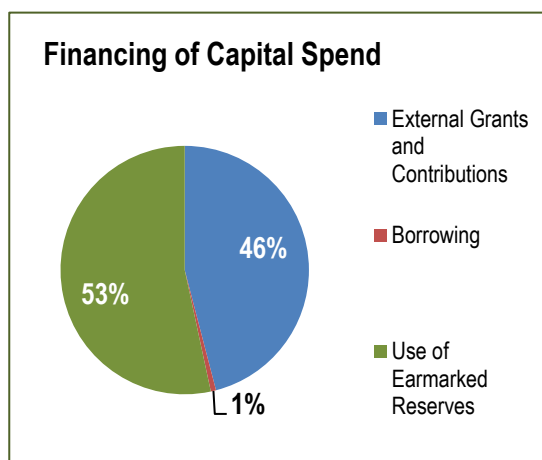
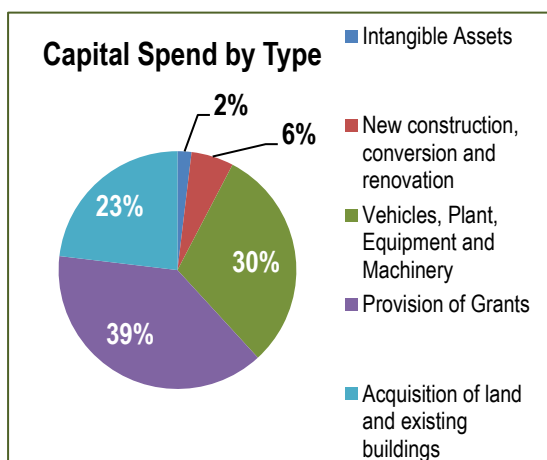
- Replacement Vehicles and Plant.
- ICT Hardware and Software
- Support for the Primrose Lodge Blue and Greenway Project
- Play Area Improvements.
- Payment of Housing Related Grants.
- Purchase of Housing Property

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       | 1,614,000         | 392,300           | 331,349           | -1,282,651                           | -60,951                             |
| Economic Development Committee     | 81,750            | 35,000            | 0                 | -81,750                              | -35,000                             |
| Planning and Development Committee | 513,940           | 1,277,520         | 61,862            | -452,078                             | -1,215,658                          |
| Policy and Finance Committee       | 40,920            | 61,870            | 124,022           | 83,102                               | 62,152                              |
| Health and Housing Committee       | 204,530           | 158,310           | 679,007           | 474,477                              | 520,697                             |
| <b>Total Capital Expenditure</b>   | <b>2,455,140</b>  | <b>1,925,000</b>  | <b>1,196,240</b>  | <b>-1,258,900</b>                    | <b>-728,760</b>                     |
| Grants and Contributions           | -347,000          | -1,128,910        | -549,628          | -202,628                             | 579,282                             |
| Borrowing                          | -1,287,000        | -8,260            | -8,165            | 1,278,835                            | 95                                  |
| Earmarked Reserves                 | -821,140          | -787,830          | -638,447          | 182,693                              | 149,383                             |
| <b>Total Resources</b>             | <b>-2,455,140</b> | <b>-1,925,000</b> | <b>-1,196,240</b> | <b>1,258,900</b>                     | <b>728,760</b>                      |

## Narrative Report

Shown below are summaries of the type of expenditure that is represented in the £1,196,240 of capital expenditure shown in the table above and its financing.



As shown in the table above, comparing spend to budget, there is a variance of £728,760 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 £728,760 variance, £724,770 is accounted for as slippage in to the 2021/22 financial year, and is summarised below:

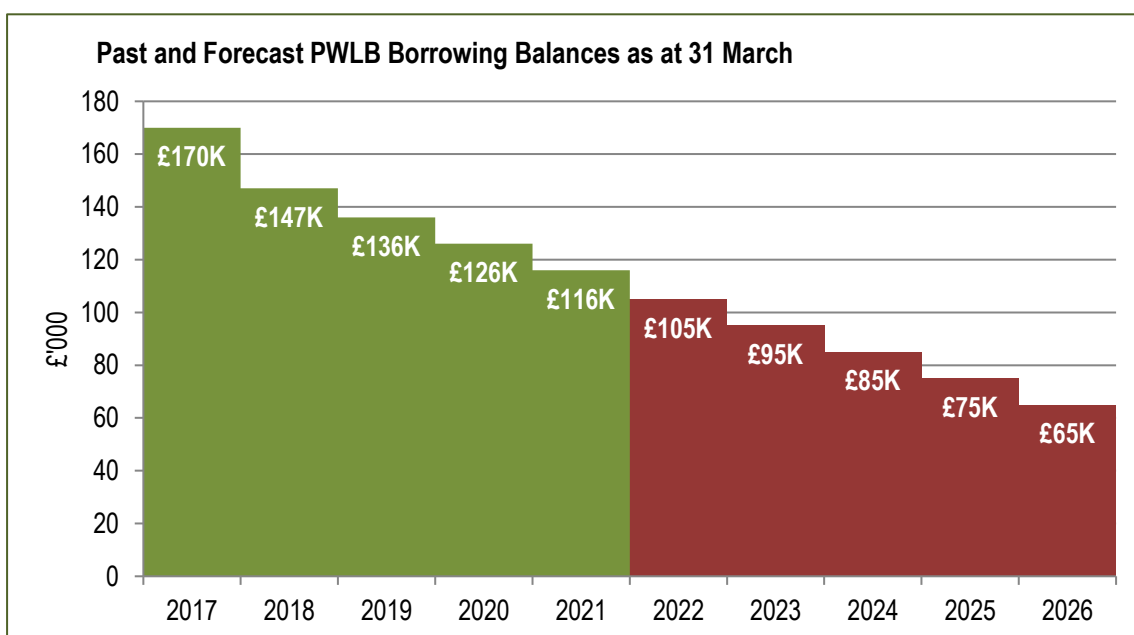
| Scheme Name                                  | Slippage in to the 2021/22 Financial Year<br>£ |
|--|--|
| Play Area Improvements                       | 16,500   |
| Replacement of Pickup Ford Ranger PK60 HKN   | 25,250   |
| Replacement of CCTV System                   | 18,570   |
| Dewhurst Road, Langho - Resurfacing Works    | 3,850  |
| Re-design of Corporate Website               | 12,000   |
| Replacement PCs and Windows 10 compatibility | 10,000   |
| Financial System Upgrade                     | 8,430  |
| Disabled Facilities Grants                   | 567,500  |
| Landlord/Tenant Grants                       | 15,900   |
| Clitheroe Affordable Housing Scheme          | 11,770   |
| Economic Development Initiatives             | 15,000   |
| Gateway Signs Scheme                         | 20,000   |
| <b>Total Capital Slippage</b>                | <b>724,770</b>                                 |

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 2021 was £116k. 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 2021) 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.

## Narrative Report

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

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

Due to the change of circumstances for businesses, the actual amount of business rates collected can be higher or lower than the total amount required to be paid out in fixed shares. This results in either a forecast surplus or deficit, which is declared in the following January each year and is either paid to or collected from Central Government, Ribble Valley Borough Council, Lancashire County Council and Lancashire Fire and Rescue in the following financial year. Performance of the Collection fund for 2020/21 is summarised in the table below, compared to the forecast performance.

As you will see from the table below, the collection fund is showing a substantial deficit position in respect of business rates as at the 31 March 2021. This deficit position reflects the manner in which the Government compensate this council for the implementation of Covid-19 reliefs such as the retail discount and nursery discount.

This lost income due to the reliefs awarded through the collection fund is compensated for by the Government through Section 31 grant income, which is credited to the General Fund in 2020/21. The impact to this council of the awarded discounts and reliefs will not be until during the 2021/22 financial year, when we will be required to fund the deficit position along with all other business rates precepting bodies, and the Government.

As this compensating funding has been received in the General Fund in 2020/21, but the impact will not be felt by the General Fund until 2021/22 through the business rates collection fund deficit, this Section 31 funding has been set aside in a short-term earmarked reserve at 31 March 2021 and will be released again in the 2021/22 financial year. The value of this earmarked reserve is £2,578,153.

## Narrative Report

| Collection Fund                                      | Original Estimate | Revised Estimate | Actual        | Original Estimate Compared to Actual | Revised Estimate Compared to Actual |
|--|-------------------|------------------|---------------|--------------------------------------|-------------------------------------|
|  | £'000             | £'000            | £'000         | £'000                                | £'000                               |
| <b>Council Tax - Expenditure</b>                     |                   |                  |               |                                      |                                     |
| Total of all Precepts                                | 43,934            | 43,934           | 43,934        | 0                                    | 0                                   |
| Total Council Tax Surplus distributed                | 861               | 861              | 861           | 0                                    | 0                                   |
| Council Tax Benefit                                  | 0                 | 0                | 3             | 3                                    | 3                                   |
| Bad Debts Provision                                  | 332               | 200              | 153           | -179                                 | -47                                 |
| <b>Expenditure Subtotal - Council Tax</b>            | <b>45,127</b>     | <b>44,995</b>    | <b>44,951</b> | <b>-176</b>                          | <b>-44</b>                          |
| <b>Business Rates - Expenditure</b>                  |                   |                  |               |                                      |                                     |
| Total Business Rates Surplus distributed             | 456               | 456              | 456           | 0                                    | 0                                   |
| Cost of Collection                                   | 91                | 91               | 91            | 0                                    | 0                                   |
| Enterprise Zones                                     | 123               | 0                | 123           | 0                                    | 123                                 |
| Renewable Energy Schemes                             | 96                | 100              | 94            | -2                                   | -6                                  |
| Total Distribution of Business Rates                 | 15,283            | 15,283           | 15,283        | 0                                    | 0                                   |
| Transitional Protection Payments                     | 0                 | 5                | 0             | 0                                    | -5                                  |
| Appeals Provision                                    | 484               | 617              | 1,069         | 585                                  | 452                                 |
| Bad Debts Provision                                  | 161               | 200              | 209           | 48                                   | 9                                   |
| <b>Expenditure Subtotal - Business Rates</b>         | <b>16,694</b>     | <b>16,752</b>    | <b>17,325</b> | <b>631</b>                           | <b>573</b>                          |
| <b>Total Expenditure</b>                             | <b>61,821</b>     | <b>61,747</b>    | <b>62,276</b> | <b>455</b>                           | <b>529</b>                          |
| <b>Council Tax - Income</b>                          |                   |                  |               |                                      |                                     |
| Surplus Brought Forward                              | 861               | 783              | 783           | -78                                  | 0                                   |
| Council Tax Income                                   | 44,266            | 44,474           | 44,446        | 180                                  | -28                                 |
| Council Tax Benefits                                 | 0                 | 0                | 0             | 0                                    | 0                                   |
| Flood Discounts - Chargeable to General Fund         | 0                 | 0                | 34            | 34                                   | 34                                  |
| Family Annexes Discount - Chargeable to General Fund | 0                 | 0                | 8             | 8                                    | 8                                   |
| Covid Hardship Payments - Chargeable to General Fund | 0                 | 0                | 226           | 226                                  | 226                                 |
| <b>Income Subtotal - Council Tax</b>                 | <b>45,127</b>     | <b>45,257</b>    | <b>45,497</b> | <b>370</b>                           | <b>240</b>                          |
| <b>Business Rates - Income</b>                       |                   |                  |               |                                      |                                     |
| Surplus Brought Forward                              | 456               | 320              | 320           | -136                                 | 0                                   |
| Transitional Protection                              | 104               | 22               | 13            | -91                                  | -9                                  |
| Net Rates Payable (before appeals)                   | 16,134            | 9,293            | 8,757         | -7,377                               | -536                                |
| <b>Income Subtotal - Business Rates</b>              | <b>16,694</b>     | <b>9,635</b>     | <b>9,090</b>  | <b>-7,604</b>                        | <b>-545</b>                         |
| <b>Total Income</b>                                  | <b>61,821</b>     | <b>54,892</b>    | <b>54,587</b> | <b>-7,234</b>                        | <b>-305</b>                         |
| Council Tax Surplus carried forward                  | 0                 | 262              | 546           | 546                                  | 284                                 |
| Business Rates Deficit carried forward               | 0                 | -7,117           | -8,235        | -8,235                               | -1,118                              |
| <b>Total Net Deficit carried forward</b>             | <b>0</b>          | <b>-6,855</b>    | <b>-7,689</b> | <b>-7,689</b>                        | <b>-834</b>                         |

## Narrative Report

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### 8 OUR NON-FINANCIAL PERFORMANCE

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#### ***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 continued 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. The Covid-19 response saw a substantial amount of grant aid distributed in a very timely manner.
- **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 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 continued to seek improvements to rail connections to the borough and have been working up a business case to reopen the Clitheroe to Hellifield rail line and look at options for increasing rail travel.
- **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 sought to provide important leisure services such as Ribblesdale Pool, football pitches, parks and play areas. However, the ability to operate much of these facilities was impacted by the Covid-19 pandemic, with some facilities closing for much of the year, or operating on limited capacity.
- **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. It is hoped that as Covid-19 restrictions ease, 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 council has provided many vital services in response to the Covid-19 pandemic, ensuring that our residents are able to keep safe.
- **To combat rural isolation:** The work of the Community Hub in response to the Covid-19 pandemic has helped maintain a vital connection for vulnerable or shielding persons.

**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 has been carried out by the Ribble Rivers Trust and has ensured that the site is improved and restored to provide a valuable habitat and accessible public area. Specifically this has seen 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.

## Narrative Report

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- **To provide a high-quality environment, keeping land clear of litter and refuse, and reducing the incidents of dog fouling:** The Council created a dog fouling working group in the year in order to target dog fouling issues within the borough.
- **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 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 2020/21 financial year the council continued to monitor housing provision and the implementation of the delivery of affordable units in accordance with policy aspirations. The council achieved the delivery of 121 affordable homes.

### 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 of the last survey undertaken is provided below, broken down into the key areas.

A new survey had been due to take place towards the end of the 2019/20 financial year. However, due to the Covid-19 pandemic this was postponed, and it is now hoped that it will instead take place during the 2021/22 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.

**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**

The Covid-19 pandemic has had a huge impact on the progression of plans for service changes and improvements, with this also influencing the path that some changes may take going forward to embrace different working practices.

The completion of schemes on our capital programme has inevitably been impacted by the pandemic and has therefore hindered some service developments and changes in the 2020/21 financial year, but it is hoped that any delayed schemes will now be able to be completed in the 2021/22 financial year.

The pandemic required us to adopt more flexible approaches to the provision of services and also saw substantial changes to how officers worked over the last year, with remote working being undertaken by some staff. There will be a review of the remote working that was undertaken this last year in order to inform any future homeworking policy changes.

The pandemic has resulted in a significant amount of additional work for the council with many new obligations falling on local government not only during 2020/21, but continuing in to 2021/22 and possibly beyond.

## Narrative Report

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Whilst additional funding has been provided by central government towards some of these new responsibilities, it continues as a substantial resource burden, when the council is already experiencing difficulties in recruitment.

With regard to our recruitment and retention issues, the council's Personnel Committee have set up a working group to review pay and conditions.

Smarter working with our existing ICT infrastructure across all services continues to be 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.

We also continue to meet the improvement areas highlighted as part of the Corporate Peer Challenge that was carried out a number of years ago.

In the later *Current Economic Climate and Outlook* section of the Narrative Report, the vast levels of uncertainty around local government finance are reflected on. This uncertainty inevitably impacts on the councils approach to change and the confidence that it can take in planning for service investment when multiple key funding streams can not be confirmed, even in the short term.

## 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.

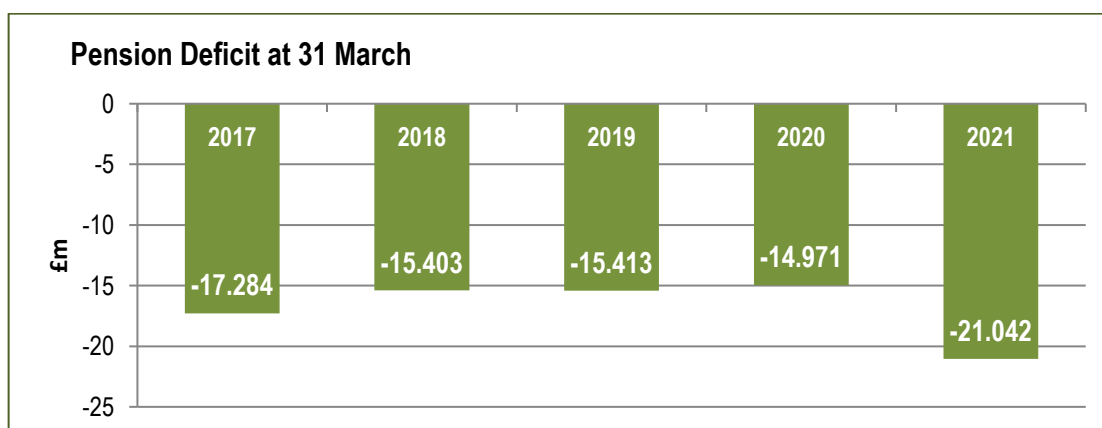
The net pension asset/liability in respect of the surplus/deficit on the pension fund, as calculated by the fund's actuary, is included in the council's balance sheet. In Ribble Valley Borough Council's case the net liability as at 31 March 2021 increased to £21.042m (31 March 2020 £14.971m). The reason for the increase in net liability is largely explained by the following:

|   | £'000        |
|---|--------------|
| <b>Remeasurements (liabilities)</b>     |              |
| Experience gain                         | -1,333       |
| Gain on financial assumptions           | 10,866       |
| <b>Remeasurements (assets)</b>          | -4,510       |
| <b>Net movement from remeasurements</b> | <b>5,023</b> |

The main influence on the pension fund position is a slight reduction in the discount rate assumption (-0.3% p.a.) and an increase in the CPI inflation assumption (0.6% p.a). The combined effect of this is to significantly increase liabilities.

Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

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.



## Narrative Report

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### 10 COVID-19 IMPACT

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Councils have played a key role in supporting local communities throughout the Covid pandemic. The restrictions and lock-down periods as a result of the pandemic have been unprecedented and have had a substantial impact on both the national and local economy.

Council staff have delivered (and continue to deliver) a range of support measures to businesses and residents including

- Creation of a Community Hub to support vulnerable residents
- Supporting local businesses via payment of grants
- Provision of 100% business rate relief to eligible retail, hospitality, and leisure properties
- Working alongside partners to contain and manage local outbreaks
- Enforcement
- Testing and Tracing
- Payment of £150 grants to Working Tax Credit Claimants
- Payment of £500 Test and Trace Support payments

All these measures have been financed by special covid funding awarded by the Government.

