



Statement of Accounts

[Audited]

2021/2022

Ribble Valley Borough Council

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Independent Auditors' Report to Members

Independent auditor's report to the members of Ribble Value 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 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Statement of Accounting Policies and the Notes to the Core Financial Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 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 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 2021/22 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

Independent Auditors' Report to members of Ribble Valley Borough Council

United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the 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

- 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 2021/22, 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 is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority 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. 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

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 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, 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:
 - management override of control, in particular journals, management estimates and transactions outside the course of business
 - closing journals posted during the preparation of the financial statements

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.

Independent Auditors' Report to members of Ribble Valley Borough Council

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Our 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 2022.

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

Responsibilities of the Authority

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

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

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

Independent Auditors' Report to members of Ribble Valley Borough Council

considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

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

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

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

Use of our report

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

Georgia Jones

Georgia Jones, Key Audit Partner

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

Liverpool

25 November 2022

Narrative Report

1 INTRODUCTION

Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (Based on International Financial Reporting Standards)

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

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

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

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

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

Narrative Report

2 RIBBLE VALLEY DEMOGRAPHICS AND ECONOMY

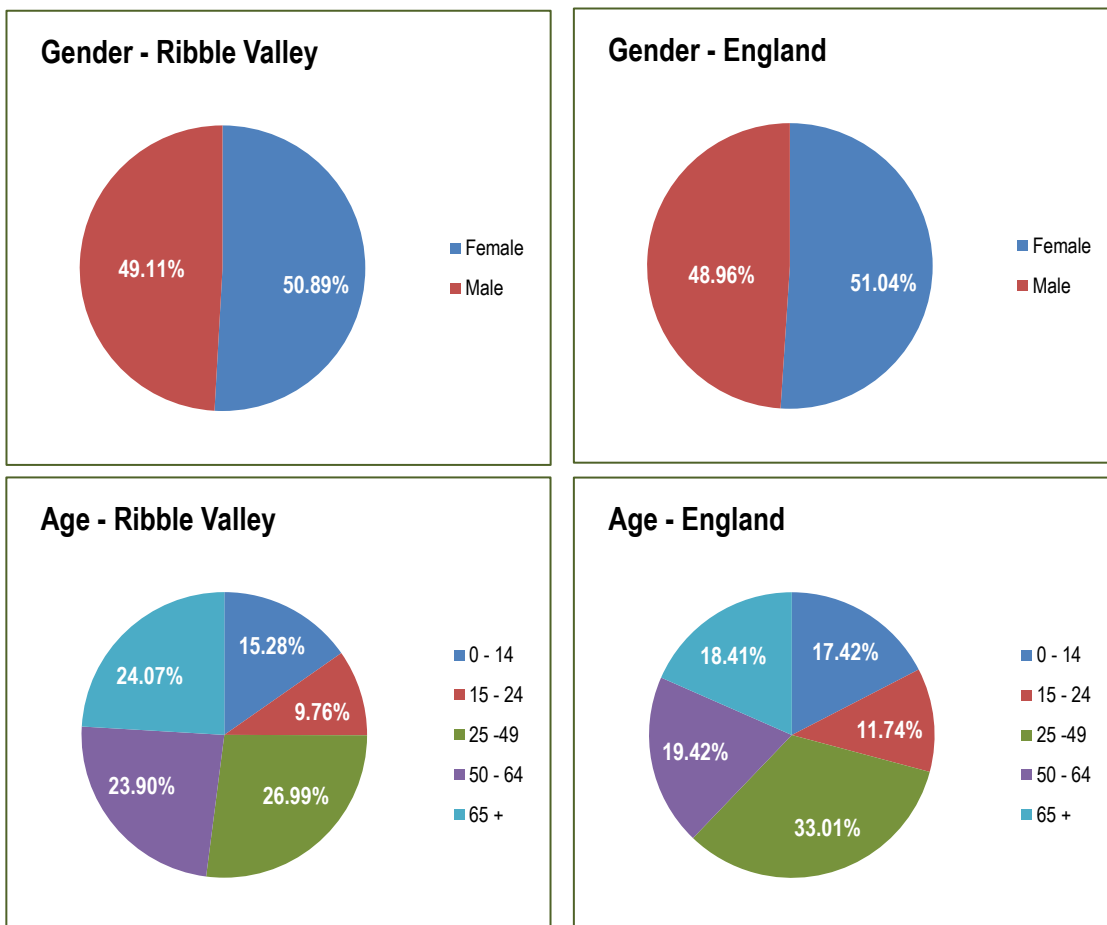
Locality

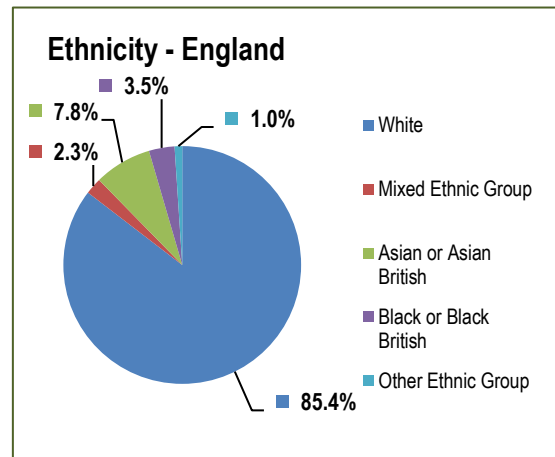
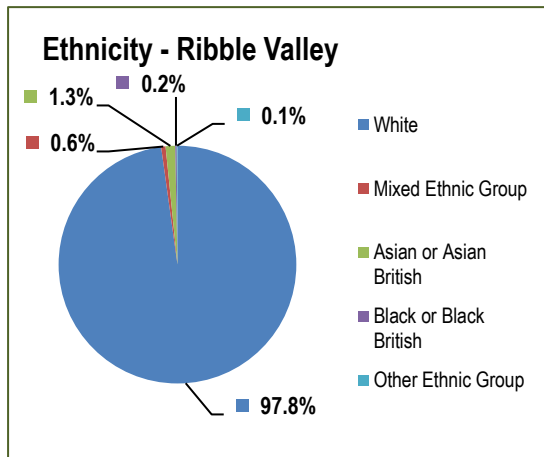
Ribble Valley is in the County of Lancashire bordering neighbouring councils in Pennine Lancashire, Craven District Council in North Yorkshire, South Ribble, Preston, Wyre and Lancaster Borough Councils. The administrative centre for the district is the historic market town of Clitheroe. The industrial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

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

Population

Shown below are key population figures as provided by the Office for National Statistics. These are based on March 2021 (Census) for gender and age and March 2011 (Census) for Ethnicity (2021 data for ethnicity not yet available). The total population for the borough, based on these statistics, is 61,500. The statistics for Ribble Valley are shown alongside those for England as a whole for comparison.



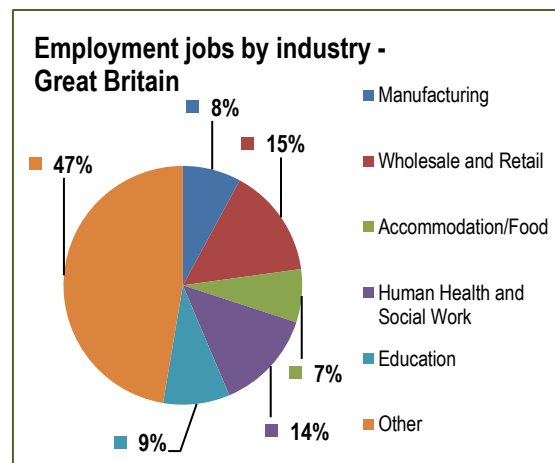
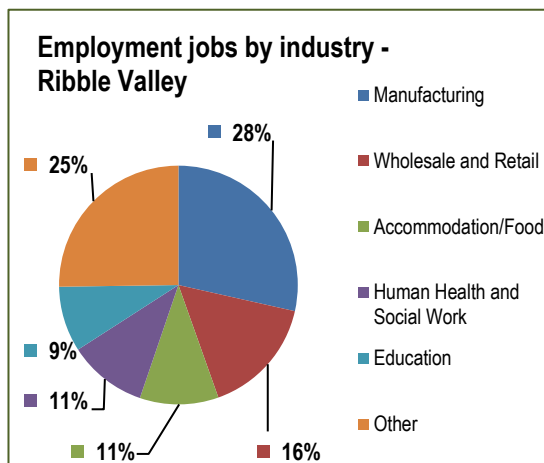


Local Economy and Business Information

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.

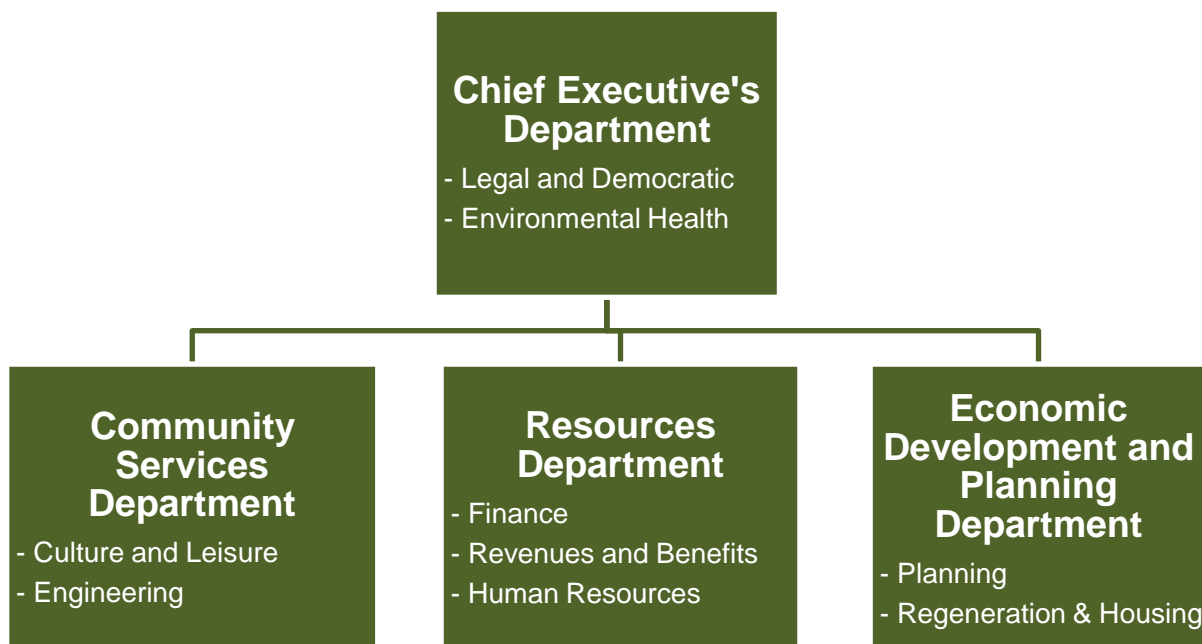
The area also has a strong agricultural association, with high value meat and milk products as well as farm holdings in dairy and grazing categories. In addition, several farming businesses have diversified to offer locally produced food and drink, retail and leisure facilities and tourist attractions. 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 2020).



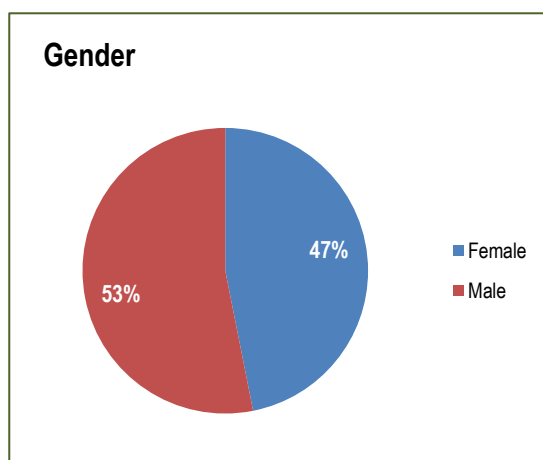
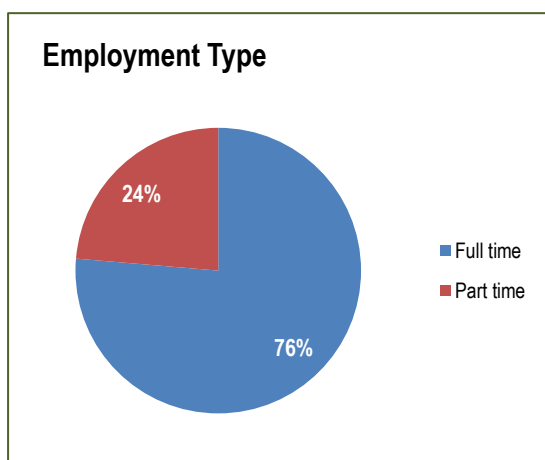
Narrative Report

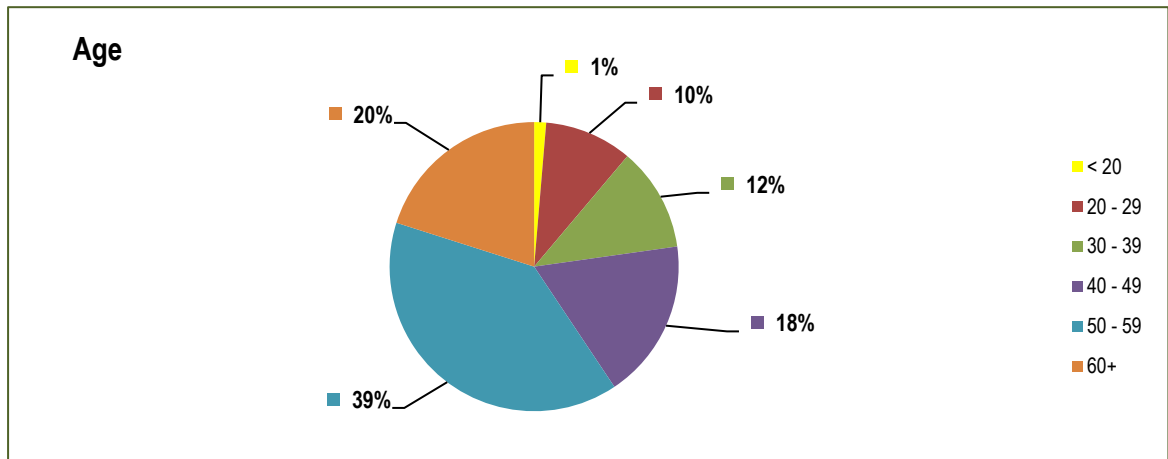
3 OUR EMPLOYEES

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 2022 the council employed 215 members of staff. The overall establishment consisted of 240 posts, of which 36 were vacant posts at 31 March. The tables below provide some information on the profile of our employees as at the end of the 2021/22 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.

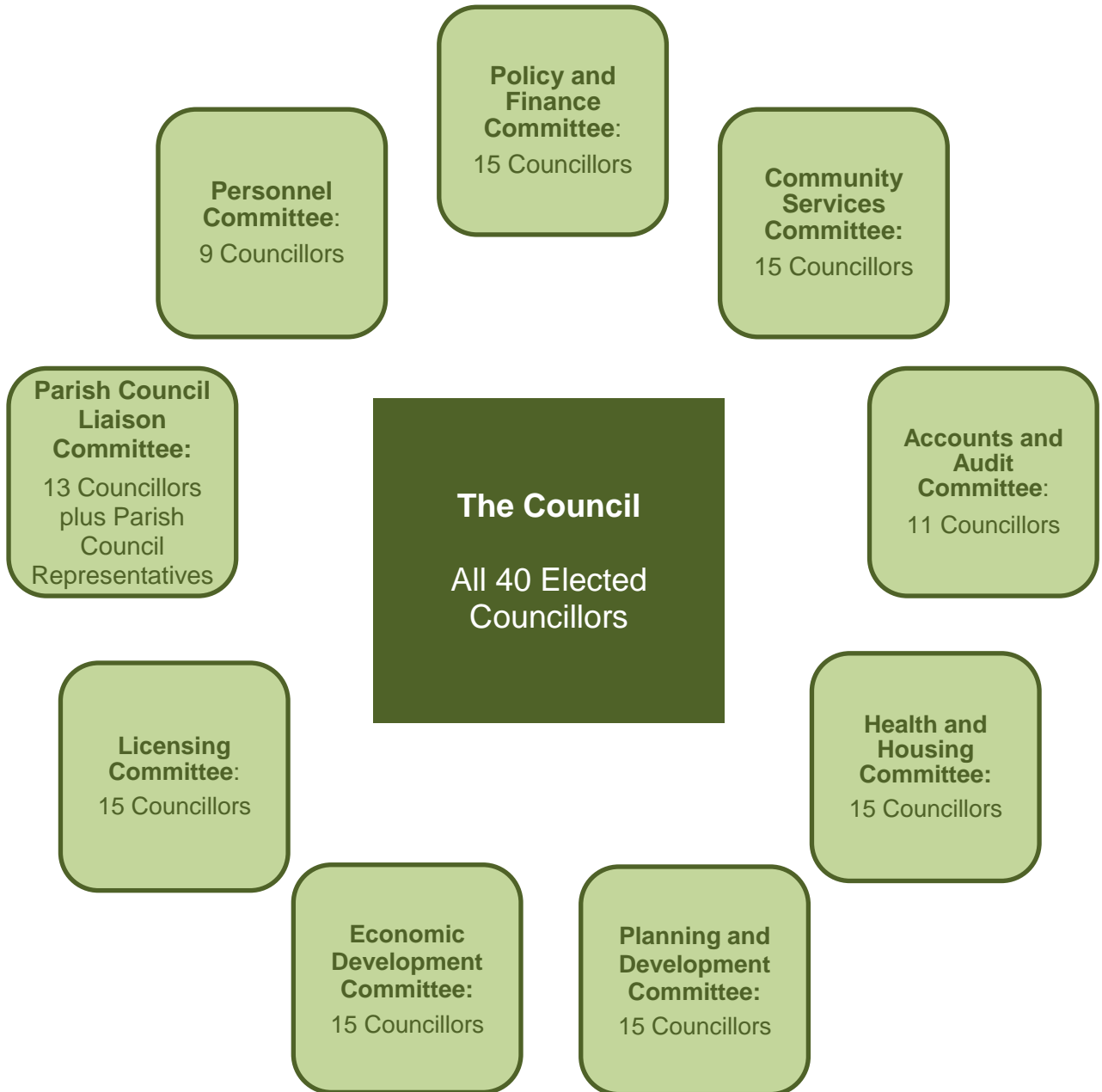
As well as representing the public, Councillors also represent political parties. As at 31 March 2022, our Councillors represented the following parties:

Conservative Party	26 Councillors
Liberal Democrat Party	10 Councillors
Independent	4 Councillors
Total	40 Councillors

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

Narrative Report

The diagram below shows the committee structure as at the 31 March 2022, and which operated throughout the 2021/22 financial year.