The Government also announced various tranches of unringfenced emergency funding for local authorities for Covid related spending pressures. We received £242,180 for 2021/22, £779,419 for 2020/21 and £23,853 for 2019/20.

The Government also agreed a scheme to reimburse councils for lost income from sales, fees and charges due to Covid-19. This scheme ran for 2020/21 and the first quarter of the 2021/22 financial year. Councils absorbed the first 5% of all relevant irrecoverable losses compared to their original budget, with the Government compensating councils for 75 pence in every pound of loss thereafter.

Further 'New Burdens' grants have been awarded by the Government to meet the administration costs of carrying out various additional roles due to the pandemic, for example the awarding of business support grants.

Many councils were in a difficult financial position before the pandemic. Fortunately, this council remains in a healthy financial position, however the ongoing unknown impact of the pandemic may continue to affect local government finances for years to come.

#### **Covid-19 Related Funding Accounted for in 2020/21**

Detailed below are the various grant funding streams that were accounted for in the 2020/21 financial year.

This has broadly been grouped as:

- Emergency Funding
- Sales, Fees and Charges Compensation

- Grant Funding for Businesses
- Other Grants

In respect of the *Grant Funding for Businesses*, the accounting treatment that the council must follow for such funding and the payments made is quite specific and is dictated through our role in such payments, being defined as either acting as agent, or acting as principal.

A key indicator of the council acting as agent would be where the council is acting as an intermediary between the recipient and the Government Department, and where the council did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the council was able to use its own discretion when allocating the amount of grant payable, it was acting as principal.

Where the council has acted as principal as opposed to acting as agent, the transactions are included in the council's financial statements, following the relevant section of the Code of Practice.

Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure incurred by the council on behalf of the Government Department, in which case there is a debtor or creditor position on the balance sheet, and the net cash position is included in financing activities in the Cash Flow Statement.

| Funding Type  | £               |
|---|-----------------|
| <b>Emergency Funding</b>                                    |                 |
| Covid-19 Support Grant - Tranche 2                          | -602,234        |
| Covid-19 Support Grant - Tranche 3                          | -77,185         |
| Covid-19 Support Grant - Tranche 4                          | -100,000        |
| <b>Total Emergency Funding</b>                              | <b>-779,419</b> |
| <b>Sales, Fees and Charges Compensation</b>                 |                 |
| April 2020 to July 2020                                     | -193,106        |
| August 2020 to November 2020                                | -198,873        |
| December 2020 to March 2021                                 | -187,720        |
| <b>Total Sales, Fees and Charges Compensation</b>           | <b>-579,699</b> |
| <b>Grant Funding for Businesses</b>                         |                 |
| Business Support Grant (Principal)                          | -867,000        |
| Local Restrictions Support Grant (Open and ARG) (Principal) | -1,437,526      |
| Self-isolation Payments Funding Discretionary (Principal)   | -31,250         |
| Small Business Support Grant (Agent)                        | -12,940,000     |
| Retail Hospitality and Leisure Business Grant (Agent)       | -4,280,000      |
| Self-isolation Payments Funding (Agent)                     | -27,000         |
| Christmas Support for Wet-Led Pubs (Agent)                  | -37,000         |

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| Funding Type   | £                  |
|--|--------------------|
| Local Restrictions Support Grant (Closed) (Agent)  | -7,998,230         |
| <b>Total Grant Funding for Businesses</b>  | <b>-27,618,006</b> |
| <b>Other Grants</b>  |                    |
| Reopening High Streets Safely Fund   | -25,458            |
| National Leisure Recovery Fund   | -83,434            |
| Homelessness Grant Funding   | -12,879            |
| Council Tax Hardship Fund  | -222,053           |
| S31 Grant RHLG and Small Business Grant Administration   | -130,000           |
| Local Authority Compliance and Enforcement   | -21,956            |
| Self-isolation Payments Funding Administration   | -23,403            |
| S31 Contain Outbreak Management Fund   | -296,283           |
| Local Authority Discretionary Grant Fund (Small Business Grant, Retail Hospitality and Leisure, Local authority Discretionary Grant) | -58,500            |
| Local Authority Discretionary Grant Fund (Local Restrictions Support Grant, Wet Led Pubs, Closed Business Lockdown)                  | -166,800           |
| Clinically Extremely Vulnerable Funding  | -141,777           |
| Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)  | -42,788            |
| Practical Support for Self-Isolation Funding   | -13,772            |
| Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens  | -18,908            |
| <b>Total Other Grants</b>  | <b>-1,258,009</b>  |

## 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 was 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 was delayed.

Despite the level of uncertainty, a budget forecast was prepared at the time of setting the revenue budget for 2021/22 at the start of February 2021. This was based on many assumptions due to the high level of uncertainty around future local government funding.

|                                       | 2021/22<br>Forecast<br>£ | 2022/23<br>Forecast<br>£ | 2023/24<br>Forecast<br>£ | 2024/25<br>Forecast<br>£ |
|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net Expenditure                       | 7,675,045                | 7,699,235                | 7,890,486                | 8,095,515                |
| Interest Receipts                     | -50,000                  | -75,000                  | -75,000                  | -75,000                  |
| Use of Superannuation Reserve         | -36,512                  | -36,512                  | -36,514                  |                          |
| Rural Services Grant                  | -113,250                 | -113,250                 | -113,250                 | -113,250                 |
| Lower Tier Services Grant             | -57,696                  |                          |                          |                          |
| Use of Business Rates Growth          | -795,549                 | -795,549                 | -795,549                 | -795,549                 |
| Use of New Homes Bonus                | -1,105,000               | -1,105,000               | -1,105,000               | -1,105,000               |
| Use of Balances                       | -400,000                 | -250,000                 | -250,000                 | -250,000                 |
| <b>Savings Required</b>               | <b>0</b>                 | <b>-28,886</b>           | <b>-57,954</b>           | <b>-134,478</b>          |
| <b>Budget Requirement</b>             | <b>5,117,038</b>         | <b>5,295,038</b>         | <b>5,457,219</b>         | <b>5,622,238</b>         |
| Business Rates Baseline               | -1,354,393               | -1,354,393               | -1,354,393               | -1,354,393               |
| Collection Fund Surplus               | -24,995                  | -25,000                  | -25,000                  | -25,000                  |
| <b>Precept</b>                        | <b>3,737,650</b>         | <b>3,915,645</b>         | <b>4,077,826</b>         | <b>4,242,845</b>         |
| Taxbase                               | 24,007                   | 24,367                   | 24,611                   | 24,857                   |
| <b>Band D Council Tax</b>             | <b>£155.69</b>           | <b>£160.69</b>           | <b>£165.69</b>           | <b>£170.69</b>           |
| Projected/Actual Council Tax increase | <b>0%</b>                | <b>£5 max</b>            | <b>£5 max</b>            | <b>£5 max</b>            |

## Narrative Report

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The forecast assumes our funding stays at the 2021/22 level, 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 for 2022/23 onwards. 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 £29k in 2022/23, £58k in 2023/24 and £134k in 2024/25. However, it is important to note the high levels of uncertainty across this forecast.

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 was a member of a new Lancashire Business Rates Pool on a 50% business rates retention basis and this has continued in to 2021/22.

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 would 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.

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.

Our Earmarked Reserves will continue to be a major source of funding for the Council's 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, Business Rates Retention Reform and New Homes Bonus Consultations.
- Longer term viability of the Lancashire Business Rates Pool 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.
- Longer term impacts 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

- Longer term impact on the community, including financial impact on businesses and households within the borough.

## Narrative Report

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- Ability for service income to return to pre-Covid levels

### **Combined Authority Plans**

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

## 13 THE STATEMENTS

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The Council's statement of accounts for the year ended 31 March 2021 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 2020/21 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

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# 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

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The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources.
- 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

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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 2021.

Jane L Pearson  
Director of Resources CPFA  
26 November 2021

## Approval of the Statement of Accounts

I confirm that these accounts, including the Comprehensive Income and Expenditure Statement on page 65 and the Balance Sheet on page 69, were approved by the Accounts and Audit Committee at its meeting held on 17 November 2021.

Cllr David Berryman  
Chairman of Accounts and Audit Committee  
26 November 2021

# Statement of Accounting Policies

## **1 GENERAL PRINCIPLES**

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The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which 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 2020/21*, supported by International Financial Reporting Standards (IFRS).

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

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

## **2 ACCRUALS OF INCOME AND EXPENDITURE**

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

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

**Statement of Accounting Policies**

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**3 CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

**5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

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Services, support services and trading accounts are 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

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

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

#### **Accounting for Council Tax and NDR**

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

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

### 7 EMPLOYEE BENEFITS

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#### **Benefits Payable during Employment**

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

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

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



**Statement of Accounting Policies**

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**Termination Benefits**

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

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

**Post-Employment Benefits**

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

**The Local Government Pension Scheme**

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

- The liabilities of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.1% (2.4% 31 March 2020) based on the indicative rate of return on AA rated corporate bonds.
- The assets of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value
- The Change in the Net Pensions Liability is analysed into the following components:

## Statement of Accounting Policies

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

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

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

## Statement of Accounting Policies

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

### **Discretionary Benefits**

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

## **8 EVENTS AFTER THE REPORTING PERIOD**

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

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

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

## **9 FINANCIAL INSTRUMENTS**

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### **Financial Liabilities**

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

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

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

## Statement of Accounting Policies

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### **Financial Assets**

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

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

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

### **Financial Assets Measured at Amortised Cost**

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

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

### **Expected Credit Loss Model**

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

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

## Statement of Accounting Policies

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### 10 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

### 11 HERITAGE ASSETS

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

Heritage Assets are

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

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

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

## Statement of Accounting Policies

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- Civic Regalia
- The Roman Bath site at Ribchester

### The Castle Keep at Clitheroe

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

### The Clitheroe Castle Museum Collection

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

### Civic Regalia

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

## Statement of Accounting Policies

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### The Roman Bath site at Ribchester

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

### Heritage Assets - General

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

## 12 INTANGIBLE ASSETS

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

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

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

## Statement of Accounting Policies

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

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

### 13 INVENTORIES AND LONG TERM CONTRACTS

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

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

### 14 LEASES

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

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

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

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

#### **Operating Leases Where the Council is Lessee**

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



**Statement of Accounting Policies**

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**Operating Leases Where the Council is Lessor**

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

**15 OVERHEADS AND SUPPORT SERVICES**

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

**16 PROPERTY, PLANT AND EQUIPMENT**

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

***Recognition***

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

***Measurement***

Assets are initially measured at cost, comprising:

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

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

## Statement of Accounting Policies

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

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

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

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

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

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

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

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

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

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

## Statement of Accounting Policies

| Property, Plant and Equipment Classification | 31 March 2021                            |  |
|--|--|--|
|  | Revalued Amount<br>in Balance Sheet<br>£ | Equivalent<br>Carrying Amount<br>Under Cost Model<br>£ |
| Other Land and Buildings                     | 13,065,992                               | 8,389,907  |
| Vehicles, Plant, Furniture and Equipment     | 1,972,657                                | 1,972,658  |
| Infrastructure Assets                        | 253,214                                  | 253,214  |
| Community Assets                             | 1,567,619                                | 1,555,719  |
| Surplus Assets (Not for Sale)                | 24,133                                   | 17,908   |
| <b>Total</b>                                 | <b>16,883,615</b>                        | <b>12,189,406</b>                                      |

### Impairments

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

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

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

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

### Depreciation

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

## Statement of Accounting Policies

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

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

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

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

### ***Disposals and Non-current Assets Held for Sale***

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

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

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

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

## Statement of Accounting Policies

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

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

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

### ***Componentisation***

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

## **17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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### **Provisions**

Provisions are made where an event has taken place 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 when the Council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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### **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**

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

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

## **19 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

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

**20 VAT**

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

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

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

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

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

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

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

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

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

**Comprehensive Income and Expenditure Statement**

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# Comprehensive Income and Expenditure Statement

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

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

The Comprehensive Income and Expenditure Statement has two sections:

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



## Comprehensive Income and Expenditure Statement

| 2019/20                |                    |                      | 2020/21   |                        |                    |                      |             |
|------------------------|--------------------|----------------------|---|------------------------|--------------------|----------------------|-------------|
| Gross Expenditure<br>£ | Gross Income<br>£  | Net Expenditure<br>£ |   | Gross Expenditure<br>£ | Gross Income<br>£  | Net Expenditure<br>£ | Note        |
| 8,987,394              | -4,533,335         | 4,454,059            | Community Services Committee  | 8,762,023              | -4,019,589         | 4,742,434            |             |
| 370,427                | -81,709            | 288,718              | Economic Development Committee  | 393,274                | -135,145           | 258,129              |             |
| 7,379,587              | -6,440,783         | 938,804              | Health and Housing Committee  | 6,962,638              | -6,282,649         | 679,989              |             |
| 1,782,057              | -1,174,453         | 607,604              | Planning and Development Committee  | 1,279,027              | -893,605           | 385,422              |             |
| 4,204,852              | -1,349,937         | 2,854,915            | Policy and Finance Committee  | 6,428,059              | -4,506,762         | 1,921,297            |             |
| <b>22,724,317</b>      | <b>-13,580,217</b> | <b>9,144,100</b>     | <b>Cost of Services</b>   | <b>23,825,021</b>      | <b>-15,837,750</b> | <b>7,987,271</b>     | <b>1/2</b>  |
|                        |                    |                      | <b>Other Operating Expenditure</b>  |                        |                    |                      |             |
|                        |                    | 450,764              | Payment of Precepts to Parishes   |                        |                    | 507,581              |             |
|                        |                    | 29,000               | Pensions Administration Expenses  |                        |                    | 30,000               | <b>32</b>   |
|                        |                    | 33,489               | (Gains)/Losses on the Disposal of non-Current Assets                        |                        |                    | -35,009              |             |
|                        |                    |                      | <b>Financing and Investment Income and Expenditure</b>                      |                        |                    |                      |             |
|                        |                    | 6,527                | Interest Payable on Debt  |                        |                    | 6,020                |             |
|                        |                    | -113,422             | Investment Interest Income  |                        |                    | -44,254              |             |
|                        |                    | 5,746                | Impairment Losses/(Gains)   |                        |                    | -2,204               |             |
|                        |                    | 352,000              | Net Interest on the net defined benefit liability (asset)                   |                        |                    | 347,000              | <b>32</b>   |
|                        |                    | -22,334              | Gain on Trading Accounts  |                        |                    | -69,754              |             |
|                        |                    |                      | <b>Taxation and Non-Specific Grant Income</b>                               |                        |                    |                      |             |
|                        |                    | -4,014,273           | Council Tax   |                        |                    | -4,243,831           | <b>8</b>    |
|                        |                    | -2,274,104           | Non Domestic Rates Income and Expenditure                                   |                        |                    | 1,401,531            | <b>8/11</b> |
|                        |                    | -3,379,891           | Other Non-Specific Grants   |                        |                    | -6,708,182           | <b>8</b>    |
|                        |                    | <b>217,602</b>       | <b>(Surplus) or Deficit on Provision of Services</b>                        |                        |                    | <b>-823,831</b>      | <b>1/2</b>  |
|                        |                    | 2,810,189            | (Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets |                        |                    | -97,588              |             |
|                        |                    | -2,121,000           | Actuarial Gains on Pensions Assets/Liabilities                              |                        |                    | 5,023,000            | <b>32</b>   |
|                        |                    | <b>689,189</b>       | <b>Other Comprehensive Income and Expenditure</b>                           |                        |                    | <b>4,925,412</b>     |             |
|                        |                    | <b>906,791</b>       | <b>Total Comprehensive Income and Expenditure</b>                           |                        |                    | <b>4,101,581</b>     |             |

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

**Movements in Reserves Statement**

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## Movement in Reserves Statement

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

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

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

## Movements in Reserves Statement

| Movements in 2020/21   | General Fund Balance<br>£ | Earmarked General Fund Reserves<br>£ | Total General Fund Balance<br>£ | Capital Grants Unapplied<br>£ | Usable Capital Receipts Reserve<br>£ | Total Usable Reserves<br>£ | Unusable Reserves<br>£ | Total Council Reserves<br>£ |
|--|---------------------------|--------------------------------------|---------------------------------|-------------------------------|--------------------------------------|----------------------------|------------------------|-----------------------------|
| <b>Balance as at 31 March 2020</b>   | 2,375,646                 | 9,765,768                            | 12,141,414                      | 387,640                       | 1,086,608                            | 13,615,662                 | -184,490               | 13,431,172                  |
| Total Comprehensive Income and Expenditure   | -4,330,783                | 5,154,614                            | 823,831                         |                               |                                      | 823,831                    | -4,925,412             | -4,101,581                  |
| Adjustments between Accounting Basis and Funding Basis Under Regulations<br><i>See Note 10</i> | 4,489,280                 |                                      | 4,489,280                       | 192,884                       | 52,250                               | 4,734,414                  | -4,734,414             | 0                           |
| <b>Increase/(Decrease) in Year</b>   | 158,497                   | 5,154,614                            | 5,313,111                       | 192,884                       | 52,250                               | 5,558,245                  | -9,659,826             | -4,101,581                  |
| <b>Balance at 31 March 2021 Carried Forward</b>  | 2,534,143                 | 14,920,382                           | 17,454,525                      | 580,524                       | 1,138,858                            | 19,173,907                 | -9,844,316             | 9,329,591                   |

| Movements in 2019/20   | General Fund Balance<br>£ | Earmarked General Fund Reserves<br>£ | Total General Fund Balance<br>£ | Capital Grants Unapplied<br>£ | Usable Capital Receipts Reserve<br>£ | Total Usable Reserves<br>£ | Unusable Reserves<br>£ | Total Council Reserves<br>£ |
|--|---------------------------|--------------------------------------|---------------------------------|-------------------------------|--------------------------------------|----------------------------|------------------------|-----------------------------|
| <b>Balance as at 31 March 2019</b>   | 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<br><i>See Note 10</i> | 614,840                   |                                      | 614,840                         | 7,581                         |                                      | 622,421                    | -622,421               | 0                           |
| <b>Increase/(Decrease) in Year</b>   | -96,465                   | 493,703                              | 397,238                         | 7,581                         | 0                                    | 404,819                    | -1,311,610             | -906,791                    |
| <b>Balance at 31 March 2020 Carried Forward</b>  | 2,375,646                 | 9,765,768                            | 12,141,414                      | 387,640                       | 1,086,608                            | 13,615,662                 | -184,490               | 13,431,172                  |

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

**Balance Sheet**

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# Balance Sheet

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

Reserves are reported in two categories:

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

## Balance Sheet

| 31 March 2020                |                                    | 31 March 2021      | Note    |
|------------------------------|------------------------------------|--------------------|---------|
| £                            |                                    | £                  |         |
| <i>Long Term Assets</i>      |                                    |                    |         |
| 16,960,063                   | Property, Plant and Equipment      | 16,883,614         | 13      |
| 944,857                      | Heritage Assets                    | 971,194            | 14      |
| 71,626                       | Intangible Assets                  | 78,322             |         |
| 258,083                      | Long Term Debtors                  | 247,521            | 15      |
| <b>18,234,629</b>            | <b>Total Long Term Assets</b>      | <b>18,180,651</b>  |         |
| <i>Current Assets</i>        |                                    |                    |         |
| 10,000                       | Financial Asset Held for Sale      | 10,000             | 15      |
| 49,050                       | Inventories                        | 35,865             |         |
| 2,361,104                    | Short Term Debtors                 | 6,147,098          | 6/15/16 |
| 14,783,508                   | Cash and Cash Equivalents          | 18,534,239         | 15/17   |
| <b>17,203,662</b>            | <b>Total Current Assets</b>        | <b>24,727,202</b>  |         |
| <i>Current Liabilities</i>   |                                    |                    |         |
| -17,894                      | Short Term Borrowing               | -17,894            |         |
| -6,307,648                   | Short Term Creditors               | -11,560,377        | 15/18   |
| -594,987                     | Provisions                         | -852,793           | 6/19    |
| <b>-6,920,529</b>            | <b>Total Current Liabilities</b>   | <b>-12,431,064</b> |         |
| <i>Long Term Liabilities</i> |                                    |                    |         |
| -115,590                     | Long Term Borrowing                | -105,197           | 15      |
| -14,971,000                  | Net Pensions Liability             | -21,042,000        | 6/32    |
| <b>-15,086,590</b>           | <b>Total Long Term Liabilities</b> | <b>-21,147,197</b> |         |
| <b>13,431,172</b>            | <b>Net Assets</b>                  | <b>9,329,592</b>   |         |
| <i>Usable Reserves</i>       |                                    |                    |         |
|                              |                                    |                    | 20      |
| 2,375,646                    | General Fund Balance               | 2,534,143          |         |
| 9,765,768                    | Earmarked General Fund Reserves    | 14,920,382         | 12      |
| 1,086,608                    | Usable Capital Receipts Reserve    | 1,138,859          |         |
| 387,640                      | Capital Grants Unapplied           | 580,524            |         |
| <b>13,615,662</b>            | <b>Total Usable Reserves</b>       | <b>19,173,908</b>  |         |
| <i>Unusable Reserves</i>     |                                    |                    |         |
|                              |                                    |                    | 21      |
| 8,586,778                    | Capital Adjustment Account         | 8,671,245          |         |
| 251,248                      | Collection Fund Adjustment Account | -3,264,848         |         |
| 6,034,168                    | Revaluation Reserve                | 6,013,615          |         |
| -14,971,000                  | Pension Reserve                    | -21,042,000        | 32      |
| -85,684                      | Accumulated Absences Account       | -222,328           |         |
| <b>-184,490</b>              | <b>Total Unusable Reserves</b>     | <b>-9,844,316</b>  |         |
| <b>13,431,172</b>            | <b>Total Reserves</b>              | <b>9,329,592</b>   |         |

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

## Cash Flow Statement

# Cash Flow Statement

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

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

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

| 2019/20           |   | 2020/21           | Note |
|-------------------|---|-------------------|------|
| £                 |   | £                 |      |
| 217,602           | Net (Surplus) or Deficit on the Provision of Services   | -823,831          |      |
| -3,074,151        | Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements   | -5,312,503        | 22   |
| 0                 | Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | 58,500            | 22   |
| <b>-2,856,549</b> | <b>Net Cash Flows from Operating Activities</b>   | <b>-6,077,834</b> |      |
| 87,319            | Investing Activities  | -263,723          | 23   |
| 378,257           | Financing Activities  | 2,590,826         | 24   |
| <b>-2,390,973</b> | <b>Net Increase or decrease in Cash and Cash Equivalents</b>  | <b>-3,750,731</b> |      |
| 12,392,535        | Cash and Cash Equivalents 1 April   | 14,783,508        |      |
| <b>14,783,508</b> | <b>Cash and Cash Equivalents 31 March</b>   | <b>18,534,239</b> | 17   |

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

# Notes to the Core Financial Statements

## 1 EXPENDITURE AND FUNDING ANALYSIS

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

It also shows how this expenditure is allocated for decision making purposes 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.

| 2020/21   | Net Expenditure<br>Chargeable to the<br>General Fund<br>£ | Adjustments<br>between the<br>Funding and<br>Accounting Basis<br>£ | Net Expenditure in<br>the<br>Comprehensive<br>Income and<br>Expenditure<br>Statement<br>£ |
|---|---|--|---|
| Community Services Committee                            | 4,369,210   | 373,224  | 4,742,434   |
| Economic Development Committee                          | 239,413   | 18,715   | 258,128   |
| Health and Housing Committee                            | 530,226   | 149,763  | 679,989   |
| Planning and Development Committee                      | 232,877   | 152,545  | 385,422   |
| Policy and Finance Committee                            | 1,730,807   | 190,491  | 1,921,298   |
| <b>Net Cost of Services</b>                             | <b>7,102,533</b>  | <b>884,738</b>   | <b>7,987,271</b>  |
| Other Income and Expenditure                            | -12,415,643   | 3,604,541  | -8,811,102  |
| <b>(Surplus) or Deficit</b>                             | <b>-5,313,110</b>   | <b>4,489,279</b>   | <b>-823,831</b>   |
| Opening General Fund Balance at 31 March 2020           | -12,141,415   |  |   |
| <b>Closing General Fund Balance as at 31 March 2021</b> | <b>-17,454,525</b>  |  |   |

## Notes to the Core Financial Statements

| 2019/20   | Net Expenditure Chargeable to the General Fund<br>£ | Adjustments between the Funding and Accounting Basis<br>£ | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£ |
|---|---|---|--|
| Community Services Committee                            | 4,145,598   | 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  |
| <b>Net Cost of Services</b>                             | <b>7,467,263</b>                                    | <b>1,676,837</b>  | <b>9,144,100</b>   |
| Other Income and Expenditure                            | -7,864,503  | -1,061,995  | -8,926,498   |
| <b>(Surplus) or Deficit</b>                             | <b>-397,240</b>                                     | <b>614,842</b>  | <b>217,602</b>   |
| Opening General Fund Balance at 31 March 2019           | -11,744,175   |   |  |
| <b>Closing General Fund Balance as at 31 March 2020</b> | <b>-12,141,415</b>                                  |   |  |

## 2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

| 2020/21                            | Net Expenditure Chargeable to the General Fund<br>£ | Adjustments for Capital Purposes<br>£ | Net Change for the Pensions Adjustments<br>£ | Other Statutory Adjustments<br>£ | Net Expenditure in the Comprehensive Income and Expenditure Statement<br>£ |
|------------------------------------|---|---------------------------------------|--|----------------------------------|--|
| Community Services Committee       | 4,369,210   | 2,860                                 | 299,887                                      | 70,477                           | <b>4,742,434</b>   |
| Economic Development Committee     | 239,413   |                                       | 19,570                                       | -855                             | <b>258,128</b>   |
| Health and Housing Committee       | 530,226   | -21,773                               | 94,579                                       | 76,957                           | <b>679,989</b>   |
| Planning and Development Committee | 232,877   | 48,672                                | 89,677                                       | 14,196                           | <b>385,422</b>   |
| Policy and Finance Committee       | 1,730,807   | -22,419                               | 167,287                                      | 45,623                           | <b>1,921,298</b>   |
| <b>Net Cost of Services</b>        | <b>7,102,533</b>                                    | <b>7,340</b>                          | <b>671,000</b>                               | <b>206,398</b>                   | <b>7,987,271</b>   |
| Other Income and Expenditure       | -12,415,643   | -218,801                              | 377,000                                      | 3,446,342                        | <b>-8,811,102</b>  |
| <b>(Surplus) or Deficit</b>        | <b>-5,313,110</b>                                   | <b>-211,461</b>                       | <b>1,048,000</b>                             | <b>3,652,740</b>                 | <b>-823,831</b>  |



## Notes to the Core Financial Statements

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

**Adjustments for Capital Purposes**

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

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

**Net Change for the Pensions Adjustments**

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

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

## 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.

| 2019/20  | 2020/21            |
|--|--------------------|
| £  | £                  |
| <i>Expenditure</i>   |                    |
| 8,689,244 Employee Expenditure                               | 7,988,531          |
| 13,262,393 Other Service Expenses                            | 27,364,737         |
| 1,271,250 Depreciation, Amortisation and Impairment          | 874,753            |
| 29,000 Pensions Administration Costs                         | 30,000             |
| 6,527 Interest Payments                                      | 6,020              |
| 450,764 Precepts and Levies                                  | 507,581            |
| <b>23,709,178 Total Expenditure</b>                          | <b>36,771,622</b>  |
| <i>Income</i>  |                    |
| -6,492,648 Fees and Charges and Other Service Income         | -17,203,048        |
| 33,489 Gain or Loss on Disposal of Non-Current Assets        | -35,009            |
| -6,288,377 Income from Council Tax and Business Rates        | -2,842,300         |
| -10,630,619 Government Grants, Contributions and Donations   | -17,470,842        |
| -113,422 Interest and Investment Income                      | -44,254            |
| <b>-23,491,577 Total Income</b>                              | <b>-37,595,453</b> |
| <b>217,601 (Surplus) or Deficit on Provision of Services</b> | <b>-823,831</b>    |

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

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**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 2022.

The changes are expected to have a minimal impact on the council. Impact on the council tax would be through the MRP calculation and the requirement to include such assets on balance sheet would increase our Non-Current assets. The exact financial impact continues to be calculated, but as stated will be minimal due to the nature of the assets.

#### 5 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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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 2021 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 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 2021 was £21.042m. The following sensitivity analysis is provided by Mercer Limited:</p> <ul style="list-style-type: none"> <li>• <b>+0.1% p.a. discount rate as at 31 March 2021:</b> deficit would be £19.777m</li> <li>• <b>+0.1% p.a. inflation as at 31 March 2021:</b> deficit would be £22.328m</li> <li>• <b>+0.1% p.a. pay growth as at 31 March 2021:</b> deficit would be £21.190m</li> <li>• <b>1-year addition to members' life expectancy as at 31 March 2021:</b> deficit would be £23.438m</li> <li>• <b>+1% change in 2020/21 investment returns:</b> deficit would be £20.461m</li> <li>• <b>-1% change in 2020/21 investment returns:</b> deficit would be £21.623m</li> </ul> |
| Property, Plant and Equipment Valuations | <p>RICS have set up a forum to consider the unique events relating to the global Covid pandemic and its impact on valuation assignments. The latest forum output recommends that, with adequate market evidence and property markets mostly functioning again, the material valuation uncertainty that existed in 2019/20 is less relevant in 2020/21, other than for those assets with trading potential such as hospitality venues. As such the relevance for this council is low at the 31 March 2021 compared to 31 March 2020.</p> | <p>A variation of 10% in the value of the council's land and buildings would be approximately £1.688m. 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>  |

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**7 MATERIAL ITEMS OF INCOME AND EXPENSE**

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**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 2020/21 £5.54m was paid out (£5.68m in 2019/20), 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 £5.54m was received from the Department for Work and Pensions in 2020/21 (£5.71m in 2019/20).

Higher payments than originally expected were made in 2020/21 as a result of Covid-19, as the DWP increased benefit rates in-year for additional earnings disregard and Local Housing Allowance for eligible Housing Benefits claimants. These increased payments were covered by subsidy grant received from DWP.

**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 2020/21 the Council received £147,625 in income from chargeable car parks (in 2019/20 £403,464). This income excludes that received from parking fines.

Income levels for this service were impacted by the Covid-19 pandemic in 2020/21 and Sales, Fees and Charges Government funding was received of £108,736 in respect of lost income for this service.

**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 2020/21 the council received £452,065 in planning application fees, which help fund the provision of the service. (£673,673 in 2019/20).

Income levels for this service were impacted by the Covid-19 pandemic in 2020/21 and Sales, Fees and Charges Government funding was received of £156,359 in respect of lost income for this service.

**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 2020/21 the Council received £3,930,502 through various business rates Section 31 grants (£1,708,862 in 2019/20).

The value reported here for the 2020/21 financial year is substantially higher than that for 2019/20 due to the business rates reliefs that were brought in by the government due to the Covid-19 pandemic. This was notably in respect of Retail Discount and Nursery Discount.

## Notes to the Core Financial Statements

### Covid-19 Related Funding Accounted for in 2020/21

Detailed below are the various grant funding streams that were accounted for in the 2020/21 financial year.

This has broadly been grouped as:

- Emergency Funding
- Sales, Fees and Charges Compensation
- Grant Funding for Businesses
- Other Grants

In respect of the Business Support Grants, the accounting treatment that the council must follow for such funding and the payments made is quite specific and is dictated through our role in such payments, being defined as either acting as agent, or acting as principal.

A key indicator of the council acting as agent would be where the council is acting as an intermediary between the recipient and the Government Department, and where the council did not have 'control' of the grant conditions and there was no flexibility in determining the level of grant payable.

Where the council was able to use its own discretion when allocating the amount of grant payable, it was acting as principal.

Where the council has acted as principal as opposed to acting as agent, the transactions are included in the council's financial statements, following the relevant section of the Code of Practice.

Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure incurred by the council on behalf of the Government Department, in which case there is a debtor or creditor position on the balance sheet, and the net cash position is included in financing activities in the Cash Flow Statement.

A summary of the grants and our role as either Principal or Agent (in respect of the Grant Funding for Businesses) is given below.

| Funding Type                                      | £               |
|---|-----------------|
| <b>Emergency Funding</b>                          |                 |
| Covid-19 Support Grant - Tranche 2                | -602,234        |
| Covid-19 Support Grant - Tranche 3                | -77,185         |
| Covid-19 Support Grant - Tranche 4                | -100,000        |
| <b>Total Emergency Funding</b>                    | <b>-779,419</b> |
| <b>Sales, Fees and Charges Compensation</b>       |                 |
| April 2020 to July 2020                           | -193,106        |
| August 2020 to November 2020                      | -198,873        |
| December 2020 to March 2021                       | -187,720        |
| <b>Total Sales, Fees and Charges Compensation</b> | <b>-579,699</b> |

## Notes to the Core Financial Statements

| Funding Type   | £                  |
|--|--------------------|
| <b>Grant Funding for Businesses</b>  |                    |
| Business Support Grant (Principal)   | -867,000           |
| Local Restrictions Support Grant (Open and ARG) (Principal)  | -1,437,526         |
| Self-isolation Payments Funding Discretionary (Principal)  | -31,250            |
| Small Business Support Grant (Agent)   | -12,940,000        |
| Retail Hospitality and Leisure Business Grant (Agent)  | -4,280,000         |
| Self-isolation Payments Funding (Agent)  | -27,000            |
| Christmas Support for Wet-Led Pubs (Agent)   | -37,000            |
| Local Restrictions Support Grant (Closed) (Agent)  | -7,998,230         |
| <b>Total Grant Funding for Businesses</b>  | <b>-27,618,006</b> |
| <b>Other Grants</b>  |                    |
| Reopening High Streets Safely Fund   | -25,458            |
| National Leisure Recovery Fund   | -83,434            |
| Homelessness Grant Funding   | -12,879            |
| Council Tax Hardship Fund  | -222,053           |
| S31 Grant RHLG and Small Business Grant Administration   | -130,000           |
| Local Authority Compliance and Enforcement   | -21,956            |
| Self-isolation Payments Funding Administration   | -23,403            |
| S31 Contain Outbreak Management Fund   | -296,283           |
| Local Authority Discretionary Grant Fund (Small Business Grant, Retail Hospitality and Leisure, Local authority Discretionary Grant) | -58,500            |
| Local Authority Discretionary Grant Fund (Local Restrictions Support Grant, Wet Led Pubs, Closed Business Lockdown)                  | -166,800           |
| Clinically Extremely Vulnerable Funding  | -141,777           |
| Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)  | -42,788            |
| Practical Support for Self-Isolation Funding   | -13,772            |
| Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens  | -18,908            |
| <b>Total Other Grants</b>  | <b>-1,258,009</b>  |

## Notes to the Core Financial Statements

**8 TAXATION AND NON-SPECIFIC GRANT INCOME**

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

**Council Tax**

|  | 2019/20<br>£      | 2020/21<br>£      |
|--|-------------------|-------------------|
| Ribble Valley Borough Council Precept                              | -3,497,364        | -3,677,865        |
| Precept Relating to Parishes                                       | -450,764          | -507,581          |
| Surplus Received in Year (Declared January Prior to Start of Year) | -61,419           | -81,910           |
| Movement on Collection Fund (Surplus)/Deficit at Year End          | -4,726            | 23,525            |
| <b>Total Council Tax</b>   | <b>-4,014,273</b> | <b>-4,243,831</b> |

**Non-Domestic Rates Income and Expenditure**

|   | 2019/20<br>£      | 2020/21<br>£     |
|---|-------------------|------------------|
| Ribble Valley Borough Council Share of Business Rates Income  | -8,386,713        | -6,113,118       |
| Less Tariff Payable to Central Government   | 6,364,376         | 4,311,424        |
| (Surplus)/Deficit Payment in Year (Declared January Prior to Start of Year)                           | -224,211          | -252,893         |
| Movement on Collection Fund Deficit/(Surplus) at Year End   | 53,588            | 3,492,571        |
| Business Rates Retained on Renewable Energy Schemes   | -83,293           | -94,045          |
| 10% Retained Levy Payable to Lancashire County Council under Business Rates Pooling Arrangements      |                   | 57,592           |
| Contribution to the Lancashire Pilot Pool Strategic Economic Growth and Financial Sustainability Fund | 2,149             |                  |
| <b>Overall Net Retained Business Rates Related Income</b>   | <b>-2,274,104</b> | <b>1,401,531</b> |



**Other Non-Specific Grants**

|  | 2019/20           | 2020/21           |
|--|-------------------|-------------------|
|  | £                 | £                 |
| New Homes Bonus  | -1,666,486        | -1,770,952        |
| Rural Areas Delivery Grant                                 | 0                 | -107,921          |
| Levy Account Surplus                                       | -4,543            | 0                 |
| Covid-19 Emergency LA Support Grant                        |                   | -779,419          |
| Tax Income Guarantee Section 31 Grant - Business Rates     |                   | -119,388          |
| Business Rates Section 31 Grants                           |                   |                   |
| Small Business Rates Relief (SBRR) Scheme                  | -1,316,044        | -1,068,123        |
| SBRR on Existing Properties where 2nd Property is Occupied | -4,213            | -4,849            |
| 'New Empty' Properties                                     | 0                 | 0                 |
| Multiplier Cap   | -77,498           | 48,931            |
| Discretionary Scheme                                       | -12,043           | 0                 |
| Pub Relief Scheme  | 11                | 0                 |
| Rural Rate Relief  | -11,672           | -8,975            |
| Supporting Small Businesses                                | -7,462            | -5,901            |
| In Lieu of Transitional Relief                             | 0                 | 0                 |
| Retail Discount  | -271,504          | -2,841,585        |
| Flooding Relief  | -8,437            | -2,546            |
| Nursery Discount   |                   | -47,454           |
| <b>Other Non-Specific Grants</b>                           | <b>-3,379,891</b> | <b>-6,708,182</b> |