5 OUR FINANCIAL PERFORMANCE - REVENUE

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

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

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

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

Narrative Report

Committee	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Community Services	4,167	4,309	4,101	-66	-208
Economic Development	314	294	289	-25	-5
Health & Housing	1,053	711	601	-452	-110
Planning & Development	587	532	329	-258	-203
Policy & Finance	2,257	2,172	2,103	-154	-69
Committee Expenditure	8,378	8,018	7,423	-955	-595
Interest Payable	6	6	6	0	0
Parish Precepts	503	503	503	0	0
Interest Received	-50	-2	-15	35	-13
Net Operating Expenditure	8,837	8,525	7,917	-920	-608
Impairment Losses/(Gains) on Outstanding Debts	0	0	-23	-23	-23
Contingency - Feasibility Study Edisford Car Park	10	0	0	-10	0
Contingency - Potential Uncompensated Loss of Income due to Covid	150	0	0	-150	0
Emergency Unringfenced Covid Support Grant	0	-242	-242	-242	0
Precept from Collection Fund (including parish precepts)	-4,241	-4,241	-4,241	0	0
Collection Fund Surplus - Council Tax	-25	-25	-25	0	0
Rural Services Delivery Grant	-113	-113	-113	0	0
New Homes Bonus	-1,516	-1,516	-1,516	0	0
Lower Tier Services Grant	-58	-58	-58	0	0
Local Council Tax Support Additional Funding	0	0	-40	-40	-40
Business Rates Baseline Funding	-1,354	-1,354	-1,354	0	0
Retained Rates Income	-380	-380	-380	0	0
S31 Grant	-1,196	-2,868	-2,906	-1,710	-38
Retained Rates - Renewable Energy	-96	-100	-97	-1	3
10% of Retained Levy - Payable to LCC under Pooling Arrangements	69	90	84	15	-6
Collection Fund Deficit - Business Rates	2,726	2,726	2,726	0	0
(Surplus) for year before Capital Adjustments and Transfers to/(from) Earmarked Reserves	2,813	444	-268	-3,081	-712
Depreciation	-889	-884	-884	5	0
Minimum Revenue Provision	107	107	107	0	0
Net Transfer to earmarked reserves	-1,631	135	618	2,249	483
Deficit (Surplus) for Year	400	-198	-427	-827	-229

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	4,167	4,309	4,101	-66	-208
Economic Development	314	294	289	-25	-5
Health & Housing	1,053	711	601	-452	-110
Planning & Development	587	532	329	-258	-203
Policy & Finance	2,257	2,172	2,103	-154	-69
Committee Expenditure	8,378	8,018	7,423	-955	-595

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

Income or Expenditure Type	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Employee Related	7,111	7,210	7,145	34	-65
Premises Related	1,874	1,950	1,938	64	-12
Transport Related	1,909	1,986	1,898	-11	-88
Supplies & Services	2,044	2,181	2,007	-37	-174
Third Party Payments	376	377	377	1	0
Transfer Payments	5,481	7,308	7,321	1,840	13
Support Services	7,137	7,055	6,948	-189	-107
Depreciation and Impairment	862	883	884	22	1
Total Expenditure	26,794	28,950	28,518	1,724	-432
Government Grants	-5,497	-7,903	-7,974	-2,477	-71
Other Grants and Contributions	-176	-416	-492	-316	-76
Customer and Client Receipts	-3,333	-3,188	-3,366	-33	-178
Recharges and Oncosts	-9,410	-9,425	-9,263	147	162
Total Income	-18,416	-20,932	-21,095	-2,679	-163
Net Expenditure	8,378	8,018	7,423	-955	-595

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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	-360
Decrease in Forecast Interest Received	48
Decrease in Contingencies	-160
Increase in Emergency Unringfenced Covid Support Grant	-242
Increase in S31 Grants Receivable	-1,672
Increase in Retained Rates - Renewable Energy	-4
Increase in 10% Retained Levy Payable to LCC under Pooling Arrangements	21
Decrease in amount to be removed for Depreciation	5
Increase in amount to set aside in Earmarked Reserves	1,766
Net increase in amount to take from balances for the year	-598

How our revenue services are financed

As shown earlier our total actual net expenditure for committees was £7.423m. This is after allowing for numerous elements of service income such as fees and charges, sales and service specific grants and contributions.

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

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

expenditure in a given year, or is where resources are set aside as a resource to help support future financial years.

After allowing for the above further movements, the council was then left with net expenditure of £7.710m 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	-3,738
Precept relating to all Parishes	-504
Collection Fund Surplus	-25
Total Net Council Tax Income	-4,267

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	-15,114
Less Payable to Central Government	7,557
Less Payable to Lancashire County Council	1,360
Less Payable to Lancashire Combined Fire Authority	151
Balance Retained by Ribble Valley Borough Council	-6,046
Less Tariff Payable to Central Government	4,311
Baseline Business Rates Income of £1,354,393 plus Growth of £379,936	-1,735
Business Rates retained on Renewable Energy Schemes	-97
Section 31 Grants	-2,906
Less 10% Retained Levy payment to Lancashire County Council	84
Business Rates Collection Fund Deficit	2,726
Overall Net Retained Business Rates Related Income	-1,928

In 2021/22 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.

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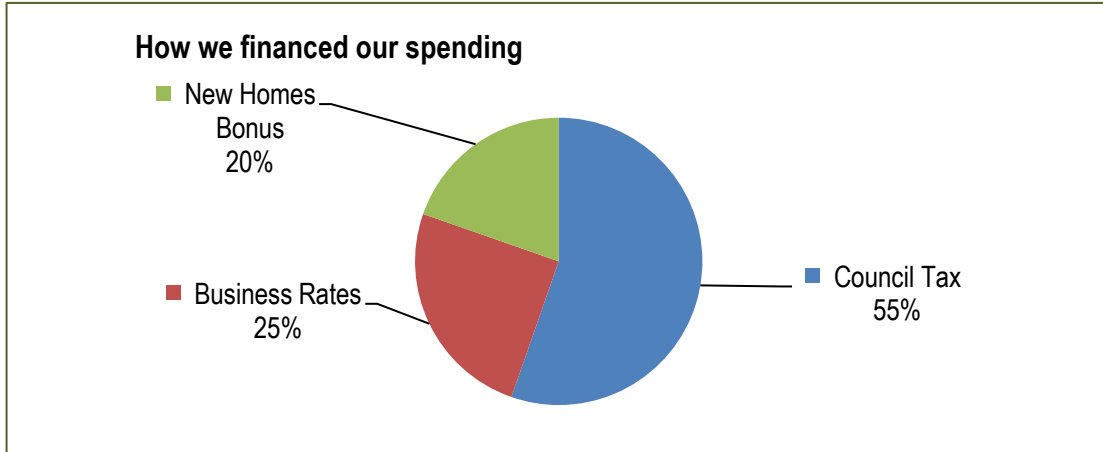
New Homes Bonus

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 2021/22 was £1,515,848 and is shown in the table below (2020/21 £1,770,952)

New Homes Bonus	£'000
2018/19 Allocation	-414
2019/20 Allocation	-464
2020/21 Allocation (<i>No Legacy Payment</i>)	0
2021/22 Allocation	-637
Total New Homes Bonus received in 2021/22	-1,515

Looking forward, the legacy payments of the bonus in respect of growth in 2019/20 will continue to be paid in 2022/23, but it is not clear if this will continue to be paid in future years. The payment shown above for 2021/22 was for one year only and no legacy payments are expected to be paid in future years.



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

During 2021/22 there were many variances identified when we monitored our budget. The main variations affecting our final position compared with the **revised estimate** can be summarised as follows (please note that favourable variances are denoted by figures with a minus symbol):

Variation	£'000
<u>Expenditure Variations</u>	
Direct employee costs	-110
Tuition and training	-24
Repairs and Maintenance	22
Transport costs	-26
Purchase and repairs of equipment and materials	-26
Communications and computing	-12
Subscriptions	-11
Promotional activities	-35
Printing, stationery and books	-10
Consultants	39
Local plan	-105
Rent allowance payments (<i>see grant below</i>)	-90
General grant scheme payments	-79
Directly charged Covid costs	-23
Covid grant payments where this Council acted as principal	135
Total Expenditure Variances	-355
<u>Income Variations</u>	
Rent allowances grant (<i>see payment above</i>)	63
DWP data sharing grant	-11
DLUHC Redmond review implementation grant	-16
Cabinet Office local election funding	-21
Other government grant	-11
Weight management funding	-10
VAT shelter reimbursement	-11
Court costs	-25
Planning fee income	-47
Car parking income	-14
Edisford all-weather facility income	-26
Ribblesdale pool income	-22
Sale of paper	-16

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Variation	£'000
Specific Covid funding charged to committee services	-15
Total Income Variances	-182
Other variations	-58
Net Variation on Committee Expenditure	-595
Decreased interest received	-13
Variation on Net Operating Expenditure	-608
Impairment Losses/(Gains) on Outstanding Debts	-23
Local council tax support additional funding	-40
Retained rates - renewable energy	3
Increased business rates S31 grants	-38
10% of retained levy – Payable to LCC	-6
Variation on (Surplus) for Year Before Capital Adjustments and Transfers to/(from) Earmarked Reserves	-712
Extra Transfers to Earmarked Reserves (for Revenue)	483
Difference Between the Amount to Add to Balances at the Outturn Position and the Amount Forecast to Take from Balances at the Revised Estimate	-229

General Fund Balances and Earmarked Reserves

We had originally planned to take £400,000 from general fund balances to help finance the 2021/22 spending plans. However, this was revised later in the year to add £197,753 to general fund balances. The final position shows that the council has added £426,993 to general fund balances.

General Fund Balance	£
General Fund Balances: Brought forward at 1 April 2021	2,534,143
Surplus in 2021/22 added to General Fund Balances	426,993
General Fund Balances: Carried forward at 31 March 2022	2,961,136

With regard to earmarked reserves, in support of the revenue account and excluding capital transactions, we had originally planned to take £1,630,679. However, this was revised later in the year to adding £135,380 to earmarked reserves.

The final position shows that the council has added £617,956 to earmarked reserves for revenue purposes. For capital purposes we took £456,429 from earmarked reserves to fund the capital programme. The overall net movement was £161,527 added to earmarked reserves.

Earmarked Reserves	£
Earmarked Reserves: Brought forward at 1 April 2021	14,920,382
Net added to Earmarked Reserves for revenue purposes	617,956
Net taken from Earmarked Reserves for capital purposes	-456,429
Earmarked Reserves: Carried forward at 31 March 2022	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

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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.

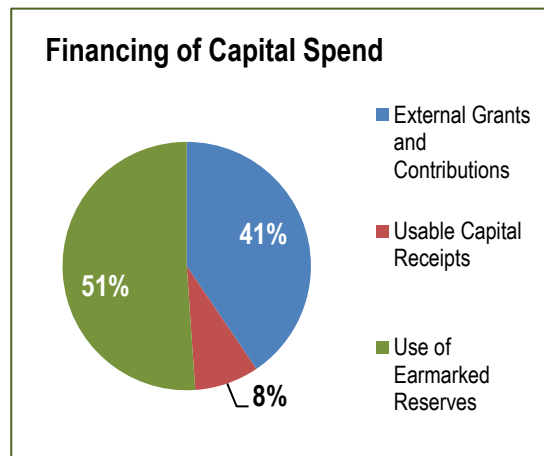
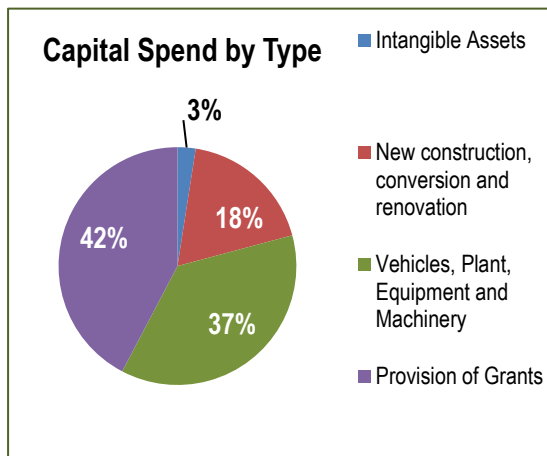
During the year the Council spent £893,321 on capital schemes. The main areas of expenditure included:

- Replacement Vehicles and Plant.
- ICT Software
- Play Area Improvements.
- Refurbishment of the Bowling Green Cafe
- Payment of Housing Related Grants.

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

Capital Programme	Original Estimate £	Revised Estimate £	Actual £	Original Estimate Compared to Actual £	Revised Estimate Compared to Actual £
Community Services Committee	1,555,000	591,360	430,510	-1,124,490	-160,850
Economic Development Committee	66,750	50,000	7,950	-58,800	-42,050
Planning and Development Committee	26,420	0	0	-26,420	0
Policy and Finance Committee	105,510	70,910	63,822	-41,688	-7,088
Health and Housing Committee	639,640	1,049,100	391,039	-248,601	-658,061
Total Capital Expenditure	2,393,320	1,761,370	893,321	-1,499,999	-868,049
Grants and Contributions	-347,000	-1,019,890	-362,038	-15,038	657,852
Borrowing	-1,308,600	-15,000	0	1,308,600	15,000
Usable Capital Receipts	-164,060	-74,910	-74,854	89,206	56
Earmarked Reserves	-573,660	-651,570	-456,429	117,231	195,141
Total Resources	-2,393,320	-1,761,370	-893,321	1,499,999	868,049

Shown below are summaries of the type of expenditure that is represented in the £893,321 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 £868,049 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 £868,049 variance, £820,880 is accounted for as slippage in to the 2022/23 financial year, and is summarised below:

Scheme Name	Slippage in to the 2022/23 Financial Year £
Play Area Improvements	120,600
Clitheroe Town Centre Car Park Scheme	15,000
Refurbishment of Bowling Green Café - Castle Grounds	2,150
Edisford Playing Pitches Drainage Works	15,490
Replacement IT Equipment for Councillors	7,020
Disabled Facilities Grants	645,850
Clitheroe Affordable Housing Scheme	11,770
Economic Development Initiatives	3,000
Total Capital Slippage	820,880

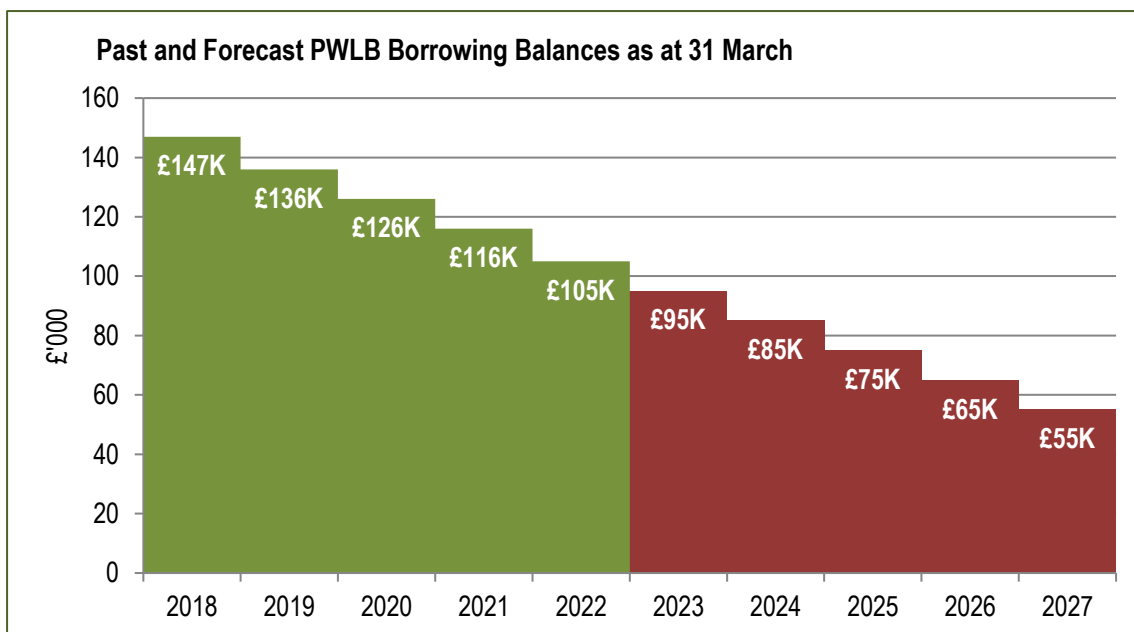
Within the resources originally planned for financing the capital programme is internal borrowing. This is a resource generally used to finance assets of a longer life such as land and buildings. This is in order to minimise the level of impact on the revenue budget through the Minimum Revenue Provision,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

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.

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The total Public Works Loan Board loans outstanding as at 31 March 2022 was £105k. 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 2022) shown in red

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

7 OUR FINANCIAL PERFORMANCE – COLLECTION FUND

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

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

Due to the change of circumstances for residents and changes to occupied property numbers, the actual amount of council tax collected from residents can be higher or lower than the total amount required to be paid to precepting bodies. This results in 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 2022. 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 2021/22. The impact to this council of the awarded discounts and reliefs will not be until during the 2022/23 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 2021/22, but the impact will not be felt by the General Fund until 2022/23 through the business rates collection fund deficit, this Section 31 funding has been set aside in a short-term earmarked reserve at 31 March 2022 and will be released again in the 2022/23 financial year. The value of this earmarked reserve is £1,640,761. The same situation due to Covid-19 reliefs arose in 2020/21 and the amount set aside into the short-term earmarked reserve at 31 March 2021 was £2,578,153 and this was released in 2021/22

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Collection Fund	Original Estimate	Revised Estimate	Actual	Original Estimate Compared to Actual	Revised Estimate Compared to Actual
	£'000	£'000	£'000	£'000	£'000
Council Tax - Expenditure					
Total of all Precepts	46,371	46,371	46,371	0	0
Total Council Tax Surplus distributed	262	262	262	0	0
Council Tax Benefit	0	0	4	4	4
Bad Debts Provision	351	200	53	-298	-147
Covid Hardship Payments - Recoverable from General Fund	0	3	3	3	0
Expenditure Subtotal - Council Tax	46,984	46,836	46,693	-291	-143
Business Rates - Expenditure					
Deficit Brought Forward	6,760	8,235	8,235	1,475	0
Cost of Collection	92	92	92	0	0
Enterprise Zones	123	123	123	0	0
Renewable Energy Schemes	96	100	97	1	-3
Total Distribution of Business Rates	15,114	15,114	15,114	0	0
Transitional Protection Payments	0	3	13	13	10
Appeals Provision	436	200	176	-260	-24
Bad Debts Provision	489	107	-50	-539	-157
Expenditure Subtotal - Business Rates	23,110	23,974	23,800	690	-174
Total Expenditure	70,094	70,810	70,493	399	-317
Council Tax - Income					
Surplus Brought Forward	-262	-546	-546	-284	0
Council Tax Income	-46,722	-47,538	-47,503	-781	35
Council Tax Benefits	0	-4	0	0	4
Family Annexes Discount - Chargeable to General Fund	0	-9	-11	-11	-2
Income Subtotal - Council Tax	-46,984	-48,097	-48,060	-1,076	37
Business Rates - Income					
Total Business Rates Deficit Recovered	-6,760	-6,760	-6,760	0	0
Transitional Protection	-59	0	0	59	0
Net Rates Payable (before appeals)	-16,291	-12,662	-11,971	4,320	691
Income Subtotal - Business Rates	-23,110	-19,422	-18,731	4,379	691
Total Income	-70,094	-67,519	-66,791	3,303	728
Council Tax Surplus carried forward	0	-1,261	-1,367	-1,367	-106
Business Rates Deficit carried forward	0	4,552	5,069	5,069	517
Total Net Deficit carried forward	0	3,291	3,702	3,702	411

8 OUR NON-FINANCIAL PERFORMANCE

The Council's Performance on Corporate Ambitions

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

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

- **To maintain critical financial management and controls, and ensure the authority provides council tax payers with value for money, within the current financial constraints:** The Council continued to have the lowest Band D Council Tax in Lancashire and one of the lowest in the Country. In the 2018 Perception Survey 60% of respondents said that they agreed that Ribble Valley Borough Council provides value for money.
- **To treat everyone equally and ensure that access to services is available to all, including our most vulnerable citizens:** Ribble Valley Borough Council continued to support charities and voluntary organisations across the borough who carry out an important role in supporting our vulnerable citizens. Our response to the Covid-19 pandemic continued. We have endeavoured to continue 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 further substantial amounts 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 continued the distribution of vital grant support to many eligible businesses throughout the borough in response to the Covid-19 pandemic.

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- **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 hopefully 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 and our work in this areas has been boosted as the Covid-19 restrictions eased.
- **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. As Covid-19 restrictions eased, the new facilities at Edisford have encouraged further recreational and sporting activity for young people within the Ribble Valley.
- **To ensure that Ribble Valley remains a safe place to live:** Ribble Valley remains a 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:** To mark the Queen's Platinum Jubilee plans were put in place to plant 70 trees across the Borough. Brungerley Park, Clitheroe, now has an avenue comprising 20 large-leaf limes in two rows of 10. Henthorn Park in Clitheroe is now home to six oak, five hornbeam, four crab, three hawthorn, three cherry, two lime and two yew and Towneley Gardens in Longridge has a new commemorative cluster of three large-leaf limes. The creation of a green canopy in tribute to the Queen's 70 years of service not only contributes to the Council's Climate Change Strategy but also provides a valuable asset which will be enjoyed by townspeople for years to come

- **To retain weekly collections of residual waste:** The Council's weekly refuse collection and recycling service has continued to operate along with the free collection of green waste for residents.
- **To provide a high-quality environment, keeping land clear of litter and refuse, and reducing the incidents of dog fouling:** The dog warden service has increased early morning, late evening and weekend surveillance to help combat dog fouling.
- **To be an environmentally sustainable area, prepared for the future:** We continue to seek to minimise the use of single-use plastics within the council and reduce the use of paper wherever possible. The Council's Climate Change Strategy and Action Plan was approved in September 2021.
- **To aspire to be a carbon neutral borough by 2030:** The Council's Climate Change Strategy and Action Plan was approved in September 2021.