**9 EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised for issue on the 17 September 2021. 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 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

**10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS**

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

## Notes to the Core Financial Statements

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

### **General Fund Balance**

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

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

### **Capital Receipts Reserve**

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

### **Capital Grants Unapplied**

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

## Notes to the Core Financial Statements

| Movements in 2020/21   | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|--|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|  | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Capital Adjustment Account</b>  |                           |                               |                               |                                    |
| <b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>  |                           |                               |                               |                                    |
| Charges for depreciation and impairment of non-current assets  | 851,355                   |                               |                               | -851,355                           |
| Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)  | -16,580                   |                               |                               | 16,580                             |
| Amortisation of Intangible Assets  | 16,054                    |                               |                               | -16,054                            |
| Capital Grants and Contributions Applied   | -45,997                   |                               |                               | 45,997                             |
| Revenue Expenditure Funded from Capital Under Statute  | 462,925                   |                               |                               | -462,925                           |
| 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 | 23,491                    |                               |                               | -23,491                            |
| <b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></b>   |                           |                               |                               |                                    |
| Statutory Provision for the Financing of Capital investment  | -115,495                  |                               |                               | 115,495                            |
| Capital expenditure charged against General Fund Balances  | -935,705                  |                               |                               | 935,705                            |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>  |                           |                               |                               |                                    |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement  | -393,008                  | 393,008                       |                               |                                    |
| Application of grants to capital financing transferred to the Capital Adjustment Account   |                           | -200,124                      |                               | 200,124                            |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>  |                           |                               |                               |                                    |
| Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement                       | -58,500                   |                               | 58,500                        |                                    |
| Use of Capital Receipts Reserve to Finance New Capital Expenditure   |                           |                               | -6,250                        | 6,250                              |

## Notes to the Core Financial Statements

| Movements in 2020/21  | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|---|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|   | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Pensions Reserve</b>   |                           |                               |                               |                                    |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | 1,982,000                 |                               |                               | -1,982,000                         |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | -934,000                  |                               |                               | 934,000                            |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account</b>   |                           |                               |                               |                                    |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements                 | 3,516,096                 |                               |                               | -3,516,096                         |
| <b>Adjustments primarily involving the Accumulated Absences Account</b>   |                           |                               |                               |                                    |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 136,644                   |                               |                               | -136,644                           |
| <b>Total Adjustments</b>  | <b>4,489,280</b>          | <b>192,884</b>                | <b>52,250</b>                 | <b>-4,734,414</b>                  |

## Notes to the Core Financial Statements

| Movements in 2019/20   | Usable Reserves           |                               |                               | Movement in Unusable Reserves<br>£ |
|--|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|  | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Capital Adjustment Account</b>  |                           |                               |                               |                                    |
| <b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u></b>  |                           |                               |                               |                                    |
| Charges for depreciation and impairment of non-current assets  | 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                            |
| <b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u></b>   |                           |                               |                               |                                    |
| Statutory Provision for the Financing of Capital investment  | -126,075                  |                               |                               | 126,075                            |
| Capital expenditure charged against General Fund Balances  | -2,310,163                |                               |                               | 2,310,163                          |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b>  |                           |                               |                               |                                    |
| 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                            |
| <b>Adjustments primarily involving the Capital Receipts Reserve</b>  |                           |                               |                               |                                    |
| Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement                       | 0                         |                               | 0                             |                                    |
| 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<br>£ |
|---|---------------------------|-------------------------------|-------------------------------|------------------------------------|
|   | General Fund Balance<br>£ | Capital grants Unapplied<br>£ | Capital Receipts Reserve<br>£ |                                    |
| <b>Adjustments primarily involving the Pensions Reserve</b>   |                           |                               |                               |                                    |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement   | 2,716,000                 |                               |                               | -2,716,000                         |
| Employer's pensions contributions and direct payments to pensioners payable in the year   | -1,037,000                |                               |                               | 1,037,000                          |
| <b>Adjustments primarily involving the Collection Fund Adjustment Account</b>   |                           |                               |                               |                                    |
| Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements                 | 48,862                    |                               |                               | -48,862                            |
| <b>Adjustments primarily involving the Accumulated Absences Account</b>   |                           |                               |                               |                                    |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 18,522                    |                               |                               | -18,522                            |
| <b>Total Adjustments</b>  | <b>614,840</b>            | <b>7,581</b>                  | <b>0</b>                      | <b>-622,421</b>                    |

**11 LANCASHIRE BUSINESS RATES POOL**

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

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

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

In respect of 2020/21, the Government confirmed that 75% Business Rate Pilots would cease at the end of March 2020. As a result, an application for a 50% Lancashire Pool for 2020/21, consisting of 10 district council's and the county council, was submitted and was successful. This has operated on the same basis as in 2016/17, 2017/18 and 2018/19.

A comparison of the business rates income allocations in 2019/20 and 2020/21 are shown in the table below:

|                                    | Lancashire<br>Business Rates<br>Pilot Pool<br>2019/20 | Lancashire<br>Business Rates<br>Pool<br>2020/21 |
|------------------------------------|---|---|
| District Authorities               | 56%   | 40%   |
| Lancashire County Council          | 17.5%   | 9%  |
| Lancashire Combined Fire Authority | 1.5%  | 1%  |
|                                    | <b>75%</b>  | <b>50%</b>                                      |
| Central Government                 | 25%   | 50%   |
| <b>Total</b>                       | <b>100%</b>   | <b>100%</b>                                     |
| Unitary Authorities                | 73.5%   | 49%   |

*The value for Unitary Authorities in 2020/21 is for comparison purposes only. There were no Unitary Authorities in the 2020/21 Lancashire Business Rates Pool.*

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

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

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

## Notes to the Core Financial Statements

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

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

## 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 2020/21.

| General Fund  | Balance at 31 March 2019<br>£ | Transfers In 2019/20<br>£ | Transfers Out 2019/20<br>£ | Balance at 31 March 2020<br>£ | Transfers In 2020/21<br>£ | Transfers Out 2020/21<br>£ | Balance at 31 March 2021<br>£ |
|---|-------------------------------|---------------------------|----------------------------|-------------------------------|---------------------------|----------------------------|-------------------------------|
| <i>Reserves for Shorter Term Service Commitments</i>  |                               |                           |                            |                               |                           |                            |                               |
| <b>Community Services</b>   |                               |                           |                            |                               |                           |                            |                               |
| <b>Committee Grants Fund</b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>Used to fund various Community Services Committee grants</i>                                     | 34,955                        |                           | -17,042                    | 17,913                        | 12,770                    | -1,820                     | 28,863                        |
| <b>Audit Reserve Fund</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Used in respect of the internal audit service, including contracting computer audit services</i> | 12,335                        |                           |                            | 12,335                        | 41,410                    |                            | 53,745                        |



## Notes to the Core Financial Statements

| General Fund  | Balance<br>at 31<br>March<br>2019<br>£ | Transfers<br>In<br>2019/20<br>£ | Transfers<br>Out<br>2019/20<br>£ | Balance<br>at 31<br>March<br>2020<br>£ | Transfers<br>In<br>2020/21<br>£ | Transfers<br>Out<br>2020/21<br>£ | Balance at<br>31 March<br>2021<br>£ |
|---|--|---------------------------------|----------------------------------|--|---------------------------------|----------------------------------|-------------------------------------|
| <b>Refuse Collection</b><br><i>To fund refuse collection costs of bin replacements.</i>   | 47,315                                 | 22,295                          | -10,000                          | 59,610                                 | 17,282                          | -33,316                          | 43,576                              |
| <b>Amenity Cleansing Reserve</b><br><i>Used to fund known future amenity cleansing works</i>  | 29,910                                 |                                 | -18,080                          | 11,830                                 | 19,200                          |                                  | 31,030                              |
| <b>Clitheroe Food Festival</b><br><i>Resources set aside or used to help support the costs associated with the Clitheroe Food Festival</i>                        | 13,826                                 |                                 | -6,921                           | 6,905                                  | 1,701                           | -73                              | 8,533                               |
| <b>Two-Way Radio Reserve</b><br><i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i> | 0                                      | 718                             |                                  | 718                                    | 0                               | -700                             | 18                                  |
| <b>Promotional Activities Reserve</b><br><i>To fund planned publicity and promotional activities</i>  | 5,000                                  |                                 | -5,000                           | 0                                      | 5,333                           |                                  | 5,333                               |
| <b>Total Reserves for Shorter Term Service Commitments</b>  | 143,341                                | 23,013                          | -57,043                          | 109,311                                | 97,696                          | -35,909                          | 171,098                             |
| <b>Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs</b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <b>Elections Fund</b><br><i>Used to fund local elections held once every four years</i>   | 101,768                                | 36,852                          | -113,502                         | 25,118                                 | 30,000                          |                                  | 55,118                              |
| <b>Revaluation of Assets Reserve</b><br><i>To contribute towards the revaluation of the Council's assets every five years.</i>                                    | 9,400                                  | 2,420                           | -9,400                           | 2,420                                  | 2,420                           |                                  | 4,840                               |
| <b>Pensions Triennial Revaluation Reserve</b><br><i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>      | 42,228                                 | 26,364                          |                                  | 68,592                                 |                                 |                                  | 68,592                              |
| <b>Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs</b>  | 153,396                                | 65,636                          | -122,902                         | 96,130                                 | 32,420                          | 0                                | 128,550                             |
| <b>Reserves for Trading or Business Units</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <b>Building Control Fund</b><br><i>Available to equalise net expenditure over a three-year period</i>   | -49,153                                |                                 | -29,602                          | -78,755                                | 20,996                          |                                  | -57,759                             |

## Notes to the Core Financial Statements

| General Fund   | Balance at 31 March 2019<br>£ | Transfers In 2019/20<br>£ | Transfers Out 2019/20<br>£ | Balance at 31 March 2020<br>£ | Transfers In 2020/21<br>£ | Transfers Out 2020/21<br>£ | Balance at 31 March 2021<br>£ |
|--|-------------------------------|---------------------------|----------------------------|-------------------------------|---------------------------|----------------------------|-------------------------------|
| <b>Total Reserves for Trading or Business Units</b>  | -49,153                       | 0                         | -29,602                    | -78,755                       | 20,996                    | 0                          | -57,759                       |
| <i>Reserves for Sums Set Aside for Major Schemes such as Capital Projects</i>  |                               |                           |                            |                               |                           |                            |                               |
| <b>Capital</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Used to fund the capital programme</i>  | <b>892,943</b>                | 2,348,987                 | -2,310,163                 | <b>931,767</b>                | 950,436                   | -935,705                   | <b>946,498</b>                |
| <b>ICT Renewals</b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>To fund future software and hardware pressures</i>  | <b>144,871</b>                |                           | -22,131                    | <b>122,740</b>                |                           | -18,000                    | <b>104,740</b>                |
| <b>Vehicle &amp; Plant Renewals Reserve</b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>  | <b>51,035</b>                 |                           |                            | <b>51,035</b>                 |                           |                            | <b>51,035</b>                 |
| <b>Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects</b>  | <b>1,088,849</b>              | <b>2,348,987</b>          | <b>-2,332,294</b>          | <b>1,105,542</b>              | <b>950,436</b>            | <b>-953,705</b>            | <b>1,102,273</b>              |
| <i>Reserves for Longer Term Strategic or Corporate Items</i>   |                               |                           |                            |                               |                           |                            |                               |
| <b>VAT Shelter Reserve</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i> | <b>1,207,869</b>              | 32,963                    | -136,379                   | <b>1,104,453</b>              | 4,986                     | -32,400                    | <b>1,077,039</b>              |
| <b>Fleming VAT Claim</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>VAT recovered from 'Fleming' claim challenge to HMRC</i>  | <b>60,819</b>                 |                           | -2,000                     | <b>58,819</b>                 |                           | -14,322                    | <b>44,497</b>                 |
| <b>Insurance</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>  | <b>14,581</b>                 |                           |                            | <b>14,581</b>                 |                           |                            | <b>14,581</b>                 |
| <b>Repairs and Maintenance</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>  | <b>45,079</b>                 |                           |                            | <b>45,079</b>                 |                           | -22,104                    | <b>22,975</b>                 |
| <b>Post LSVT</b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>   | <b>182,563</b>                |                           | -36,513                    | <b>146,050</b>                |                           | -36,512                    | <b>109,538</b>                |

## Notes to the Core Financial Statements

| General Fund  | Balance<br>at 31<br>March<br>2019<br>£ | Transfers<br>In<br>2019/20<br>£ | Transfers<br>Out<br>2019/20<br>£ | Balance<br>at 31<br>March<br>2020<br>£ | Transfers<br>In<br>2020/21<br>£ | Transfers<br>Out<br>2020/21<br>£ | Balance at<br>31 March<br>2021<br>£ |
|---|--|---------------------------------|----------------------------------|--|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Restructuring Reserve</u></b><br><i>To fund costs resulting from restructuring reviews</i>  | 197,033                                |                                 | -9,130                           | 187,903                                |                                 |                                  | 187,903                             |
| <b><u>Equipment Reserve</u></b><br><i>To fund essential and urgent equipment requirements</i>   | 81,608                                 | 30,413                          | -28,366                          | 83,655                                 | 23,412                          | -28,610                          | 78,457                              |
| <b><u>Invest to Save Fund</u></b><br><i>To fund future invest to save projects</i>  | 231,831                                | 5,559                           | -228                             | 237,162                                | 5,411                           |                                  | 242,573                             |
| <b><u>Planning Reserve</u></b><br><i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>                               | 132,551                                | 1,676                           | -92,584                          | 41,643                                 | 3,000                           | -15,190                          | 29,453                              |
| <b><u>Housing Benefit Reserve</u></b><br><i>To help meet the challenges facing the service in the coming years</i>  | 100,000                                |                                 |                                  | 100,000                                |                                 |                                  | 100,000                             |
| <b><u>Business Rates Volatility Reserve</u></b><br><i>To provide some protection against business rates volatilities</i>  | 1,682,000                              |                                 |                                  | 1,682,000                              |                                 |                                  | 1,682,000                           |
| <b><u>Business Rates Growth Reserve</u></b><br><i>Business rates growth used to support revenue expenditure or the capital programme.</i>   | 999,572                                | 1,920,439                       | -1,345,397                       | 1,574,614                              | 1,213,483                       | -121,612                         | 2,666,485                           |
| <b><u>New Homes Bonus Reserve</u></b><br><i>To help support revenue and capital expenditure</i>   | 2,218,210                              | 561,486                         | -361,547                         | 2,418,149                              | 665,952                         | -229,150                         | 2,854,951                           |
| <b><u>Arts Development Reserve</u></b><br><i>To carry forward unspent budget funding for arts projects which were delayed in 2020/21 due to Covid</i>                               | 0                                      |                                 |                                  | 0                                      | 3,185                           |                                  | 3,185                               |
| <b><u>Grounds Maintenance Tuition Reserve</u></b><br><i>To carry forward unspent budget funding for Grounds Maintenance staff training that was delayed in 2020/21 due to Covid</i> | 0                                      |                                 |                                  | 0                                      | 1,775                           |                                  | 1,775                               |
| <b>Total Reserves for Longer Term Strategic or Corporate Items</b>  | 7,153,716                              | 2,552,536                       | -2,012,144                       | 7,694,108                              | 1,921,204                       | -499,900                         | 9,115,412                           |

## Notes to the Core Financial Statements

| General Fund  | Balance<br>at 31<br>March<br>2019<br>£ | Transfers<br>In<br>2019/20<br>£ | Transfers<br>Out<br>2019/20<br>£ | Balance<br>at 31<br>March<br>2020<br>£ | Transfers<br>In<br>2020/21<br>£ | Transfers<br>Out<br>2020/21<br>£ | Balance at<br>31 March<br>2021<br>£ |
|---|--|---------------------------------|----------------------------------|--|---------------------------------|----------------------------------|-------------------------------------|
| <b>Reserves for External Funding where Expenditure has yet to be Incurred</b>                                 |  |                                 |                                  |  |                                 |                                  |                                     |
| <b>Performance Reward Grant</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Performance Reward Grant received and used to fund associated projects</i>                                 | 67,577                                 |                                 |                                  | 67,577                                 |                                 |                                  | 67,577                              |
| <b>Land Charges Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To fund any potential restitution claims for personal search fees</i>                                      | 51,117                                 |                                 |                                  | 51,117                                 |                                 | -51,117                          | 0                                   |
| <b>Pendle Hill User Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To fund improvement schemes on Pendle Hill</i>   | 24,421                                 |                                 | -22,240                          | 2,181                                  |                                 | -2,181                           | 0                                   |
| <b>Crime Reduction Partnership Reserve</b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To fund cost of crime reduction initiatives</i>  | 39,102                                 | 4,550                           | -5,593                           | 38,059                                 |                                 | -1,179                           | 36,880                              |
| <b>Exercise Referral and Up and Active Reserve</b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To fund potential residual staffing costs and to hold other service grants</i>                             | 12,588                                 |                                 | -7,556                           | 5,032                                  | 25,305                          |                                  | 30,337                              |
| <b>Housing Related Grants Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Residual grant received, to be committed to future grant funded schemes</i>                                | 162,540                                | 45,368                          | -1,456                           | 206,452                                |                                 | -205,969                         | 483                                 |
| <b>Planning Policy Related Grants Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To provide short term capacity support when dealing with housing planning applications</i>                 | 5,850                                  |                                 |                                  | 5,850                                  |                                 |                                  | 5,850                               |
| <b>Community Right to Bid/Challenge</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i> | 45,124                                 |                                 |                                  | 45,124                                 |                                 |                                  | 45,124                              |
| <b>Grant Funded Sports Development</b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>To finance future Sports Development grant funded expenditure</i>  | 2,990                                  | 7,737                           | -40                              | 10,687                                 |                                 |                                  | 10,687                              |
| <b>Whalley Moor Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Grant received towards work at Whalley Moor Woodland</i>   | 4,520                                  |                                 |                                  | 4,520                                  |                                 |                                  | 4,520                               |