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 2021/22 financial year the council continued to monitor housing provision and the implementation of the delivery of affordable units in accordance with policy aspirations.

Resident Satisfaction Surveys

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 will instead take place during the 2022/23 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.

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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 2020/21 and to some extent in 2021/22.

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.

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.

Whilst additional funding has been provided by central government towards some of these new responsibilities, it continues as a substantial resource burden.

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.

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.

This is reflected in the growth bids and capital schemes that were considered as part of the 2022/23 budget setting process, where these were our Policy and Finance Committee made a decision to set aside such items until later in the 2022/23 financial year for consideration once there is perhaps more certainty around local government funding.

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 2022 decreased to £15.072m (31 March 2021 £21.042m). The reason for the decrease in net liability is largely explained by the following:

	£'000
Remeasurements (liabilities)	
Experience gain	198
Gain on demographic assumptions	-619
Remeasurements (assets)	-7,102
Net movement from remeasurements	-7,523

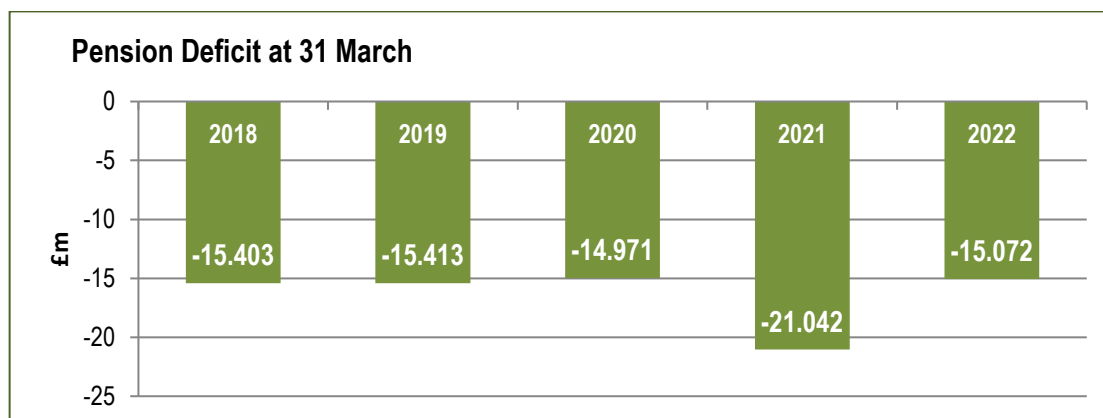
The main reasons for the above movements have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.
- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in liabilities

Narrative Report

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 the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.



10 COVID-19 IMPACT

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 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.

Covid-19 Related Funding

Detailed below are the various grant funding streams that were accounted for in the 2020/21 and 2021/22 financial years.

This has broadly been grouped as:

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

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

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

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

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

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

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

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Funding Type	2020/21 £	2021/22 £
Emergency Funding		
Covid-19 Support Grant - Tranche 2	-602,234	
Covid-19 Support Grant - Tranche 3	-77,185	
Covid-19 Support Grant - Tranche 4	-100,000	
Covid-19 Support Grant - Tranche 5		-242,180
Total Emergency Funding	-779,419	-242,180
Sales, Fees and Charges Compensation		
April 2020 to July 2020	-193,106	
August 2020 to November 2020	-198,873	
December 2020 to March 2021	-187,720	
April 2021 to June 2021		-36,879
Total Sales, Fees and Charges Compensation	-579,699	-36,879
Grant Funding for Businesses		
Business Support Grant (Principal)	-867,000	
Local Restrictions Support Grant (Open and ARG) (Principal)	-1,437,526	-1,628,779
Self-isolation Payments Funding Discretionary (Principal)	-31,250	24,750
Small Business Support Grant (Agent)	-12,940,000	
Retail Hospitality and Leisure Business Grant (Agent)	-4,280,000	
Omicron Hospitality and Leisure Grant (Agent)		-792,717
Self-isolation Payments Funding (Agent)	-27,000	-94,000
Christmas Support for Wet-Led Pubs (Agent)	-37,000	
Local Restrictions Support Grant (Closed) (Agent)	-7,998,230	-17,312
Restart Grants (Agent)		-4,908,059
Total Grant Funding for Businesses	-27,618,006	-7,416,117
Other Grants		
Reopening High Streets Safely Fund	-25,458	-45,912
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	-29,406
S31 Contain Outbreak Management Fund	-296,283	-372,226
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	

Funding Type	2020/21 £	2021/22 £
Test and Trace Support and Food and Essential Supplies Grants (TTS/FES)	-42,788	-54,107
Practical Support for Self-Isolation Funding	-13,772	
Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens	-18,908	
Cabinet Office elections funding		-20,806
S31 Omicron, Hospitality and Leisure Grant and the Additional Restrictions Grant (3rd top up)		-39,080
S31 New Burdens 4 Restart and Additional Restrictions		-73,000
S31 New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Household support Fund Grant to Distribute		-70,855
Miscellaneous grants of a value below £5,000		-12,376
Total Other Grants	-1,258,009	-736,368
Overall Total	-30,235,133	-8,431,544

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, and was further delayed again in 2021/22.

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, and was further delayed again in 2021/22.

Despite the level of uncertainty, a budget forecast was prepared at the time of setting the revenue budget for 2022/23 in February 2022. This was based on many assumptions due to the high level of uncertainty around future local government funding.

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	2022/23	2023/24	2024/25	2025/26	2026/27
	Forecast	Forecast	Forecast	Forecast	Forecast
	£	£	£	£	£
Net Expenditure	8,293,008	8,625,335	8,936,740	9,115,975	9,298,794
Less Funding					
Core Government Funding					
Business Rates Baseline	-1,354,393	-1,354,393	-1,354,393	-1,354,393	-1,354,393
Revenue Support Grant	-215	0	0	0	0
Rural Services Delivery Grant	-113,250	-113,250	-113,250	-113,250	-113,250
Lower Tier Services Grant	-61,960	-61,960	-61,960	-61,960	-61,960
Services Grant	-93,368	0	0	0	0
Other Funding					
Use of New Homes Bonus	-1,105,000	0	0	0	0
Use of Business Rates Growth	-795,549	-795,549	-795,549	-795,549	-795,549
Use of Business Rates Growth - Payline Review	-296,100	-369,800	-412,100	0	0
Possible Transition Grant (Floor)	0	-1,226,397	-1,105,397	-1,000,000	-1,000,000
Use of General Fund Balances	-250,000	-250,000	-250,000	-250,000	-250,000
Collection Fund Surplus	-115,329	-25,000	-25,000	-25,000	-25,000
Still to be Funded	4,107,844	4,428,986	4,819,091	5,515,823	5,698,642
Council Tax Income					
Council Tax Band D	-160.69	-165.69	-170.69	-170.69	-170.69
Assumed Tax Base	24,553	24,799	25,047	25,297	25,550
Precept	-3,945,422	-4,108,868	-4,275,190	-4,317,942	-4,361,121
Budget Gap	162,422	320,118	543,901	1,197,881	1,337,521

The forecast assumes our funding stays at the 2022/23 level, however at this stage there are no indications from the Government as to whether this would be the case. At the time of producing the above forecast it was assumed that the promised local government funding reforms would be effective from 2023/24 and transitional arrangements around funding would come in to play. More recently it has become known that such funding reforms are to be delayed and there is to be a likely two year finance settlement, however details are not yet know.

The forecast also assumes the current maximum permitted increase of £5 for Band D Council Tax for 2023/24 and 2024/25 followed by a freeze in 2025/26 and 2026/27. 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 £320k in 2023/24, £544k in 2024/25, £1.198m in 2025/26 and £1.338m in 2026/27. However, it is important to note the high levels of uncertainty across this forecast.

In 2020/21 the council was a member of the 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, the forecast assumes that the scheme will come to an end from 2023/24.

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.

The Council is facing considerable uncertainty regarding future government funding and inflation. Whilst the Council holds significant levels of earmarked reserves these are very likely to be required over the medium term to protect the Council from the uncertainty it faces.

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.

Current Economic Climate

- Residual impacts from Brexit
- Continued inflation

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.

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

13 THE STATEMENTS

The Council's statement of accounts for the year ended 31 March 2022 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 2021/22 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.

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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

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

The Authority's Responsibilities

The authority is required to:

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

The Director of Resources' Responsibilities

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

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

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

The Director of Resources has also:

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

I hereby certify that the Statement of Accounts gives a true and fair view of the financial position of the authority at the reporting date and its income and expenditure for the year ended 31 March 2022.

Jane L Pearson

Director of Resources CPFA
23 November 2022

Approval of the Statement of Accounts

I confirm that these accounts, including the Comprehensive Income and Expenditure Statement on page 66 and the Balance Sheet on page 70, were approved by the Accounts and Audit Committee at its meeting held on 23 November 2022.

Cllr David Berryman

Chairman of Accounts and Audit Committee
23 November 2022

Statement of Accounting Policies

The accounting policies form part of the notes to the accounts

1 GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22*, supported by International Financial Reporting Standards (IFRS).