## Notes to the Core Financial Statements

| General Fund  | Balance<br>at 31<br>March<br>2019<br>£ | Transfers<br>In<br>2019/20<br>£ | Transfers<br>Out<br>2019/20<br>£ | Balance<br>at 31<br>March<br>2020<br>£ | Transfers<br>In<br>2020/21<br>£ | Transfers<br>Out<br>2020/21<br>£ | Balance at<br>31 March<br>2021<br>£ |
|---|--|---------------------------------|----------------------------------|--|---------------------------------|----------------------------------|-------------------------------------|
| <b><u>Individual Electoral Registration Reserve</u></b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <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                          | 0                                   |
| <b><u>Rural Services Reserve</u></b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Grant received with the purpose of supporting rural services</i>   | 84,050                                 |                                 | -8,658                           | 75,392                                 |                                 | -75,022                          | 370                                 |
| <b><u>Neighbourhood Planning Reserve</u></b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>   | 16,133                                 |                                 |                                  | 16,133                                 |                                 |                                  | 16,133                              |
| <b><u>Repossession Prevention Fund Reserve</u></b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>   | 28,491                                 |                                 |                                  | 28,491                                 |                                 |                                  | 28,491                              |
| <b><u>Parish Grant Reserve</u></b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>PRG resources set aside to fund the Parish Grant Scheme</i>  | 36,819                                 |                                 | -1,050                           | 35,769                                 |                                 | -1,939                           | 33,830                              |
| <b><u>Custom and Self Build Register Grant Reserve</u></b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i> | 73,750                                 | 15,000                          |                                  | 88,750                                 |                                 | -73,750                          | 15,000                              |
| <b><u>Brownfield Register Grant Reserve</u></b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>                              | 23,817                                 | 2,446                           |                                  | 26,263                                 |                                 |                                  | 26,263                              |
| <b><u>Flood Resilience, Response and Recovery Grant Reserve</u></b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>  | 0                                      | 18,408                          |                                  | 18,408                                 |                                 | -2,000                           | 16,408                              |

## Notes to the Core Financial Statements

| General Fund  | Balance at 31 March 2019<br>£ | Transfers In 2019/20<br>£ | Transfers Out 2019/20<br>£ | Balance at 31 March 2020<br>£ | Transfers In 2020/21<br>£ | Transfers Out 2020/21<br>£ | Balance at 31 March 2021<br>£ |
|---|-------------------------------|---------------------------|----------------------------|-------------------------------|---------------------------|----------------------------|-------------------------------|
| <b><u>EU Exit Funding Reserve</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Grant funding relating to impacts in respect of the EU Exit</i>  | 17,484                        | 34,968                    |                            | 52,452                        |                           | -52,452                    | 0                             |
| <b><u>Cyber Resilience Grant Reserve</u></b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>Grant funding in respect of Cyber Resilience work</i>  | 10,600                        |                           |                            | 10,600                        | 3,000                     |                            | 13,600                        |
| <b><u>Pendle Hill Landscape Partnership Reserve</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>To fund schemes in respect of the Pendle Hill Landscape Partnership</i>  | 20,000                        |                           | -20,000                    | 0                             |                           |                            | 0                             |
| <b><u>Housing Benefits New Burden Grants Reserve</u></b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>Grant income to support new burdens in respect of Housing Benefits</i>   | 11,983                        |                           | -7,314                     | 4,669                         |                           |                            | 4,669                         |
| <b><u>LCTS New Burdens Grant Reserve</u></b>  |                               |                           |                            |                               |                           |                            |                               |
| <i>Grant income to support new burdens in respect of Localised Council Tax Support</i>                                | 26,370                        |                           | -8,000                     | 18,370                        |                           |                            | 18,370                        |
| <b><u>Parks Improvement Funding Reserve</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Grant funding to support improvements to parks</i>   | 0                             | 10,000                    | -2,889                     | 7,111                         |                           | -3,009                     | 4,102                         |
| <b><u>Covid-19 Response</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Balance of grant income received in respect of the response to the Covid-19 pandemic.</i>                          | 0                             | 3,835                     |                            | 3,835                         | 1,318,177                 |                            | 1,322,012                     |
| <b><u>Ribble Valley Strategic Partnership</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Ribble Valley Strategic Partnership funds held in reserve to meet the cost of future community projects</i>        | 0                             |                           |                            | 0                             | 24,326                    |                            | 24,326                        |
| <b><u>Self-isolation Grants Reserve</u></b>   |                               |                           |                            |                               |                           |                            |                               |
| <i>Reserve established to hold the balance of self-isolation grant support funds received but not yet distributed</i> | 0                             |                           |                            | 0                             | 30,750                    |                            | 30,750                        |

## Notes to the Core Financial Statements

| General Fund   | Balance<br>at 31<br>March<br>2019<br>£ | Transfers<br>In<br>2019/20<br>£ | Transfers<br>Out<br>2019/20<br>£ | Balance<br>at 31<br>March<br>2020<br>£ | Transfers<br>In<br>2020/21<br>£ | Transfers<br>Out<br>2020/21<br>£ | Balance at<br>31 March<br>2021<br>£ |
|--|--|---------------------------------|----------------------------------|--|---------------------------------|----------------------------------|-------------------------------------|
| <b>Restoring Your Railways Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Balance of grant income received to fund the preparation of a business case for the reopening of the Clitheroe to Hellifield railway to passengers.</i>   | 0                                      |                                 |                                  | 0                                      | 7,485                           |                                  | 7,485                               |
| <b>Business Rates S31 Grant Adjustment Reserve</b>   |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Short term reserve to hold Section 31 grant received in 2020/21 in respect of business rates relief - to fund collection fund deficit in 2021/22</i>  | 0                                      |                                 |                                  | 0                                      | 2,578,153                       |                                  | 2,578,153                           |
| <b>Tax Income Guarantee Reserve</b>  |  |                                 |                                  |  |                                 |                                  |                                     |
| <i>Short term reserve to hold Section 31 grant in respect of lost business rates income due to Covid. The grant will be released in future years to ease the impact from the collection fund deficit</i> | 0                                      |                                 |                                  | 0                                      | 119,388                         |                                  | 119,388                             |
| <b>Total Reserves for External Funding where Expenditure has yet to be Incurred</b>  | 781,916                                | 142,312                         | -84,796                          | 839,432                                | 4,106,584                       | -485,208                         | 4,460,808                           |
| <b>Total of all Earmarked Reserves</b>   | 9,272,065                              | 5,132,484                       | -4,638,781                       | 9,765,768                              | 7,129,336                       | -1,974,722                       | 14,920,382                          |

The large movements in our earmarked reserves as at the 31 March 2021 have largely been regarding Covid funding. Part of this is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2021/22. Other large movements are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2021/22, and the mismatch of timings in the receipt of compensatory funding, which was received in 2020/21 and has been set aside in earmarked reserve until 2021/22.

## Notes to the Core Financial Statements

## 13 PROPERTY, PLANT AND EQUIPMENT

| Movements in 2020/21   | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infra-Structure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets (Not Held for Sale)<br>£'000 | Assets Under Construction<br>£'000 | Total Property, Plant and Equipment<br>£'000 |
|--|-----------------------------------|---|---------------------------------|---------------------------|---|------------------------------------|--|
| <b><i>Cost or Valuation</i></b>  |                                   |   |                                 |                           |   |                                    |  |
| At 1 April 2020  | 13,065                            | 5,382   | 345                             | 1,593                     | 25  | 12                                 | <b>20,422</b>                                |
| Additions/Acquisitions   | 316                               | 389   |                                 | 6                         |   |                                    | <b>711</b>                                   |
| Derecognition - Disposal   |                                   | -100  |                                 |                           |   |                                    | <b>-100</b>                                  |
| Reclassifications  |                                   | 12  |                                 |                           |   | -12                                | <b>0</b>                                     |
| Revaluation decreases recognised in the Revaluation Reserve                          | -213                              |   |                                 |                           |   |                                    | <b>-213</b>                                  |
| Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services | -14                               |   |                                 |                           |   |                                    | <b>-14</b>                                   |
| <b>At 31 March 2021</b>  | <b>13,154</b>                     | <b>5,683</b>                                      | <b>345</b>                      | <b>1,599</b>              | <b>25</b>                                   | <b>0</b>                           | <b>20,806</b>                                |
| <b><i>Accumulated Depreciation and Impairments</i></b>                               |                                   |   |                                 |                           |   |                                    |  |
| At 1 April 2020  | -66                               | -3,283  | -83                             | -29                       | -1  | 0                                  | <b>-3,462</b>                                |
| Derecognition - Disposal   |                                   | 76  |                                 |                           |   |                                    | <b>76</b>                                    |
| Depreciation Charge  | -336                              | -503  | -9                              | -2                        |   |                                    | <b>-850</b>                                  |
| Depreciation written out to the Revaluation Reserve                                  | 284                               |   |                                 |                           |   |                                    | <b>284</b>                                   |
| Depreciation written out to the Surplus/Deficit on the Provision of Services         | 30                                |   |                                 |                           |   |                                    | <b>30</b>                                    |
| Impairment reversals recognised in the Revaluation Reserve                           |                                   |   |                                 |                           |   |                                    | <b>0</b>                                     |
| Impairment losses recognised in the Surplus/Deficit on the Provision of Services     |                                   |   |                                 |                           |   |                                    | <b>0</b>                                     |
| <b>At 31 March 2021</b>  | <b>-88</b>                        | <b>-3,710</b>                                     | <b>-92</b>                      | <b>-31</b>                | <b>-1</b>                                   | <b>0</b>                           | <b>-3,922</b>                                |
| <b>Net Book Value</b>  |                                   |   |                                 |                           |   |                                    |  |
| at 31 March 2020   | 12,999                            | 2,099   | 262                             | 1,564                     | 24  | 12                                 | <b>16,960</b>                                |
| at 31 March 2021   | 13,066                            | 1,973   | 253                             | 1,568                     | 24  | 0                                  | <b>16,884</b>                                |



## Notes to the Core Financial Statements

| Movements in 2019/20   | Other Land and Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infra-Structure Assets<br>£'000 | Community Assets<br>£'000 | Surplus Assets (Not Held for Sale)<br>£'000 | Assets Under Construction<br>£'000 | Total Property, Plant and Equipment<br>£'000 |
|--|-----------------------------------|---|---------------------------------|---------------------------|---|------------------------------------|--|
| <b><i>Cost or Valuation</i></b>  |                                   |   |                                 |                           |   |                                    |  |
| 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   |
| Reclassifications  |                                   | -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   |
| <b>At 31 March 2020</b>  | <b>13,065</b>                     | <b>5,382</b>                                      | <b>345</b>                      | <b>1,593</b>              | <b>25</b>                                   | <b>12</b>                          | <b>20,422</b>                                |
| <b><i>Accumulated Depreciation and Impairments</i></b>                               |                                   |   |                                 |                           |   |                                    |  |
| 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  |
| <b>At 31 March 2020</b>  | <b>-66</b>                        | <b>-3,283</b>                                     | <b>-83</b>                      | <b>-29</b>                | <b>-1</b>                                   | <b>0</b>                           | <b>-3,462</b>                                |
| <b>Net Book Value</b>  |                                   |   |                                 |                           |   |                                    |  |
| <b>at 31 March 2019</b>  | <b>15,020</b>                     | <b>1,848</b>                                      | <b>287</b>                      | <b>1,567</b>              | <b>25</b>                                   | <b>0</b>                           | <b>18,747</b>                                |
| <b>at 31 March 2020</b>  | <b>12,999</b>                     | <b>2,099</b>                                      | <b>262</b>                      | <b>1,564</b>              | <b>24</b>                                   | <b>12</b>                          | <b>16,960</b>                                |

## Notes to the Core Financial Statements

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### Depreciation

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

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

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

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

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

### Capital Commitments

At 31 March 2021 the Council had an approved capital programme of £2,494,060 for 2021/22 and had £724,770 of budget slippage from the 2020/21 capital programme that was rolled forward to be spent in 2021/22. At 31 March 2021, the Council had capital commitments of £290,558, of which £58,635 related to 2020/21 capital programme slippage and £231,923 related to the 2021/22 capital programme.

Of the £290,558 capital commitments, £268,840 related to property, plant and equipment, £10,000 related to intangible assets and £11,718 related to capital grants.

### Effects of Changes in Estimates

In 2020/21 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

### Revaluations

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

A further desktop exercise is undertaken annually, with asset values adjusted accordingly on the balance sheet. The desktop review as at 1 March 2021 was undertaken by Taylor Weaver Ltd and Lea Hough & Co Chartered Surveyors.

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

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

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

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

### Componentisation

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

### Covid-19 Impact

RICS have set up a forum to consider the unique events relating to the global Covid pandemic and its impact on valuation assignments. The latest forum output recommends that, with adequate market evidence and property markets mostly functioning again, the material valuation uncertainty that existed in 2019/20 is less relevant in 2020/21, other than for those assets with trading potential such as hospitality venues. As such the relevance for this council is low at the 31 March 2021 compared to 31 March 2020.

## Notes to the Core Financial Statements

## 14 HERITAGE ASSETS

| Reconciliation of the Carrying Value of Heritage Assets Held by the Council | Clitheroe Castle Museum Collection<br>£'000 | Civic Regalia<br>£'000 | Total Heritage Assets<br>£'000 |
|---|---|------------------------|--------------------------------|
| <b><u>Cost or Valuation</u></b>   |   |                        |                                |
| At 1 April 2020   | 878   | 67                     | <b>945</b>                     |
| Revaluations  | 26  |                        | <b>26</b>                      |
| <b>At 31 March 2021</b>   | <b>904</b>                                  | <b>67</b>              | <b>971</b>                     |
| <b><u>Cost or Valuation</u></b>   |   |                        |                                |
| At 1 April 2019   | 852   | 65                     | <b>917</b>                     |
| Disposals (Stolen Items)  |   | -14                    | <b>-14</b>                     |
| Revaluations  | 26  | 16                     | <b>42</b>                      |
| <b>At 31 March 2020</b>   | <b>878</b>                                  | <b>67</b>              | <b>945</b>                     |

**The Clitheroe Castle Museum Collection**

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

**Civic Regalia**

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

**Additions and Disposals of Heritage Assets**

There were no additions to or disposals of the Council's Heritage Assets in the 2020/21.

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.

## 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:

|  | 2019/20              |                   | 2020/21              |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | Carrying Amount<br>£ | Fair Value<br>£   | Carrying Amount<br>£ | Fair Value<br>£   |
| <u>Financial Assets Measured at Amortised Cost</u> |                      |                   |                      |                   |
| Investments  | 14,793,508           | 14,793,508        | 18,544,239           | 18,544,239        |
| <b>Total Investments</b>                           | <b>14,793,508</b>    | <b>14,793,508</b> | <b>18,544,239</b>    | <b>18,544,239</b> |
| Long-Term Debtors                                  | 258,083              | 258,083           | 247,521              | 247,521           |
| Short-Term Debtors                                 | 1,850,922            | 1,850,922         | 1,862,096            | 1,862,096         |
| <b>Total Debtors</b>                               | <b>2,109,005</b>     | <b>2,109,005</b>  | <b>2,109,617</b>     | <b>2,109,617</b>  |
| <b>Total Financial Assets</b>                      | <b>16,902,513</b>    | <b>16,902,513</b> | <b>20,653,856</b>    | <b>20,653,856</b> |

The Financial Instruments categorised above represent:

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

|   | 2019/20              |                   | 2020/21              |                   |
|---|----------------------|-------------------|----------------------|-------------------|
|   | Carrying Amount<br>£ | Fair Value<br>£   | Carrying Amount<br>£ | Fair Value<br>£   |
| <u>Financial Liabilities Measured at Amortised Cost</u> |                      |                   |                      |                   |
| Long-Term Borrowing                                     | -115,590             | -151,581          | -105,197             | -133,261          |
| Short-Term Borrowing                                    | -10,393              | -13,629           | -10,393              | -13,166           |
| <b>Total Borrowings</b>                                 | <b>-125,983</b>      | <b>-165,210</b>   | <b>-115,590</b>      | <b>-146,427</b>   |
| Short-Term Creditors                                    | -1,934,819           | -1,934,819        | -7,569,662           | -7,569,662        |
| <b>Total Creditors</b>                                  | <b>-1,934,819</b>    | <b>-1,934,819</b> | <b>-7,569,662</b>    | <b>-7,569,662</b> |
| <b>Total Financial Liabilities</b>                      | <b>-2,060,802</b>    | <b>-2,100,029</b> | <b>-7,685,252</b>    | <b>-7,716,089</b> |

## Notes to the Core Financial Statements

The Financial Instruments categorised above represent:

- Amounts shown under Long-Term and Short-Term borrowings are loans with the Public Works Loan Board. 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:

|  | 2019/20         | 2020/21        |
|--|-----------------|----------------|
|  | £               | £              |
| <b><u>Financial Liabilities</u></b>                                    |                 |                |
| Interest expenses  | 6,527           | 6,020          |
| <b>Total Expense in Surplus or Deficit on the Provision of Service</b> | <b>6,527</b>    | <b>6,020</b>   |
| <b><u>Financial Assets</u></b>   |                 |                |
| Interest income  | -113,422        | -44,254        |
| <b>Total Income in Surplus or Deficit on the Provision of Service</b>  | <b>-113,422</b> | <b>-44,254</b> |

### Fair Values of Assets and Liabilities

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

- For loans from the Public Works Loan Board the fair value has been calculated by reference to the premature repayment set of rates in force on 31 March 2020 and 31 March 2021 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 2020<br>£ | 31 March 2021<br>£ |
|--------------------------------|--------------------|--------------------|
| Central government bodies      | 633,919            | 4,098,708          |
| Other local authorities        | 721,765            | 904,229            |
| Other entities and individuals |                    |                    |
| - Other Debtors                | 648,815            | 732,656            |
| - Business Rates               | 439,616            | 425,025            |
| - Council Tax                  | 236,293            | 281,499            |
| - Prepayments                  | 184,456            | 188,414            |
| - Impairment                   | -503,760           | -483,433           |
| <b>Total</b>                   | <b>2,361,104</b>   | <b>6,147,098</b>   |

**17 CASH AND CASH EQUIVALENTS**

|                          | 31 March 2020<br>£ | 31 March 2021<br>£ |
|--------------------------|--------------------|--------------------|
| Cash held by the Council | 1,927              | 7,765              |
| Bank Current Accounts    | 2,881,581          | 4,026,474          |
| Short Term Investments   | 11,900,000         | 14,500,000         |
| <b>Total</b>             | <b>14,783,508</b>  | <b>18,534,239</b>  |

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.