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

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

2 ACCRUALS OF INCOME AND EXPENDITURE

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

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

Statement of Accounting Policies

3 CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

5 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

6 COUNCIL TAX AND NON-DOMESTIC RATES (NDR)

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

Accounting for Council Tax and NDR

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

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

7 EMPLOYEE BENEFITS

Benefits Payable during Employment

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

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

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

Statement of Accounting Policies

Termination Benefits

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

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.8% (2.1% 31 March 2021) based on the indicative rate of return on AA rated corporate bonds.
- The assets of the Lancashire County Pension Fund attributable to Ribble Valley Borough Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The Change in the Net Pensions Liability is analysed into the following components:

Statement of Accounting Policies

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

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

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

Statement of Accounting Policies

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

Discretionary Benefits

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

8 EVENTS AFTER THE REPORTING PERIOD

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

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

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

9 FINANCIAL INSTRUMENTS

Financial Liabilities

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

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

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

Statement of Accounting Policies

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Statement of Accounting Policies

10 GOVERNMENT GRANTS AND CONTRIBUTIONS

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

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

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

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

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

11 HERITAGE ASSETS

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

Heritage Assets are

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

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

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

Statement of Accounting Policies

- Civic Regalia
- The Roman Bath site at Ribchester

The Castle Keep at Clitheroe

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

The Clitheroe Castle Museum Collection

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

Civic Regalia

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

Statement of Accounting Policies

The Roman Bath site at Ribchester

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

Heritage Assets - General

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

12 INTANGIBLE ASSETS

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

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

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

Statement of Accounting Policies

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

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

13 INVENTORIES AND LONG TERM CONTRACTS

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

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

14 LEASES

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

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

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

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

Operating Leases Where the Council is Lessee

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

Statement of Accounting Policies

Operating Leases Where the Council is Lessor

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

15 OVERHEADS AND SUPPORT SERVICES

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

16 PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

Statement of Accounting Policies

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

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

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

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

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

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

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

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

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

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

Statement of Accounting Policies

Property, Plant and Equipment Classification	31 March 2022	
	Revalued Amount in Balance Sheet £	Equivalent Carrying Amount Under Cost Model £
Other Land and Buildings	15,540,608	8,444,435
Vehicles, Plant, Furniture and Equipment	1,893,225	1,893,225
Infrastructure Assets	242,269	242,269
Community Assets	1,590,915	1,579,425
Total	19,267,017	12,159,354

Impairments

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

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

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

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

Depreciation

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

Statement of Accounting Policies

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

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

Statement of Accounting Policies

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

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

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

Componentisation

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

17 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made where an event has taken place 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

Contingent Liabilities

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

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

Contingent Assets

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

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

18 RESERVES

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

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

19 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

Statement of Accounting Policies

20 VAT

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

21 FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

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

Comprehensive Income and Expenditure Statement

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

2020/21			2021/22				
Gross Expenditure £	Gross Income £	Net Expenditure £		Gross Expenditure £	Gross Income £	Net Expenditure £	Note
8,762,023	-4,019,589	4,742,434	Community Services Committee	9,179,598	-4,676,069	4,503,529	
393,274	-135,145	258,129	Economic Development Committee	423,815	-104,392	319,423	
6,962,638	-6,282,649	679,989	Health and Housing Committee	6,973,620	-6,328,920	644,700	
1,279,027	-893,605	385,422	Planning and Development Committee	1,417,555	-945,116	472,439	
6,428,059	-4,506,762	1,921,297	Policy and Finance Committee	5,842,977	-3,587,344	2,255,633	
23,825,021	-15,837,750	7,987,271	Cost of Services	23,837,565	-15,641,841	8,195,724	1/2
			Other Operating Expenditure				
		507,581	Payment of Precepts to Parishes			503,609	
		30,000	Pensions Administration Expenses			31,000	32
		-35,009	(Gains)/Losses on the Disposal of non-Current Assets			0	
			Financing and Investment Income and Expenditure				
		6,020	Interest Payable on Debt			5,513	
		-44,254	Investment Interest Income			-14,726	
		-2,204	Impairment Losses/(Gains)			-22,802	
		347,000	Net Interest on the net defined benefit liability (asset)			431,000	32
		-69,754	Gain on Trading Accounts			-45,718	
			Taxation and Non-Specific Grant Income				
		-4,243,831	Council Tax			-4,340,196	8
		1,401,531	Non Domestic Rates Income and Expenditure			-309,611	8/11
		-6,708,182	Other Non-Specific Grants			-4,875,398	8
		-823,831	(Surplus) or Deficit on Provision of Services			-441,605	1/2
		-97,588	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			-2,590,772	
		5,023,000	Actuarial Gains on Pensions Assets/Liabilities			-7,523,000	32
		4,925,412	Other Comprehensive Income and Expenditure			-10,113,772	
		4,101,581	Total Comprehensive Income and Expenditure			-10,555,377	

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

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.

Movement in Reserves Statement

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

Movements in 2020/21	General Fund Balance £	Earmarked General Fund Reserves £	Total General Fund Balance £	Capital Grants Unapplied £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2020	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 <i>See Note 10</i>	4,489,280		4,489,280	192,884	52,250	4,734,414	-4,734,414	0
Increase/(Decrease) in Year	158,497	5,154,614	5,313,111	192,884	52,250	5,558,245	-9,659,826	-4,101,581
Balance at 31 March 2021 Carried Forward	2,534,143	14,920,382	17,454,525	580,524	1,138,858	19,173,907	-9,844,316	9,329,591

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

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 2021		31 March 2022	Note
£		£	
<i>Long Term Assets</i>			
16,883,614	Property, Plant and Equipment	19,267,017	6/13
971,194	Heritage Assets	997,417	14
78,322	Intangible Assets	79,481	
247,521	Long Term Debtors	248,768	15
18,180,651	Total Long Term Assets	20,592,683	
<i>Current Assets</i>			
10,000	Financial Asset Held for Sale	10,000	15
0	Assets Held for Sale	70,099	
35,865	Inventories	57,918	
6,147,098	Short Term Debtors	3,589,245	15/16
0	Short Term Investments	5,000,000	
18,534,239	Cash and Cash Equivalents	20,222,767	15/17
24,727,202	Total Current Assets	28,950,029	
<i>Current Liabilities</i>			
-17,894	Short Term Borrowing	-17,697	
-11,560,377	Short Term Creditors	-13,549,924	15/18
-852,793	Provisions	-923,122	19
-12,431,064	Total Current Liabilities	-14,490,743	
<i>Long Term Liabilities</i>			
-105,197	Long Term Borrowing	-95,000	15
-21,042,000	Net Pensions Liability	-15,072,000	6/32
-21,147,197	Total Long Term Liabilities	-15,167,000	
9,329,592	Net Assets	19,884,969	
<i>Usable Reserves</i>			
2,534,143	General Fund Balance	2,961,136	20
14,920,382	Earmarked General Fund Reserves	15,081,909	12
1,138,859	Usable Capital Receipts Reserve	1,064,005	
580,524	Capital Grants Unapplied	658,871	
19,173,908	Total Usable Reserves	19,765,921	
<i>Unusable Reserves</i>			
8,671,245	Capital Adjustment Account	8,799,563	
-3,264,848	Collection Fund Adjustment Account	-1,902,726	
6,013,615	Revaluation Reserve	8,473,418	
-21,042,000	Pension Reserve	-15,072,000	32
-222,328	Accumulated Absences Account	-179,207	
-9,844,316	Total Unusable Reserves	119,048	
9,329,592	Total Reserves	19,884,969	

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

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.

2020/21 £		2021/22 £	Note
-823,831	Net (Surplus) or Deficit on the Provision of Services	-441,605	
-5,312,503	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements	-1,316,265	22
58,500	Adjustments for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	0	22
-6,077,834	Net Cash Flows from Operating Activities	-1,757,870	
-263,723	Investing Activities	4,992,155	23
2,590,826	Financing Activities	-4,922,813	24
-3,750,731	Net Increase or decrease in Cash and Cash Equivalents	-1,688,528	
14,783,508	Cash and Cash Equivalents 1 April	18,534,239	
18,534,239	Cash and Cash Equivalents 31 March	20,222,767	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

Notes to the Core Financial Statements

1 EXPENDITURE AND FUNDING ANALYSIS

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

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

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

Notes to the Core Financial Statements

2020/21	Net Expenditure Chargeable to the General Fund £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in the Comprehensive Income and Expenditure Statement £
Community Services Committee	4,369,210	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
Net Cost of Services	7,102,533	884,738	7,987,271
Other Income and Expenditure	-12,415,643	3,604,541	-8,811,102
(Surplus) or Deficit	-5,313,110	4,489,279	-823,831
Opening General Fund Balance at 31 March 2020	-12,141,415		
Closing General Fund Balance as at 31 March 2021	-17,454,525		

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.

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

Notes to the Core Financial Statements

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

Adjustments for Capital Purposes

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

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

Net Change for the Pensions Adjustments

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

- **For services** this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

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.

Restated 2020/21 £	2021/22 £
Expenditure	
7,988,531 Employee Expenditure	8,759,653
15,403,888 Other Service Expenses	14,628,832
874,753 Depreciation, Amortisation and Impairment	1,003,217
30,000 Pensions Administration Costs	31,000
6,020 Interest Payments	5,513
507,581 Precepts and Levies	503,609
24,810,773 Total Expenditure	24,931,824
Income	
-5,242,199 Fees and Charges and Other Service Income	-6,978,388
-35,009 Gain or Loss on Disposal of Non-Current Assets	0
-2,842,300 Income from Council Tax and Business Rates	-4,649,807
-17,470,842 Government Grants, Contributions and Donations	-13,730,508
-44,254 Interest and Investment Income	-14,726
-25,634,604 Total Income	-25,373,429
-823,831 (Surplus) or Deficit on Provision of Services	-441,605

The above note has been restated from than reported in the 2020/21 Statement of Accounts. This impacted the amounts reported for 'Other Service Expenses' and 'Fees and charges and Other Service Income'. The net impact of this restatement is nil

Notes to the Core Financial Statements

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year). This Council has not opted to do so.
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's statements.

5 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

Notes to the Core Financial Statements

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. The assumptions and other sources of estimation uncertainty disclosed below relate to estimates that require the council's most difficult, subjective or complex judgements.