## Notes to the Core Financial Statements

**18 SHORT TERM CREDITORS**

|                                | 31 March 2020     | 31 March 2021      |
|--------------------------------|-------------------|--------------------|
|                                | £                 | £                  |
| Central government bodies      | -487,224          | -6,609,451         |
| Other local authorities        | -2,491,881        | -574,852           |
| Other entities and individuals |                   |                    |
| - Other Creditors              | -492,226          | -925,376           |
| - Business Rates               | -59,904           | -68,490            |
| - Council Tax                  | -76,347           | -87,750            |
| - Commuted Sums                | -1,405,310        | -1,941,499         |
| - Refundable Deposits          | -13,784           | -14,982            |
| - Receipts in Advance          | -1,280,972        | -1,337,977         |
| <b>Total</b>                   | <b>-6,307,648</b> | <b>-11,560,377</b> |

**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    | 2019/20        | 2020/21        |
|-------------------------------------|----------------|----------------|
|                                     | £              | £              |
| <b>Balance at 1 April</b>           | <b>409,973</b> | <b>594,987</b> |
| Movements in provisions in the year | 185,014        | 257,806        |
| <b>Balance at 31 March</b>          | <b>594,987</b> | <b>852,793</b> |

**20 USABLE RESERVES**

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

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



## Notes to the Core Financial Statements

| 31 March 2020<br>£ |                                 | 31 March 2021<br>£ |
|--------------------|---------------------------------|--------------------|
| 2,375,646          | General Fund Balance            | 2,534,143          |
| 9,765,768          | Earmarked General Fund Reserves | 14,920,382         |
| 1,086,608          | Usable Capital Receipts Reserve | 1,138,859          |
| 387,640            | Capital Grants Unapplied        | 580,524            |
| <b>13,615,662</b>  | <b>Total Usable Reserves</b>    | <b>19,173,908</b>  |

**General Fund Balance**

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

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

| 2019/20<br>£     |   | 2020/21<br>£     |
|------------------|---|------------------|
| <b>2,472,111</b> | <b>Opening General Fund Balance</b>                   | <b>2,375,646</b> |
| -96,465          | Net amount added to (taken from) General Fund Balance | 158,497          |
| <b>2,375,646</b> | <b>Closing General Fund Balance</b>                   | <b>2,534,143</b> |

**Earmarked General Fund Reserves**

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

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

| 2019/20<br>£     |  | 2020/21<br>£      |
|------------------|--|-------------------|
| <b>9,272,065</b> | <b>Opening Earmarked General Fund Reserves</b>     | <b>9,765,768</b>  |
| 5,132,484        | Amounts added to Earmarked General Fund Reserves   | 7,129,336         |
| -4,638,781       | Amounts taken from Earmarked General Fund Reserves | -1,974,722        |
| <b>9,765,768</b> | <b>Closing Earmarked General Fund Reserves</b>     | <b>14,920,382</b> |

The large movements in our earmarked reserves as at the 31 March 2021 have largely been regarding Covid funding. Part of this is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2021/22. Other large movements are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2021/22, and the mismatch of timings in the receipt of compensatory funding, which was received in 2020/21 and has been set aside in earmarked reserve until 2021/22.

## Notes to the Core Financial Statements

### 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.

| 2019/20<br>£   | 2020/21<br>£     |
|--|------------------|
| <b>1,086,608</b> Opening Usable Capital Receipts Reserve | <b>1,086,608</b> |
| 0 Amounts added to the Usable Capital Receipts Reserve   | 58,500           |
| 0 Amounts taken from the Usable Capital Receipts Reserve | -6,249           |
| <b>1,086,608</b> Closing Usable Capital Receipts Reserve | <b>1,138,859</b> |

### 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.

| 2019/20<br>£   | 2020/21<br>£   |
|--|----------------|
| <b>380,059</b> Opening Capital Grants Unapplied      | <b>387,640</b> |
| 357,391 Amounts added to Capital Grants Unapplied    | 393,008        |
| -349,810 Amounts taken from Capital Grants Unapplied | -200,124       |
| <b>387,640</b> Closing Capital Grants Unapplied      | <b>580,524</b> |

## 21 UNUSABLE RESERVES

| 31 March 2020<br>£                         | 31 March 2021<br>£ |
|--|--------------------|
| 8,586,778 Capital Adjustment Account       | 8,671,245          |
| 251,248 Collection Fund Adjustment Account | -3,264,848         |
| 6,034,168 Revaluation Reserve              | 6,013,615          |
| -14,971,000 Pension Reserve                | -21,042,000        |
| -85,684 Accumulated Absences Account       | -222,328           |
| <b>-184,490</b> Total Unusable Reserves    | <b>-9,844,316</b>  |

## Notes to the Core Financial Statements

**Capital Adjustment Account**

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

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

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

| 2019/20           |  | 2020/21           |
|-------------------|--|-------------------|
| £                 |  | £                 |
| <b>7,158,190</b>  | <b>Balance at 1 April</b>  | <b>8,586,778</b>  |
|                   | <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement</b>                         |                   |
| -926,003          | - Charges for depreciation and impairment of non-current assets  | -851,355          |
| -69,320           | - Revaluation losses on Property, Plant and Equipment  | 16,580            |
| -7,221            | - Amortisation of intangible assets  | -16,054           |
| -659,687          | - Revenue expenditure funded from capital under statute  | -462,925          |
| -33,489           | - 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 | -23,491           |
| <b>-1,695,720</b> |  | <b>-1,337,245</b> |
| 304,625           | Adjusting amounts written out of the Revaluation Reserve   | 118,141           |
| <b>-1,391,095</b> | <b>Net written out amount of the cost of non-current assets consumed in the year</b>   | <b>-1,219,104</b> |
|                   | <b>Capital financing applied in the year</b>   |                   |
| 33,635            | - Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing              | 45,997            |
| 349,810           | - Application of grants to capital financing from the Capital Grants Unapplied Account   | 200,124           |
|                   | - Use of capital receipts reserve to finance new capital expenditure   | 6,250             |
| 126,075           | - Statutory provision for the financing of capital investment charged against the General Fund   | 115,495           |
| 2,310,163         | - Capital expenditure charged against the General Fund balance   | 935,705           |
| <b>2,819,683</b>  |  | <b>1,303,571</b>  |
| <b>8,586,778</b>  | <b>Balance at 31 March</b>   | <b>8,671,245</b>  |

## Notes to the Core Financial Statements

### Collection Fund Adjustment Account

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

| 2019/20        |  | 2020/21           |
|----------------|--|-------------------|
| £              |  | £                 |
| <b>300,110</b> | <b>Balance at 1 April</b>  | <b>251,248</b>    |
| 4,726          | 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       | -23,525           |
| -53,588        | 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 | -3,492,571        |
| <b>251,248</b> | <b>Balance at 31 March</b>   | <b>-3,264,848</b> |

### 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.

| 2019/20           |  | 2020/21          |
|-------------------|--|------------------|
| £                 |  | £                |
| <b>9,148,982</b>  | <b>Balance at 1 April</b>  | <b>6,034,168</b> |
| 843,866           | Upward revaluation of assets   | 351,067          |
| -3,427,260        | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services             | -253,479         |
| -226,795          | Impairment losses  |                  |
| <b>-2,810,189</b> | <b>Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b> | <b>97,588</b>    |
| -290,315          | Difference between fair value depreciation and historical cost depreciation  | -118,141         |
| -14,310           | Accumulated gains on assets sold or scrapped   |                  |
| <b>-304,625</b>   | <b>Amount written off to the Capital Adjustment Account</b>  | <b>-118,141</b>  |
| <b>6,034,168</b>  | <b>Balance at 31 March</b>   | <b>6,013,615</b> |

### Pension Reserve

## Notes to the Core Financial Statements

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.

| 2019/20<br>£ |  | 2020/21<br>£ |
|--------------|--|--------------|
| -15,413,000  | <b>Balance at 1 April</b>  | -14,971,000  |
| 2,121,000    | Remeasurements of the net defined benefit liability/(asset)  | -5,023,000   |
| -2,716,000   | 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 | -1,982,000   |
| 1,037,000    | Employer's pensions contributions and direct payments to pensioners payable in the year  | 934,000      |
| -14,971,000  | <b>Balance at 31 March</b>   | -21,042,000  |

The main influence on the pension fund position is a slight reduction in the discount rate assumption (-0.3% p.a.) and an increase in the CPI inflation assumption (0.6% p.a.). The combined effect of this is to significantly increase liabilities.

Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

#### 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%.

## Notes to the Core Financial Statements

| 2019/20<br>£   | 2020/21<br>£    |
|--|-----------------|
| <b>-67,162</b>   | <b>-85,684</b>  |
| 67,162   | 85,684          |
| -85,684  | -222,328        |
| <b>-18,522</b>   | <b>-136,644</b> |
| <b>Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</b> |                 |
| <b>-85,684</b>   | <b>-222,328</b> |
| <b>Balance at 31 March</b>   |                 |

There has been a large increase in the compensated absences earned but not taken balance at 31 March 2021.

This has arisen as employees took significantly less annual leave in 2020/21 due to the additional workload pressures arising from the Council's response to the Covid-19 pandemic in-year. This means that employees of the Council had a greater number of untaken days annual leave owed to them at 31 March 2021.

## 22 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

| 2019/20<br>£        | 2020/21<br>£   |
|---------------------|----------------|
| -113,422            | -44,254        |
| 6,527               | 6,020          |
| <b>-106,895</b>     | <b>-38,234</b> |
| <b>Net Interest</b> |                |

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

| 2019/20<br>£  | 2020/21<br>£   |
|---|----------------|
| 0   | -58,500        |
| Proceeds from the sale of property, plant and equipment and intangible assets |                |
| <b>0</b>  | <b>-58,500</b> |

## Notes to the Core Financial Statements

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

| 2019/20<br>£      |   | 2020/21<br>£      |
|-------------------|---|-------------------|
| -926,003          | Depreciation  | -851,355          |
| -69,320           | Impairment and downward valuations  | 16,580            |
| -7,221            | Amortisation  | -16,054           |
| -3,075,175        | Increase in creditors   | -7,715,710        |
| 883,974           | Increase in debtors   | 3,821,377         |
| -5,883            | Decrease in inventories   | -13,185           |
| -185,014          | Increase in provisions  | -257,806          |
| -1,679,000        | Movement in pension liability   | -1,048,000        |
| -33,489           | Carrying amount of Property, Plant and Equipment sold   | -23,491           |
| 33,635            | Capital Grants and Contributions Applied  | 45,997            |
| -659,687          | Revenue Expenditure Funded from Capital Under Statute   | -462,925          |
| 2,310,163         | Capital Expenditure Charged against General Fund Balances   | 935,705           |
| 357,391           | Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement | 393,008           |
| -18,522           | Accumulated Absences  | -136,644          |
| <b>-3,074,151</b> |   | <b>-5,312,503</b> |

## 23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

| 2019/20<br>£  |  | 2020/21<br>£    |
|---------------|--|-----------------|
| 2,758,335     | Purchase of property, plant and equipment, investment property and intangible assets               | 1,215,432       |
| 0             | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | -58,500         |
| -2,671,016    | Other receipts from investing activities   | -1,420,655      |
| <b>87,319</b> | <b>Net cash flows from investing activities</b>  | <b>-263,723</b> |

## 24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

| 2019/20<br>£   |   | 2020/21<br>£     |
|----------------|---|------------------|
| 10,392         | Repayments of short- and long-term borrowing    | 10,393           |
| 367,865        | Other payments for financing activities         | 2,580,433        |
| <b>378,257</b> | <b>Net cash flows from financing activities</b> | <b>2,590,826</b> |

**Notes to the Core Financial Statements**

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**25 MEMBERS' ALLOWANCES**

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

|                                   | 2019/20        | 2020/21        |
|-----------------------------------|----------------|----------------|
|                                   | £              | £              |
| Basic Allowance                   | 148,293        | 147,519        |
| Special Responsibility Allowances | 75,280         | 78,656         |
| Expenses                          | 4,006          | 725            |
|                                   | <b>227,579</b> | <b>226,900</b> |



## Notes to the Core Financial Statements

## 26 OFFICERS' EMOLUMENTS

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

## Remuneration Disclosure (excluding Pension Contributions)

| Post Holder Information   | Salary,<br>Fees and<br>Allowances | Benefits in<br>Kind | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions | Salary,<br>Fees and<br>Allowances | Benefits in<br>Kind | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions |
|---|-----------------------------------|---------------------|--|-----------------------------------|---------------------|--|
|   | 2019/20<br>£                      | 2019/20<br>£        | 2019/20<br>£   | 2020/21<br>£                      | 2020/21<br>£        | 2020/21<br>£   |
| Chief Executive <sup>1</sup>  | 119,022                           | 7,416               | <b>126,438</b>   | 109,763                           | 6,223               | <b>115,986</b>   |
| Director of Community Services  | 83,679                            | 6,382               | <b>90,061</b>  | 86,526                            | 1,297               | <b>87,823</b>  |
| Director of Resources   | 83,679                            | 8,477               | <b>92,156</b>  | 86,511                            | 6,157               | <b>92,668</b>  |
| Director of Economic<br>Development and Planning<br>Services                | 78,247                            | 12,043              | <b>90,290</b>  | 82,785                            | 14,739              | <b>97,524</b>  |
| Head of Financial Services  | 54,765                            | 8,447               | <b>63,212</b>  | 56,820                            | 8,767               | <b>65,587</b>  |
| Head of Planning Services   | 54,765                            | 7,417               | <b>62,182</b>  | 56,770                            | 7,682               | <b>64,452</b>  |
| Head of Legal and Democratic<br>Services - <i>Postholder A</i> <sup>2</sup> | 40,161                            | 4,521               | <b>44,682</b>  |                                   |                     | <b>0</b>   |
| Head of Legal and Democratic<br>Services - <i>Postholder B</i> <sup>3</sup> |                                   |                     | <b>0</b>   | 43,409                            | 159                 | <b>43,568</b>  |
|   | <b>514,318</b>                    | <b>54,703</b>       | <b>569,021</b>   | <b>522,584</b>                    | <b>45,024</b>       | <b>567,608</b>   |

<sup>1</sup> The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2020/21 £937 (all of which was pensionable); 2019/20 £13,657 (all of which was pensionable).

<sup>2</sup> The previous Head of Legal and Democratic Services - Postholder A - 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 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 2019/20 financial year the salary would have been £43,812.

<sup>3</sup> The new Head of Legal and Democratic Services - Postholder B - started part-way through the 2020/21 financial year on 15 June 2020. The new postholder is a full time employee and had they been in post for the full 2020/21 financial year their salary would have been £54,136.

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 2019/20 and 2020/21 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 2019/20 | Salary Banding 2020/21 | Employee Contribution Rate |
|------------------------|------------------------|----------------------------|
| £0 - £14,400           | £0 - £14,600           | 5.50%                      |
| > £14,401 - £22,500    | > £14,601 - £22,800    | 5.80%                      |
| > £22,501 - £36,500    | > £22,801 - £37,100    | 6.50%                      |
| > £36,501 - £46,200    | > £37,101 - £46,900    | 6.80%                      |
| > £46,201 - £64,600    | > £46,901 - £65,600    | 8.50%                      |
| > £64,601 - £91,500    | > £65,601 - £93,000    | 9.90%                      |
| > £91,501 - £107,700   | > £93,001 - £109,500   | 10.50%                     |
| > £107,701 - £161,500  | > £109,501 - £164,200  | 11.40%                     |
| > £161,501             | > £164,201             | 12.50%                     |

For 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 equated 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 2019/20 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 for 2019/20.

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

For 2020/21 the above arrangements were not in place, with the rate of employer contributions being 17.1%.

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

## Notes to the Core Financial Statements

## Remuneration Disclosure (including Pension Contributions)

| Post Holder Information  | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions<br>2019/20<br>£ | Pension<br>Contributions<br>2019/20<br>£ | Total<br>Remuneration<br>including<br>Pension<br>Contributions<br>2019/20<br>£ | Total<br>Remuneration<br>excluding<br>Pension<br>Contributions<br>2020/21<br>£ | Pension<br>Contributions<br>2020/21<br>£ | Total<br>Remuneration<br>including<br>Pension<br>Contributions<br>2020/21<br>£ |
|--|--|--|--|--|--|--|
| Chief Executive <sup>1</sup>   | 126,438  | 19,639                                   | <b>146,077</b>   | 115,986  | 18,674                                   | <b>134,660</b>   |
| Director of Community Services                                       | 90,061   | 13,807                                   | <b>103,868</b>   | 87,823   | 14,704                                   | <b>102,527</b>   |
| Director of Resources  | 92,156   | 13,807                                   | <b>105,963</b>   | 92,668   | 14,704                                   | <b>107,372</b>   |
| Director of Economic Development and Planning Services <sup>2</sup>  | 90,290   | 12,911                                   | <b>103,201</b>   | 97,524   | 14,072                                   | <b>111,596</b>   |
| Head of Financial Services   | 63,212   | 9,036                                    | <b>72,248</b>  | 65,587   | 9,623                                    | <b>75,210</b>  |
| Head of Planning Services  | 62,182   | 9,036                                    | <b>71,218</b>  | 64,452   | 9,623                                    | <b>74,075</b>  |
| Head of Legal and Democratic Services -<br>Postholder A <sup>2</sup> | 44,682   | 6,627                                    | <b>51,309</b>  |  |  | <b>0</b>   |
| Head of Legal and Democratic Services -<br>Postholder B <sup>3</sup> |  |  | <b>0</b>   | 43,568   | 7,350                                    | <b>50,918</b>  |
|  | <b>569,021</b>   | <b>84,863</b>                            | <b>653,884</b>   | <b>567,608</b>   | <b>88,750</b>                            | <b>656,358</b>   |

1 The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 2020/21 £937 (all of which was pensionable); 2019/20 £13,657 (all of which was pensionable).

2 The previous Head of Legal and Democratic Services - Postholder A - 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 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 2019/20 financial year the salary would have been £43,812.

3 The new Head of Legal and Democratic Services - Postholder B - started part-way through the 2020/21 financial year on 15 June 2020. The new postholder is a full time employee and had they been in post for the full 2020/21 financial year their salary would have been £54,136.

## 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:

|                     | 2019/20 | 2020/21 |
|---------------------|---------|---------|
| £50,000 - £54,999   | 4       | ***2    |
| £55,000 - £59,999   | **2     | 4       |
| £60,000 - £64,999   | 2       | 1       |
| £65,000 - £69,999   |         | 1       |
| £70,000 - £74,999   |         |         |
| £75,000 - £79,999   |         |         |
| £80,000 - £84,999   |         |         |
| £85,000 - £89,999   |         | 1       |
| £90,000 - £94,999   | 3       | 1       |
| £95,000 - £99,999   |         | 1       |
| £100,000 - £104,999 |         |         |
| £105,000 - £109,999 |         |         |
| £110,000 - £114,999 |         |         |
| £115,000 - £119,999 |         | *1      |
| £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. 2020/21 £937 (all of which was pensionable); 2019/20 £13,657 (all of which was pensionable).

\*\* The previous Head of Legal and Democratic Services - Postholder A - 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 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 2019/20 financial year the salary would have been £43,812.