As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, the balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>There has been substantial volatility in financial markets since the start of the Covid-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in Ukraine. This has consequences for asset values.</p>	<p>Mercer Limited are the actuaries for the Lancashire County Pension Fund. The Pension Fund Deficit for Ribble Valley at 31 March 2022 was £15.072m. The following sensitivity analysis is provided by Mercer Limited:</p> <ul style="list-style-type: none"> • +0.1% p.a. discount rate as at 31 March 2022: deficit would be £13.777m • +0.1% p.a. inflation as at 31 March 2022: deficit would be £16.388m • +0.1% p.a. pay growth as at 31 March 2022: deficit would be £15.211m • 1-year addition to members' life expectancy as at 31 March 2022: deficit would be £17.499m • +1% change in 2021/22 investment returns: deficit would be £14.411m • -1% change in 2021/22 investment returns: deficit would be £15.733m

Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>Assets are valued based on estimates and assumptions at a point in time but market conditions can fluctuate, the effect of which may be increased by the Covid-19 pandemic.</p>	<p>A variation of 10% in the value of the council's land and buildings would be approximately £1.927m. A reduction would result in a reduction to the revaluation reserve and/or a loss charged to the comprehensive income and expenditure statement. An increase in estimated valuations would result in the reversal of any negative revaluations previously charged to the comprehensive income and expenditure statement and/or increases to the revaluation reserve and/or gains charged to the comprehensive income and expenditure statement.</p>

7 MATERIAL ITEMS OF INCOME AND EXPENSE

Housing Benefit

The Council has a statutory duty to administer Housing Benefit claims on behalf of the Department for Work and Pensions. The Council pays out Housing Benefits to eligible claimants. In 2021/22 £5.22m was paid out (£5.54m in 2020/21), 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 £5.25m was received from the Department for Work and Pensions in 2021/22 (£5.54m in 2020/21).

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 2021/22 the Council received £406,228 in income from chargeable car parks (in 2020/21 £147,625). 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. Sales, Fees and Charges Government funding of £8,240 was received in 2021/22 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 2021/22 the council received £684,800 in planning application fees, which help fund the provision of the service. (£452,065 in 2020/21).

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. No Sales, Fees and Charges Government funding was received in 2021/22 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 2021/22 the Council received £2,906,362 through various business rates Section 31 grants (£3,930,502 in 2020/21).

The value reported here for the 2020/21 and 2021/22 financial years are substantially higher than that for previous years, 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.

Covid-19 Related Funding

Detailed below are the various grant funding streams that were accounted for in the 2020/21 and 2021/22 financial years.

This has broadly been grouped as:

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

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

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

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

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

Where the council has acted as agent, then the transactions have not been reflected in the council's financial statements, other than in respect of cash collected or expenditure

Notes to the Core Financial Statements

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	2020/21 £	2021/22 £
Emergency Funding		
Covid-19 Support Grant - Tranche 2	-602,234	
Covid-19 Support Grant - Tranche 3	-77,185	
Covid-19 Support Grant - Tranche 4	-100,000	
Covid-19 Support Grant - Tranche 5		-242,180
Total Emergency Funding	-779,419	-242,180
Sales, Fees and Charges Compensation		
April 2020 to July 2020	-193,106	
August 2020 to November 2020	-198,873	
December 2020 to March 2021	-187,720	
April 2021 to June 2021		-36,879
Total Sales, Fees and Charges Compensation	-579,699	-36,879
Grant Funding for Businesses		
Business Support Grant (Principal)	-867,000	
Local Restrictions Support Grant (Open and ARG) (Principal)	-1,437,526	-1,628,779
Self-isolation Payments Funding Discretionary (Principal)	-31,250	24,750
Small Business Support Grant (Agent)	-12,940,000	
Retail Hospitality and Leisure Business Grant (Agent)	-4,280,000	
Omicron Hospitality and Leisure Grant (Agent)		-792,717
Self-isolation Payments Funding (Agent)	-27,000	-94,000
Christmas Support for Wet-Led Pubs (Agent)	-37,000	
Local Restrictions Support Grant (Closed) (Agent)	-7,998,230	-17,312
Restart Grants (Agent)		-4,908,059
Total Grant Funding for Businesses	-27,618,006	-7,416,117
Other Grants		
Reopening High Streets Safely Fund	-25,458	-45,912
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	-29,406
S31 Contain Outbreak Management Fund	-296,283	-372,226

Notes to the Core Financial Statements

Funding Type	2020/21 £	2021/22 £
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	-54,107
Practical Support for Self-Isolation Funding	-13,772	
Business Rates Discount Schemes and Council Tax Hardship Fund New Burdens	-18,908	
Cabinet Office elections funding		-20,806
S31 Omicron, Hospitality and Leisure Grant and the Additional Restrictions Grant (3rd top up)		-39,080
S31 New Burdens 4 Restart and Additional Restrictions		-73,000
S31 New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Household support Fund Grant to Distribute		-70,855
Miscellaneous grants of a value below £5,000		-12,376
Total Other Grants	-1,258,009	-736,368
Overall Total	-30,235,133	-8,431,544

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

	2020/21 £	2021/22 £
Ribble Valley Borough Council Precept	-3,677,865	-3,737,650
Precept Relating to Parishes	-507,581	-503,609
Surplus Received in Year (Declared January Prior to Start of Year)	-81,910	-24,995
Movement on Collection Fund (Surplus)/Deficit at Year End	23,525	-73,942
Total Council Tax	-4,243,831	-4,340,196

Notes to the Core Financial Statements

Non-Domestic Rates Income and Expenditure

	2020/21 £	2021/22 £
Ribble Valley Borough Council Share of Business Rates Income	-6,113,118	-6,045,753
Less Tariff Payable to Central Government	4,311,424	4,311,424
(Surplus)/Deficit Payment in Year (Declared January Prior to Start of Year)	-252,893	2,725,770
Movement on Collection Fund Deficit/(Surplus) at Year End	3,492,571	-1,288,179
Business Rates Retained on Renewable Energy Schemes	-94,045	-96,786
10% Retained Levy Payable to Lancashire County Council under Business Rates Pooling Arrangements	57,592	83,913
Overall Net Retained Business Rates Related Income	1,401,531	-309,611

Other Non-Specific Grants

	2020/21 £	2021/22 £
New Homes Bonus	-1,770,952	-1,515,848
Rural Services Delivery Grant	-107,921	-113,250
Covid-19 Emergency LA Support Grant	-779,419	-242,180
Tax Income Guarantee Section 31 Grant - Business Rates	-119,388	0
Lower Tier Services Grant	0	-57,696
Local Council Tax Support Additional Funding	0	-40,062
Business Rates Section 31 Grants		
Small Business Rates Relief (SBRR) Scheme	-1,068,123	-1,096,893
SBRR on Existing Properties where 2nd Property is Occupied	-4,849	-7,431
Multiplier Cap	48,931	-26,919
Public Conveniences	0	-16,210
Rural Rate Relief	-8,975	-9,152
Supporting Small Businesses	-5,901	-5,808
Expanded Retail Discount	-2,841,585	-1,643,088
Flooding Relief	-2,546	0
Nursery Discount	-47,454	-33,087
Covid-19 Additional Relief Fund (CARF)	0	-67,774
Other Non-Specific Grants	-6,708,182	-4,875,398

9 EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue on the 29 July 2022. 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 2022, 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.

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 2021/22	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	863,192			-863,192
Revaluation losses on Property Plant and Equipment (Charged to surplus or Deficit on Provision of Services)	-258,762			258,762
Amortisation of Intangible Assets	20,841			-20,841
Capital Grants and Contributions Applied	-47,377			47,377
Revenue Expenditure Funded from Capital Under Statute	377,938			-377,938
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-107,237			107,237
Capital expenditure charged against General Fund Balances	-456,429			456,429
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-393,008	393,008		
Application of grants to capital financing transferred to the Capital Adjustment Account		-314,661		314,661
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	0		0	
Use of the Capital Receipts Reserve to finance new capital expenditure			-74,854	74,854
Contribution from the Capital Receipts Reserve towards administrative cost of Non-Current asset disposals	0		0	

Notes to the Core Financial Statements

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

Notes to the Core Financial Statements

Movements in 2020/21	Usable Reserves			Movement in Unusable Reserves £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Capital Adjustment Account				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>				
Charges for depreciation and impairment of non-current assets	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
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account</u>				
Statutory Provision for the Financing of Capital investment	-115,495			115,495
Capital expenditure charged against General Fund Balances	-935,705			935,705
Adjustments primarily involving the Capital Grants Unapplied Account				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-393,008	393,008		
Application of grants to capital financing transferred to the Capital Adjustment Account		-200,124		200,124
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of Cash Sale Proceeds Credited as Part of the Gain/Loss on Disposal to the Comprehensive Income and Expenditure Statement	-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 £
	General Fund Balance £	Capital grants Unapplied £	Capital Receipts Reserve £	
Adjustments primarily involving the Pensions Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	1,982,000			-1,982,000
Employer's pensions contributions and direct payments to pensioners payable in the year	-934,000			934,000
Adjustments primarily involving the Collection Fund Adjustment Account				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected for the year in accordance with statutory requirements	3,516,096			-3,516,096
Adjustments primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	136,644			-136,644
Total Adjustments	4,489,280	192,884	52,250	-4,734,414

Notes to the Core Financial Statements

11 LANCASHIRE BUSINESS RATES POOL

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

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

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

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

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

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

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

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

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

Notes to the Core Financial Statements

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

Lancashire Business Rates Pool Members 2020/21	Authority Type	Tariffs and Top-Ups in Respect of 2020/21 £	Retained Levy on Growth 2020/21 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2020/21 £
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
Total		0	-7,197,006	0	-7,197,006

Notes to the Core Financial Statements

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 2021/22.