\*\*\* The new Head of Legal and Democratic Services - Postholder B - started part-way through the 2020/21 financial year on 15 June 2020. The new postholder is a full time employee and had they been in post for the full 2020/21 financial year their salary would have been £54,136.

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 2020/21.

## 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:

|   | 2019/20<br>£  | 2020/21<br>£  |
|---|---------------|---------------|
| Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year - in respect of 2018/19                                      | 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        | 5,566         |
| 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 2020/21                                      |               | 52,606        |
| Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year.<br><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.<br><i>Work completed in 2020/21 but relating to the 2019/20 financial year claims</i> |               | 16,000        |
| Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year.<br><i>Work completed in 2021/22 but relating to the 2020/21 financial year claims</i> |               | 19,200        |
| Public Sector Audit Appointments (PSAA) Rebate  | -3,117        |               |
| <b>Total</b>  | <b>43,484</b> | <b>93,372</b> |

**28 GRANT INCOME**

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21 and 2019/20:

|  | 2019/20<br>£      | 2020/21<br>£      |
|--|-------------------|-------------------|
| <b><i>Credited to Taxation and Non Specific Grant Income</i></b> |                   |                   |
| New Homes Bonus  | -1,666,486        | -1,770,952        |
| Business Rates S31 Grant   | -1,708,862        | -3,930,502        |
| Tax Income Guarantee Section 31 Funding - Business Rates         |                   | -119,388          |
| Rural Services Delivery Grant                                    |                   | -107,921          |
| Levy Account Surplus   | -4,543            |                   |
| Covid-19 Emergency Local Authority Support Grant                 |                   | -779,419          |
| <b>Total Credited to Taxation and Non Specific Grant Income</b>  | <b>-3,379,891</b> | <b>-6,708,182</b> |

## Notes to the Core Financial Statements

|  | 2019/20<br>£    | 2020/21<br>£    |
|--|-----------------|-----------------|
| <b>Credited to Services</b>  |                 |                 |
| <b><u>Grants Received for Capital Purposes</u></b>                               |                 |                 |
| Disabled Facilities Grant - Main Funding   | -346,368        | -393,008        |
| Funding from Onward Homes towards Disabled Facilities Grant                      | -44,658         | -45,997         |
| <b>Total Grants Received for Capital Purposes</b>                                | <b>-391,026</b> | <b>-439,005</b> |
| <b><u>Grants Received for Revenue Purposes</u></b>                               |                 |                 |
| Business Rates Administration  | -90,783         | -90,775         |
| DWP - Rent Allowance and Rent Rebate Subsidy                                     | -5,710,579      | -5,542,965      |
| DWP and MHCLG Local Council Tax Support and Housing Benefit Administration Grant | -110,470        | -110,728        |
| Ribble Valley Community Safety Partnership                                       | -6,050          |                 |
| DWP LA Data Sharing IT Costs Funding   | -17,085         | -8,897          |
| Individual Electoral Registration Grant  | -25,936         |                 |
| DWP - Discretionary Housing Payments Fund  | -37,716         | -63,325         |
| MHCLG - Custom House and Self Build Grant  | -15,000         |                 |
| MHCLG - Flexible Homelessness Support Grant                                      | -40,000         | -40,000         |
| DWP - Universal Credit Service Funding   | -11,190         | -2,882          |
| LCC - Domestic Abuse Outreach Support Service Grant                              | -58,491         |                 |
| MHCLG - EU Exit Funding  | -34,968         |                 |
| Together an Active Future Pathfinder Engagement Funding                          | -14,000         |                 |
| LCC - Recycling District Grant Fund  | -15,600         | -13,000         |
| MHCLG - Flood Grant in respect of Council Tax Relief                             | -18,365         | -34,716         |
| MHCLG - Flood Community Recovery Grant   | -65,500         |                 |
| MHCLG - Homelessness Reduction   | -5,305          | -13,393         |
| Restoring Your Railways Ideas Fund   |                 | -50,000         |
| Community Rail Development Fund  |                 | -20,000         |
| Reopening High Streets Safely Fund   |                 | -25,458         |
| LCC Weight Management Funding  |                 | -18,506         |
| East Lancashire CCG Cardiac Rehab Service  |                 | -11,000         |
| Sports England - Together an active future funding                               |                 | -42,081         |
| <b><u>Covid-19 Grant Funding (for distribution)</u></b>                          |                 |                 |
| BEIS Business Support Grant (COVID19)  |                 | -867,000        |
| MHCLG - Local Restrictions Support Grant   |                 | -1,437,526      |
| Sport England - National Leisure Recovery Fund                                   |                 | -83,434         |
| Covid-19 Self-isolation Payments Funding (discretionary)                         |                 | -31,250         |
| <b><u>Covid-19 Grant Funding (service specific)</u></b>                          |                 |                 |
| MHCLG - Covid-19 Support Grant Tranche 1   | -23,853         |                 |
| MHCLG - Council Tax Hardship Fund (COVID19)                                      |                 | -222,053        |

## Notes to the Core Financial Statements

|  | 2019/20<br>£      | 2020/21<br>£       |
|--|-------------------|--------------------|
| MHCLG - S31 Grant RHLG & Small Business Grnt Admin                                   |                   | -130,000           |
| MHCLG - Covid-19 LA Compliance and Enforcement                                       |                   | -21,956            |
| Covid-19 Self-isolation Payments Funding Admin                                       |                   | -23,403            |
| MHCLG - Covid-19 Income Compensation Scheme  |                   | -579,699           |
| DHSC - S31 Contain Outbreak Management Fund  |                   | -296,283           |
| MHCLG - S31 New Burdens Funding (LADGF)  |                   | -58,500            |
| MHCLG - S31 LRSG CSP CB Lockdown Aug 20 - Mar 21                                     |                   | -166,800           |
| MHCLG LCC- Clinically Extremely Vulnerable Funding                                   |                   | -141,777           |
| LCC - Covid-19 Test and Trace Support  |                   | -40,818            |
| LCC - Practical Support for Self-Isolation   |                   | -13,772            |
| MHCLG - Implementing Business rates reduction measures and council tax hardship fund |                   | -18,908            |
| Other Grants   | -42,905           | -69,638            |
| <b>Total Grants Received for Revenue Purposes</b>                                    | <b>-6,343,796</b> | <b>-10,290,543</b> |
| <b>Total Credited to Services</b>  | <b>-6,734,822</b> | <b>-10,729,548</b> |

Where the Council receives grants, contributions and donations which have conditions attached to them that will require the monies or property to be returned to the giver, such grants, contributions and donations are not recognised as income in the Comprehensive Income and Expenditure Statement.

There have been a number of grants included above which relate to funds that this Council has received in respect of Covid-19, where it acts in its capacity as Principal, having an element of discretion over how such funds are distributed and the granting policies that are to be followed.

There have been other substantial Covid-19 grants received and distributed to businesses in the 2020/21 financial year where this council has acted as Agent, with no discretion over how such funds are to be distributed. In line with accounting requirements, these are not included within the transactions for this council's Statement of Accounts and likewise are not included above as grants received. Such grants are only included as a net position at year end on this Council's Balance Sheet as either Short Term Debtors or Short Term Creditors, depending on the net position of each grant funding stream at 31 March.

## Notes to the Core Financial Statements

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### 29 RELATED PARTY TRANSACTIONS

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

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

#### Central Government

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

#### Elected Members

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

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

In the 2020/21 financial year the Council were the responsible body for paying out Covid-19 support grants to many different organisations across the Ribble Valley. The grant schemes were a mixture of those where the Council was acting as an agent on behalf of Central Government and those where the Council was acting as the principal (this is where the Council has some discretion over the eligibility rules set for the grant scheme). The Council paid out Covid-19 support grants to the following organisations where members had declared an interest:



## Notes to the Core Financial Statements

| Organisation                                | Covid-19 Grant Support Received<br>£ | Number of Elected Members Declaring an Interest |
|---|--------------------------------------|---|
| Chipping and District Memorial Hall Charity | 39,500                               | 1   |
| Ribble Valley Citizen's Advice              | 10,000                               | 2   |
| Clitheroe Town Council                      | 10,000                               | 6   |
| Farmplus Constructions Ltd                  | 10,000                               | 1   |
| Longridge Town Council                      | 10,000                               | 2   |
| Ribble Valley Crossroads Care               | 5,000                                | 1   |

The members declaring an interest in the organisations receiving the grants had no involvement in assessing and approving the Covid-19 grant claims paid by the Council, but the payments are disclosed here for completeness.

No Covid-19 support grant payments were paid out in 2019/20.

Aside from Covid-19 grant payments, in the 2020/21 financial year the Council made a grant award to an organisation where the award was financially significant to that organisation and two members had declared an interest. This was in respect of 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.

In the 2019/20 financial year, the Ribble Valley Citizens Advice Bureau had also received a grant of £52,500 from the Council, which was financially significant to that organisation, and three members had declared an interest. The members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

Also in the 2019/20 financial year, the Council had 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 of £2,500,000 and the balance was for normal and reasonable expenditure. All transactions were administered and approved by officers and with no involvement from the member declaring an interest.

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.

## Notes to the Core Financial Statements

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In the 2020/21 financial year, the Council paid out Covid-19 support grants to many different organisations in Ribble Valley, as referred to above. As part of this, the Council paid out Covid-19 support grants of £43,150 to Whalley Golf Club Ltd. One senior officer had declared an interest in that organisation. The senior officer declaring an interest in that organisation had no involvement in assessing and approving the Covid-19 grant claims paid by the Council, but the payment is disclosed here for completeness.

No Covid-19 support grant payments were paid out in 2019/20.

Aside from Covid-19 grant payments, in 2020/21 there were no other material transactions between the Council and organisations where senior officers had declared an interest, from the point of view of the Council. This was also the case in 2019/20.

### 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 137.
- 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 2019/20 and 2020/21. 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.

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

- Children's Trust
- 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
- Lancashire 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.

## Notes to the Core Financial Statements

**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.

|  | 2019/20<br>£     | 2020/21<br>£     |
|--|------------------|------------------|
| <b>Opening Capital Financing Requirement</b>   | <b>3,393,536</b> | <b>3,355,600</b> |
| <b><u>Capital Investment</u></b>   |                  |                  |
| Property, Plant and Equipment  | 2,122,060        | 733,316          |
| Revenue Expenditure Funded from Capital Under Statute                                  | 659,687          | 462,925          |
| <b><u>Sources of Finance:</u></b>  |                  |                  |
| Grants and Other Contributions   | -383,445         | -246,121         |
| Usable Capital Receipts  |                  | -6,250           |
| Sums set aside from revenue:   |                  |                  |
| - Revenue Contributions  | -2,310,163       | -935,705         |
| - Minimum Revenue Provision  | -126,075         | -115,496         |
| <b>Closing Capital Financing Requirement</b>   | <b>3,355,600</b> | <b>3,248,269</b> |
| <b><u>Explanation of Movements in Year</u></b>   |                  |                  |
| Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance) | -37,936          | -107,331         |
| <b>Decrease in Capital Financing Requirement</b>                                       | <b>-37,936</b>   | <b>-107,331</b>  |

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

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

|   | 31 March 2020<br>£ | 31 March 2021<br>£ |
|---|--------------------|--------------------|
| Not later than one year                           | 84,815             | 111,878            |
| Later than one year and not later than five years | 147,460            | 119,835            |
| Later than five years                             | 396,209            | 389,510            |
|   | <b>628,484</b>     | <b>621,223</b>     |

## Notes to the Core Financial Statements

In 2020/21 expenditure charged to the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £116,114 (£99,775 in 2019/20).

**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 2020<br>£ | 31 March 2021<br>£ |
|---|--------------------|--------------------|
| Not later than one year                           | -98,502            | -103,929           |
| Later than one year and not later than five years | -311,508           | -285,353           |
| Later than five years                             | -505,330           | -468,136           |
|   | <b>-915,340</b>    | <b>-857,418</b>    |

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

In 2020/21 income included under the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £98,973 (£93,922 in 2019/20).

## 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 |                  |
|--|---------------------------------|------------------|
|  | 2019/20<br>£'000                | 2020/21<br>£'000 |
| <b><i>Comprehensive Income and Expenditure Statement</i></b>   |                                 |                  |
| <b>Cost of Services</b>  |                                 |                  |
| - current service costs  | 1,675                           | 1,605            |
| - past service costs   | 660                             |                  |
| <b>Other Operating Expenditure</b>   |                                 |                  |
| - administration expenses  | 29                              | 30               |
| <b>Financing and Investment Income and Expenditure</b>   |                                 |                  |
| - net interest expense   | 352                             | 347              |
| <b>Total Post employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>  | <b>2,716</b>                    | <b>1,982</b>     |
| <b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>   |                                 |                  |
| <b>Remeasurement of the net defined benefit liability comprising</b>   |                                 |                  |
| - return on plan assets (excluding the amount included in the net interest expenses)   | 418                             | -4,510           |
| - actuarial gains and losses arising on changes in financial assumptions   | -1,085                          | 10,866           |
| - actuarial gains and losses arising on changes in experience  | 967                             | -1,333           |
| - actuarial gains and losses arising on changes in demographic assumptions   | -2,421                          |                  |
| <b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account</b>   | <b>595</b>                      | <b>7,005</b>     |
| <b><i>Movement in Reserves Statement</i></b>   |                                 |                  |
| - reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code | -2,716                          | -1,982           |
| <b><i>Actual amount charged against the General Fund Balance for pensions in the year:</i></b>   |                                 |                  |
| - employers' contributions payable to the scheme   | <b>1,037</b>                    | <b>934</b>       |

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2021 is a loss of £5,023,000 (31 March 2020 gain of £2,121,000).

## 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                              | 2019/20       | 2020/21       |
|--|---------------|---------------|
|  | £'000         | £'000         |
| Present value of the defined benefit obligation              | 68,294        | 79,476        |
| Fair value of plan assets                                    | -53,323       | -58,434       |
| <b>Net liability arising from defined benefit obligation</b> | <b>14,971</b> | <b>21,042</b> |

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

| Local Government Pension Scheme  | 2019/20       | 2020/21       |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Opening fair value of scheme assets</b>   | <b>52,964</b> | <b>53,323</b> |
| Interest Income  | 1,280         | 1,272         |
| Remeasurements gain/(loss):  |               |               |
| - the return on plan assets, excluding the amount included in the net interest expense | -418          | 4,510         |
| Administration Expenses  | -29           | -30           |
| Contributions from employer  | 1,037         | 934           |
| Contributions from employees into the scheme   | 314           | 326           |
| Benefits/transfers paid  | -1,825        | -1,901        |
| <b>Closing fair value of scheme assets</b>   | <b>53,323</b> | <b>58,434</b> |

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

| Local Government Pension Scheme  | 2019/20       | 2020/21       |
|--|---------------|---------------|
|  | £'000         | £'000         |
| <b>Opening balance at 1 April</b>  | <b>68,377</b> | <b>68,294</b> |
| Current service cost   | 1,675         | 1,605         |
| Interest cost  | 1,632         | 1,619         |
| Contributions from scheme participants                                   | 314           | 326           |
| Past service costs   | 660           |               |
| Remeasurement (gains) and losses:  |               |               |
| - Experience loss  | 967           | -1,333        |
| - Actuarial (gains)/losses arising from changes in financial assumptions | -1,085        | 10,866        |
| - Actuarial gains arising from changes in demographic assumptions        | -2,421        |               |
| Benefits/transfers paid  | -1,825        | -1,901        |
| <b>Closing balance at 31 March</b>                                       | <b>68,294</b> | <b>79,476</b> |

## Notes to the Core Financial Statements

**Local Government Pension Scheme Assets Comprised:**

| Local Government Pension Scheme    | Quoted | 31 March 2020 | 31 March 2021 |
|------------------------------------|--------|---------------|---------------|
| Fair value of scheme assets        | Y/N    | £'000         | £'000         |
| <b>Cash</b>                        |        |               |               |
| - Cash accounts                    | N      | 1,493         | 1,443         |
| - Net Current Assets/(Liabilities) | N      | -906          | -152          |
| <b>Subtotal Cash</b>               |        | <b>587</b>    | <b>1,291</b>  |
| <b>Bonds</b>                       |        |               |               |
| - UK corporate                     | Y      | 640           | 0             |
| - Overseas corporate               | N      | 693           | 0             |
| <b>Subtotal Bonds</b>              |        | <b>1,333</b>  | <b>0</b>      |
| <b>Property</b>                    |        |               |               |
| - Offices                          | N      | 0             | 26            |
| - Industrial/warehouse             | N      | 213           | 487           |
| - Shops                            | N      | 0             | 57            |
| - Retail warehouse                 | N      | 53            | 0             |
| - Multi let commercial building    | N      | 480           | 431           |
| <b>Subtotal Property</b>           |        | <b>746</b>    | <b>1,001</b>  |
| <b>Alternatives</b>                |        |               |               |
| - Overseas private equity          | N      | 4,266         | 4,688         |
| - Infrastructure                   | N      | 7,359         | 7,008         |
| - Credit funds                     | N      | 8,425         | 7,811         |
| - Pooled fixed income              | N      | 2,826         | 1,948         |
| - Indirect property funds          | N      | 3,786         | 7,321         |
| - UK Pooled Equity Funds           | N      | 0             | 598           |
| - Overseas pooled equity funds     | N      | 23,995        | 26,769        |
| <b>Subtotal Alternatives</b>       |        | <b>50,657</b> | <b>56,143</b> |
| <b>Total</b>                       |        | <b>53,323</b> | <b>58,435</b> |

**Basis for Estimating Assets and Liabilities**

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

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

The significant assumptions used by the actuary have been:



## Notes to the Core Financial Statements

| Local Government Pension Scheme              | 2019/20    | 2020/21    |
|--|------------|------------|
| <b>Mortality Assumptions</b>                 |            |            |
| Longevity at 65 for current pensioners:      |            |            |
| Men  | 22.3 years | 22.4 years |
| Women  | 25.0 years | 25.1 years |
| Longevity at 65 for future pensioners:       |            |            |
| Men  | 23.8 years | 23.9 years |
| Women  | 26.8 years | 26.9 years |
| Rate of Consumer Price Index (CPI) Inflation | 2.1%       | 2.7%       |
| Rate of increase in salaries                 | 3.6%       | 4.2%       |
| Rate of increase in pensions                 | 2.2%       | 2.8%       |
| Rate for discounting scheme liabilities      | 2.4%       | 2.1%       |

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)           | 2,396                  |
| Rate of inflation (+0.1% per annum)                      | 1,286                  |
| Rate of increase in salaries (+0.1% per annum)           | 148                    |
| Rate of discounting scheme liabilities (+0.1% per annum) | -1,265                 |
| Change in 2020/21 Investment Returns (+1%)               | -581                   |
| Change in 2020/21 Investment Returns (-1%)               | 581                    |

## Notes to the Core Financial Statements

### 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.

It is projected that the council will pay £933,000 in employer contributions to the scheme in 2021/22.

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.

### Scheme History

| Local Government Pension Scheme | 2016/17       | 2017/18       | 2018/19       | 2019/20       | 2020/21       |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                 | £'000         | £'000         | £'000         | £'000         | £'000         |
| Present Value of Liabilities    | 64,082        | 63,426        | 68,377        | 68,294        | 79,476        |
| Fair Value of Assets            | -46,798       | -48,023       | -52,964       | -53,323       | -58,434       |
| <b>Deficit in the scheme</b>    | <b>17,284</b> | <b>15,403</b> | <b>15,413</b> | <b>14,971</b> | <b>21,042</b> |

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £21.042m 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.

The main influence on the pension fund position is a slight reduction in the discount rate assumption (-0.3% p.a.) and an increase in the CPI inflation assumption (0.6% p.a.). The combined effect of this is to significantly increase liabilities.

Remeasurements (assets) is the return on plan assets net of administration expenses and interest income. The approach to calculating the accounting figures in between full actuarial valuations is approximate in nature. As a consequence there can be varying movements year to year between these full actuarial valuations. This is particularly due to the LGPS being a multiple employer scheme, with the scheme not having asset values which are formally segregated between employers.

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.

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### 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.
- 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.

## Notes to the Core Financial Statements

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### 34 CONTINGENT ASSETS

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#### 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

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

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

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

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

#### Overall Procedures for Managing Risk

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

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.

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**Notes to the Core Financial Statements**

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- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

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

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

### **Credit risk**

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

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

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

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

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

The Council does not generally allow credit for its sundry debtors. The sundry debtors outstanding which are past their due date for payment at 31 March 2021 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 £483,433 of which £17,010 relates to sundry debts (or £167,860 when including impairment for total Housing Benefit recovery impairment). The balance of £315,573 is in respect of this Council's share of the Council Tax and Business Rates impairment of debts.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies at the 31 March was nil, based on past and current experience. A risk of irrecoverability applies to all of the council's deposits, but there was no evidence at the 31 March 2021 that this was likely.

## Notes to the Core Financial Statements

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

|  | Amount at 31<br>March 2021 | Historical<br>experience of<br>default | Historical<br>experience<br>adjusted for<br>market<br>conditions at 31<br>March 2021 | Estimated<br>maximum<br>exposure to<br>default and<br>uncollectability<br>at 31 March 2021 | Estimated<br>maximum<br>exposure at 31<br>March 2020 |
|--|----------------------------|--|--|--|--|
|  | £<br>A                     | %<br>B                                 | %<br>C   | £<br>(A x C)   | £  |
| Deposits with banks<br>and building societies  | 14,500,000                 | 0.00%                                  | 0.00%  | 0  | 0  |
| Customers (Sundry<br>Debt including<br>overpaid Housing<br>Benefits recovered<br>from ongoing benefit) | 690,139                    | 0.22%                                  | 24.32%   | 167,860  | 170,063  |

The council expects settlement terms from debtors of no greater than 14 days. On this basis £613,694 of the sundry debtor balance at 31 March 2021 is past its due date for payment (£672,418 at 31 March 2020); However, a proportion of this is being paid on an agreed alternative payment plan. The full sundry debtor balance due but not impaired can be analysed by age as follows:

| Aged Sundry Debt    | As at 31 March<br>2020<br>£'000 | As at 31 March<br>2021<br>£'000 |
|---------------------|---------------------------------|---------------------------------|
| Less than 30 days   | 305                             | 75                              |
| 30 days to 59 days  | 55                              | 29                              |
| 60 days to 89 days  | 5                               | 8                               |
| 90 days to 119 days | 10                              | 10                              |
| 120 days +          | 321                             | 529                             |
|                     | <b>696</b>                      | <b>651</b>                      |

**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 2020 | 31 March 2021 |
|--|---------------|---------------|
|  | £'000         | £'000         |
| Less than one year                     | 10            | 10            |
| Between 1 and 2 years                  | 10            | 10            |
| Between 2 and 5 years                  | 31            | 30            |
| Between 5 and 10 years                 | 50            | 50            |
| More than 10 years                     | 25            | 15            |
|  | <b>126</b>    | <b>115</b>    |

**Market Risk****Interest Rate Risk**

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

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

## Notes to the Core Financial Statements

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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 £172,440. 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 2020/21

## Collection Fund

| 2019/20<br>Total<br>£'000 |   | 2020/21<br>Council Tax<br>£'000 | 2020/21<br>Business<br>Rates<br>£'000 | 2020/21<br>Total<br>£'000 | Notes |
|---------------------------|---|---------------------------------|---------------------------------------|---------------------------|-------|
| <b>Income</b>             |   |                                 |                                       |                           |       |
| <b>42,355</b>             | Income from Council Tax Payers                        | 44,446                          |                                       | <b>44,446</b>             |       |
| 1                         | Transfers From General Fund - Council Tax Benefits    |                                 |                                       | 0                         |       |
| 19                        | Transfers From General Fund - Flood Relief            | 35                              |                                       | 35                        |       |
| 8                         | Transfers From General Fund - Family Annexes          | 8                               |                                       | 8                         |       |
|                           | Transfers From General Fund - Covid Hardship Payments | 226                             |                                       | 226                       |       |
| <b>15,632</b>             | Income from Business Ratepayers                       |                                 | 8,757                                 | <b>8,757</b>              | 1     |
| 196                       | Transitional Protection Payments                      |                                 | 13                                    | 13                        |       |
|                           | Share of Estimated Deficit:                           |                                 |                                       |                           |       |
| 0                         | - Central Government                                  |                                 |                                       | 0                         |       |
| 0                         | - Lancashire County Council                           |                                 |                                       | 0                         |       |
| 0                         | - Ribble Valley Borough Council                       |                                 |                                       | 0                         |       |
| 0                         | - Lancashire Combined Fire Authority                  |                                 |                                       | 0                         |       |
| <b>58,211</b>             |   | <b>44,715</b>                   | <b>8,770</b>                          | <b>53,485</b>             |       |
| <b>Expenditure</b>        |   |                                 |                                       |                           |       |
|                           | Precepts and Demands:                                 |                                 |                                       |                           | 3     |
| <b>31,253</b>             | - Lancashire County Council                           | 33,080                          |                                       | <b>33,080</b>             |       |
| <b>3,948</b>              | - Ribble Valley Borough Council (including parishes)  | 4,185                           |                                       | <b>4,185</b>              |       |
| <b>4,675</b>              | - Police and Crime Commissioner (PCC) for Lancashire  | 4,995                           |                                       | <b>4,995</b>              |       |
| <b>1,613</b>              | - Lancashire Combined Fire Authority                  | 1,674                           |                                       | <b>1,674</b>              |       |
|                           | Business Rates  |                                 |                                       |                           |       |
| <b>3,744</b>              | - Central Government                                  |                                 | 7,641                                 | <b>7,641</b>              |       |
| <b>2,621</b>              | - Lancashire County Council                           |                                 | 1,375                                 | <b>1,375</b>              |       |
| <b>8,386</b>              | - Ribble Valley Borough Council                       |                                 | 6,113                                 | <b>6,113</b>              |       |
| <b>225</b>                | - Lancashire Combined Fire Authority                  |                                 | 153                                   | <b>153</b>                |       |
|                           | Share of Estimated Surplus:                           |                                 |                                       |                           |       |
| <b>280</b>                | - Central Government                                  |                                 | 118                                   | <b>118</b>                |       |
| <b>519</b>                | - Lancashire County Council                           | 649                             | 78                                    | <b>727</b>                |       |
| <b>285</b>                | - Ribble Valley Borough Council                       | 82                              | 253                                   | <b>335</b>                |       |
| <b>30</b>                 | - Lancashire Combined Fire Authority                  | 34                              | 7                                     | <b>41</b>                 |       |
| <b>64</b>                 | - Police and Crime Commissioner (PCC) for Lancashire  | 97                              |                                       | <b>97</b>                 |       |
| <b>12</b>                 | Transfers to General Fund - Council Tax Benefits      | 3                               |                                       | <b>3</b>                  |       |
| <b>91</b>                 | Costs of Collection                                   |                                 | 91                                    | <b>91</b>                 |       |
| <b>83</b>                 | Renewable Energy Schemes                              |                                 | 94                                    | <b>94</b>                 |       |
| <b>313</b>                | Provision for Bad/Doubtful Debts                      | 153                             | 209                                   | <b>362</b>                | 4     |
| <b>210</b>                | Enterprise Zone                                       |                                 | 123                                   | <b>123</b>                |       |
| <b>38</b>                 | Provision for Appeals                                 |                                 | 1,070                                 | <b>1,070</b>              | 5     |
| <b>58,390</b>             |   | <b>44,952</b>                   | <b>17,325</b>                         | <b>62,277</b>             |       |
| <b>-179</b>               | <b>(Deficit)/Surplus for the Year</b>                 | <b>-237</b>                     | <b>-8,555</b>                         | <b>-8,792</b>             |       |
| <b>1,282</b>              | Surplus Brought Forward                               | 783                             | 320                                   | <b>1,103</b>              |       |
| <b>1,103</b>              | <b>(Deficit)/Surplus Carried Forward</b>              | <b>546</b>                      | <b>-8,235</b>                         | <b>-7,689</b>             |       |
| <b>Allocated to</b>       |   |                                 |                                       |                           |       |
| <b>84</b>                 | - Central Government                                  |                                 | -4,083                                | <b>-4,083</b>             | 6     |
| <b>644</b>                | - Lancashire County Council                           | 411                             | -753                                  | <b>-342</b>               |       |
| <b>251</b>                | - Ribble Valley Borough Council                       | 51                              | -3,316                                | <b>-3,265</b>             |       |
| <b>88</b>                 | - Police and Crime Commissioner (PCC) for Lancashire  | 63                              |                                       | <b>63</b>                 |       |
| <b>36</b>                 | - Lancashire Combined Fire Authority                  | 21                              | -83                                   | <b>-62</b>                |       |
| <b>1,103</b>              |   | <b>546</b>                      | <b>-8,235</b>                         | <b>-7,689</b>             |       |

## 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. In 2020/21, we returned to a Business Rates Pool which operated on the 50% business rates retention scheme, after the Government ended the 75% pilot pools.

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

|                                    | 2019/20     | 2020/21     |
|------------------------------------|-------------|-------------|
| District Authorities               | 56%         | 40%         |
| Lancashire County Council          | 17.5%       | 9%          |
| Lancashire Combined Fire Authority | 1.5%        | 1%          |
|                                    | <b>75%</b>  | <b>50%</b>  |
| Central Government                 | 25%         | 50%         |
| <b>Total</b>                       | <b>100%</b> | <b>100%</b> |
| Unitary Authorities                | 73.5%       | 49%         |

The business rates shares payable for 2020/21 were estimated before the start of the financial year as £7.641m to Central Government, £1.375m to Lancashire County Council, £0.153m to Lancashire Combined Fire Authority and £6.113m to Ribble Valley Borough Council. These sums have been paid in 2020/21 and charged to the collection fund in year.

When the business rates retention scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Ribble Valley Borough Council paid a tariff of £4.311m from the general fund.

The total income from business rate payers collected in 2020/21 was £8.757m (£15.632m in 2019/20). The substantial difference in the amount collected between these two years is due to the reliefs that were given by the Government to businesses due to Covid-19, notably the retail discount and nursery discounts. This council and other precepting bodies under business rates were compensated for the resulting lost income through Section 31 grants, but this is received under the General Fund rather than the Collection Fund.

## Collection Fund

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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 2021. 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 2021 has been calculated at £2.132m (31 March 2020 £1.062m)

The total non-domestic rateable value at 31 March 2021 was £39,242,942 compared to £39,303,492 at 31 March 2020 based on the 2010 listing. The non-domestic rateable value at 31 March 2021 on the 2017 listing was £43,081,355 compared to £42,937,595 at 31 March 2020.

The national non-domestic multiplier (rate in the pound) for the year 2020/21 was 51.2 pence compared to 50.4 pence in the year 2019/20.

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.

## 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 2020/21 the Council set a band D council tax of £1,838.32 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             | 13                     | 12.3                                | 6.8                |
| A                               | 6/9             | 3,665                  | 3,014.7                             | 2,009.8            |
| B                               | 7/9             | 5,171                  | 4,556.9                             | 3,544.2            |
| C                               | 8/9             | 5,137                  | 4,622.2                             | 4,108.6            |
| D                               | 1               | 4,654                  | 4,261.7                             | 4,261.7            |
| E                               | 11/9            | 3,764                  | 3,538.7                             | 4,325.1            |
| F                               | 13/9            | 2,339                  | 2,215.3                             | 3,199.9            |
| G                               | 15/9            | 1,905                  | 1,805.1                             | 3,008.4            |
| H                               | 18/9            | 202                    | 193.3                               | 386.6              |
| <b>Totals</b>                   |                 | <b>26,850</b>          | <b>24,220.2</b>                     | <b>24,851.1</b>    |
|                                 |                 |                        | Adjustments                         | -1,049.6           |
|                                 |                 |                        | Adjustment for Collection Rate      | -178.5             |
|                                 |                 |                        | <b>Council Tax Base</b>             | <b>23,623</b>      |

## Collection Fund

### 3 BAND D COUNCIL TAX

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

|  | 2019/20<br>£      | 2020/21<br>£      |
|--|-------------------|-------------------|
| Lancashire County Council Precept                          | 31,253,007        | 33,079,759        |
| Police and Crime Commissioner (PCC) for Lancashire Precept | 4,675,453         | 4,995,083         |
| Lancashire Combined Fire Authority Precept                 | 1,612,562         | 1,673,926         |
| Ribble Valley Borough Council Demand (excluding Parishes)  | 3,497,364         | 3,677,865         |
| <b>Total to be Met From Council Tax</b>                    | <b>41,038,386</b> | <b>43,426,633</b> |
| Divided by Council Tax Base (Band D Equivalent Dwellings)  | 23,209            | 23,623            |
| <b>Band D Council Tax (Average excluding Parishes)</b>     | <b>£1,768.21</b>  | <b>£1,838.32</b>  |

### 4 PROVISION FOR LOSSES

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

|                                      | Council Tax<br>£ | NDR<br>£       | Total<br>£       |
|--------------------------------------|------------------|----------------|------------------|
| <b>Opening Balance 1 April 2020</b>  | <b>740,000</b>   | <b>470,000</b> | <b>1,210,000</b> |
| Write Offs in Year                   | -23,087          | -89,241        | -112,328         |
| Increase to Provision                | 153,087          | 209,241        | 362,328          |
| <b>Closing Balance 31 March 2021</b> | <b>870,000</b>   | <b>590,000</b> | <b>1,460,000</b> |

### 5 PROVISION FOR BUSINESS RATES APPEALS

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

|                                  | 2019/20<br>£     | 2020/21<br>£     |
|----------------------------------|------------------|------------------|
| <b>Balance at 1 April</b>        | <b>1,024,932</b> | <b>1,062,477</b> |
| Amounts Charged to the Provision | -88,381          | -297,081         |
| Change in Provision              | 125,926          | 1,366,587        |
| <b>Balance at 31 March</b>       | <b>1,062,477</b> | <b>2,131,983</b> |

**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.

| 2019/20       |  |  | 2020/21       |  |
|---------------|--|--|---------------|--|
| Precept       | Share of 31 March (Deficit) or Surplus |  | Precept       | Share of 31 March (Deficit) or Surplus |
| £'000         | £'000                                  |  | £'000         | £'000                                  |
| 31,253        | 590                                    | Lancashire County Council                    | 33,080        | 411                                    |
| 4,675         | 88                                     | Police and Crime Commissioner for Lancashire | 4,995         | 63                                     |
| 1,613         | 31                                     | Lancashire Combined Fire Authority           | 1,674         | 21                                     |
| 3,948         | 74                                     | Ribble Valley Borough Council                | 4,185         | 51                                     |
| <b>41,489</b> | <b>783</b>                             | <b>Total</b>                                 | <b>43,934</b> | <b>546</b>                             |

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

| 2019/20                   |  |                                    | 2020/21                   |  |
|---------------------------|--|------------------------------------|---------------------------|--|
| 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                                  |
| 3,744                     | 84                                     | Central Government                 | 7,641                     | -4,083                                 |
| 2,621                     | 54                                     | Lancashire County Council          | 1,375                     | -753                                   |
| 225                       | 5                                      | Lancashire Combined Fire Authority | 153                       | -83                                    |
| 8,386                     | 177                                    | Ribble Valley Borough Council      | 6,113                     | -3,316                                 |
| <b>14,976</b>             | <b>320</b>                             | <b>Total</b>                       | <b>15,282</b>             | <b>-8,235</b>                          |

## Collection Fund

The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. The total forecast surplus/deficit on the collection fund for council tax and business rates at January 2020 and January 2021 are shown in the table below.

| (Deficit) or Surplus Declared<br>January 2020 |                         |                | (Deficit) or Surplus Declared<br>January 2021 |                         |                |
|---|-------------------------|----------------|---|-------------------------|----------------|
| Business<br>Rates<br>£'000                    | Council<br>Tax<br>£'000 | Total<br>£'000 | Business<br>Rates<br>£'000                    | Council<br>Tax<br>£'000 | Total<br>£'000 |
| 118   |                         | 118            | -3,346  |                         | -3,346         |
| 78  | 648                     | 726            | -620  | 197                     | -423           |
|   | 97                      | 97             |   | 30                      | 30             |
| 7   | 34                      | 41             | -68   | 10                      | -58            |
| 253   | 82                      | 335            | -2,726  | 25                      | -2,701         |
| <b>456</b>                                    | <b>861</b>              | <b>1,317</b>   | <b>-6,760</b>                                 | <b>262</b>              | <b>-6,498</b>  |

## 7 COLLECTION RATES

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

|                | 2019/20<br>% | 2020/21<br>% |
|----------------|--------------|--------------|
| Council Tax    | 98.8%        | 97.6%        |
| Business Rates | 98.0%        | 95.9%        |



# 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.

## Glossary of Terms

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### 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.

**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.

## Glossary of Terms

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### **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.

**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.

## Glossary of Terms

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### **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.

**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.

## Glossary of Terms

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### Public Works Loan Board (PWLB)

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

### Related Parties

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

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

### Related Party Transactions

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

### Remuneration

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

### Reserves

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

### Residual Value

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

### Retirement Benefits

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

### Revenue Expenditure

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## Glossary of Terms

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

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

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

### **Revenue Support Grant**

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

### **Scheme Liabilities**

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

### **Useful Life**

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

### **Abbreviations used within the Statement of Accounts**

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

## Glossary of Terms

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





Ribble Valley  
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