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<i>Reserves for Shorter Term Service Commitments</i>							
Community Services							
Committee Grants Fund							
<i>Used to fund various Community Services Committee grants</i>	17,913	12,770	-1,820	28,863		-16,843	12,020
Audit Reserve Fund							
<i>Used in respect of the internal audit service, including contracting computer audit services</i>	12,335	41,410		53,745			53,745
Refuse Collection							
<i>To fund refuse collection costs of bin replacements.</i>	59,610	17,282	-33,316	43,576	8,118	-44,637	7,057
Amenity Cleansing Reserve							
<i>Used to fund known future amenity cleansing works</i>	11,830	19,200		31,030		-19,370	11,660
Clitheroe Food Festival							
<i>Resources set aside or used to help support the costs associated with the Clitheroe Food Festival</i>	6,905	1,701	-73	8,533			8,533
Two-Way Radio Reserve							
<i>Contributions from the Lancashire Resilience Forum towards the running of the two-way radio system and future enhancements</i>	718	0	-700	18		-18	0
Promotional Activities Reserve							
<i>To fund planned publicity and promotional activities</i>	0	5,333		5,333		-5,333	0
Total Reserves for Shorter Term Service Commitments	109,311	97,696	-35,909	171,098	8,118	-86,201	93,015

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
Reserves to Smooth the Revenue Impact of Longer-Term Cyclical Costs							
<u>Elections Fund</u>							
<i>Used to fund local elections held once every four years</i>	25,118	30,000		55,118	100,063	-56,665	98,516
<u>Revaluation of Assets Reserve</u>							
<i>To contribute towards the revaluation of the Council's assets every five years.</i>	2,420	2,420		4,840	7,160		12,000
<u>Pensions Triennial Revaluation Reserve</u>							
<i>Savings on contribution rates, set aside with a view to offsetting any future pensions fund deficits</i>	68,592			68,592			68,592
Total Reserves to Smooth the Revenue Impact of Longer Term Cyclical Costs	96,130	32,420	0	128,550	107,223	-56,665	179,108
Reserves for Trading or Business Units							
<u>Building Control Fund</u>							
<i>Available to equalise net expenditure over a three-year period</i>	-78,755	20,996		-57,759	23,120		-34,639
Total Reserves for Trading or Business Units	-78,755	20,996	0	-57,759	23,120	0	-34,639
Reserves for Sums Set Aside for Major Schemes such as Capital Projects							
<u>Capital</u>							
<i>Used to fund the capital programme</i>	931,767	950,436	-935,705	946,498	400,767	-472,957	874,308
<u>ICT Renewals</u>							
<i>To fund future software and hardware pressures</i>	122,740		-18,000	104,740		-12,000	92,740
<u>Vehicle & Plant Renewals Reserve</u>							
<i>Resources set aside to fund future replacement of Vehicles and Plant through the capital programme</i>	51,035			51,035			51,035

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
Local Plan							
<i>Resources set aside to fund work on the Local Plan</i>	0			0	271,147		271,147
Total Reserves for Sums Set Aside for Major Schemes such as Capital Projects	1,105,542	950,436	-953,705	1,102,273	671,914	-484,957	1,289,230
Reserves for Longer Term Strategic or Corporate Items							
VAT Shelter Reserve							
<i>Funds received from the post LSVT VAT Shelter arrangements, partly used to contribute towards the future financing of the capital programme</i>	1,104,453	4,986	-32,400	1,077,039	34,477	-62,028	1,049,488
Fleming VAT Claim							
<i>VAT recovered from 'Fleming' claim challenge to HMRC</i>	58,819		-14,322	44,497		-770	43,727
Insurance							
<i>Available to meet any costs following demise of Municipal Mutual Insurance Company</i>	14,581			14,581			14,581
Repairs and Maintenance							
<i>To fund emergency repairs and maintenance items, including legionella and asbestos abatement</i>	45,079		-22,104	22,975		-5,255	17,720
Post LSVT							
<i>To fund any costs post LSVT which may arise, such as pension fund liabilities</i>	146,050		-36,512	109,538		-36,512	73,026
Restructuring Reserve							
<i>To fund costs resulting from restructuring reviews</i>	187,903			187,903			187,903
Equipment Reserve							
<i>To fund essential and urgent equipment requirements</i>	83,655	23,412	-28,610	78,457	19,082	-10,087	87,452
Invest to Save Fund							
<i>To fund future invest to save projects</i>	237,162	5,411		242,573	5,438		248,011

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Planning Reserve</u> <i>To fund any future potential planning issues such as Local Development Plan expenditure and Planning Appeals</i>	41,643	3,000	-15,190	29,453			29,453
<u>Housing Benefit Reserve</u> <i>To help meet the challenges facing the service in the coming years</i>	100,000			100,000			100,000
<u>Business Rates Volatility Reserve</u> <i>To provide some protection against business rates volatilities</i>	1,682,000			1,682,000			1,682,000
<u>Business Rates Growth Reserve</u> <i>Business rates growth used to support revenue expenditure or the capital programme.</i>	1,574,614	1,213,483	-121,612	2,666,485	715,243	-62,843	3,318,885
<u>New Homes Bonus Reserve</u> <i>To help support revenue and capital expenditure</i>	2,418,149	665,952	-229,150	2,854,951	410,848	-201,780	3,064,019
<u>Arts Development Reserve</u> <i>To carry forward unspent budget funding for arts projects which were delayed in 2020/21 due to Covid</i>	0	3,185		3,185		-3,185	0
<u>Grounds Maintenance Tuition Reserve</u> <i>To carry forward unspent budget funding for Grounds Maintenance staff training that was delayed in 2020/21 due to Covid</i>	0	1,775		1,775		-1,775	0
Total Reserves for Longer Term Strategic or Corporate Items	7,694,108	1,921,204	-499,900	9,115,412	1,185,088	-384,235	9,916,265
Reserves for External Funding where Expenditure has yet to be Incurred							
<u>Performance Reward Grant</u> <i>Performance Reward Grant received and used to fund associated projects</i>	67,577			67,577			67,577
<u>Land Charges Reserve</u> <i>To fund any potential restitution claims for personal search fees</i>	51,117		-51,117	0			0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Pendle Hill User Reserve</u>							
<i>To fund improvement schemes on Pendle Hill</i>	2,181		-2,181	0			0
<u>Crime Reduction Partnership Reserve</u>							
<i>To fund cost of crime reduction initiatives</i>	38,059		-1,179	36,880		-282	36,598
<u>Exercise Referral and Up and Active Reserve</u>							
<i>To fund potential residual staffing costs and to hold other service grants</i>	5,032	25,305		30,337	15,701	-6,569	39,469
<u>Housing Related Grants Reserve</u>							
<i>Residual grant received, to be committed to future grant funded schemes</i>	206,452		-205,969	483	41,011	-216	41,278
<u>Planning Policy Related Grants Reserve</u>							
<i>To provide short term capacity support when dealing with housing planning applications</i>	5,850			5,850		-5,850	0
<u>Community Right to Bid/Challenge</u>							
<i>To fund any future costs under the Community Right to Bid and Community Right to Challenge Regulations</i>	45,124			45,124			45,124
<u>Grant Funded Sports Development</u>							
<i>To finance future Sports Development grant funded expenditure</i>	10,687			10,687		-470	10,217
<u>Whalley Moor Reserve</u>							
<i>Grant received towards work at Whalley Moor Woodland</i>	4,520			4,520		-4,520	0
<u>Individual Electoral Registration Reserve</u>							
<i>Grant received for the implementation of Individual Electoral Registration which will be used to fund this work</i>	16,590		-16,590	0			0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Rural Services Reserve</u>							
<i>Grant received with the purpose of supporting rural services</i>	75,392		-75,022	370		-370	0
<u>Neighbourhood Planning Reserve</u>							
<i>MHCLG Neighbourhood Planning Grant received to fund future related expenditure</i>	16,133			16,133			16,133
<u>Repossession Prevention Fund Reserve</u>							
<i>Ring-fenced MHCLG funded reserve to help prevent repossessions and homelessness.</i>	28,491			28,491			28,491
<u>Parish Grant Reserve</u>							
<i>PRG resources set aside to fund the Parish Grant Scheme</i>	35,769		-1,939	33,830		-16,000	17,830
<u>Custom and Self Build Register Grant Reserve</u>							
<i>Grant funding towards maintenance of a register of individuals, and associations of individuals, seeking to acquire serviced plots of land in the area</i>	88,750		-73,750	15,000			15,000
<u>Brownfield Register Grant Reserve</u>							
<i>Grant funding towards preparation and maintenance of a register of brownfield sites suitable for residential development.</i>	26,263			26,263			26,263
<u>Flood Resilience, Response and Recovery Grant Reserve</u>							
<i>Grant funding relating to residual Flood Resilience Grants and also in respect of flood response and recovery</i>	18,408		-2,000	16,408		-16,408	0
<u>EU Exit Funding Reserve</u>							
<i>Grant funding relating to impacts in respect of the EU Exit</i>	52,452		-52,452	0			0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Cyber Resilience Grant Reserve</u>							
<i>Grant funding in respect of Cyber Resilience work</i>	10,600	3,000		13,600			13,600
<u>Housing Benefits New Burden Grants Reserve</u>							
<i>Grant income to support new burdens in respect of Housing Benefits</i>	4,669			4,669			4,669
<u>LCTS New Burdens Grant Reserve</u>							
<i>Grant income to support new burdens in respect of Localised Council Tax Support</i>	18,370			18,370		-10,000	8,370
<u>Parks Improvement Funding Reserve</u>							
<i>Grant funding to support improvements to parks</i>	7,111		-3,009	4,102		-4,102	0
<u>Covid-19 Response</u>							
<i>Balance of grant income received in respect of the response to the Covid-19 pandemic.</i>	3,835	1,318,177		1,322,012	407,639	-102,101	1,627,550
<u>Ribble Valley Strategic Partnership</u>							
<i>Ribble Valley Strategic Partnership funds held in reserve to meet the cost of future community projects</i>	0	24,326		24,326		-24,326	0
<u>Self-isolation Grants Reserve</u>							
<i>Reserve established to hold the balance of self-isolation grant support funds received but not yet distributed</i>	0	30,750		30,750		-30,750	0
<u>Restoring Your Railways Reserve</u>							
<i>Balance of grant income received to fund the preparation of a business case for the reopening of the Clitheroe to Hellifield railway to passengers.</i>	0	7,485		7,485		-7,485	0

Notes to the Core Financial Statements

General Fund	Balance at 31 March 2020 £	Transfers In 2020/21 £	Transfers Out 2020/21 £	Balance at 31 March 2021 £	Transfers In 2021/22 £	Transfers Out 2021/22 £	Balance at 31 March 2022 £
<u>Business Rates S31 Grant</u>							
<u>Adjustment Reserve</u>							
<i>Short term reserve to hold Section 31 grant received in 2020/21 in respect of business rates relief - to fund collection fund deficit in 2021/22</i>	0	2,578,153		2,578,153	1,640,761	-2,578,153	1,640,761
<u>Tax Income Guarantee Reserve</u>							
<i>Short term reserve to hold Section 31 grant in respect of lost business rates income due to Covid. The grant will be released in future years to ease the impact from the collection fund deficit</i>	0	119,388		119,388		-119,388	0
Total Reserves for External Funding where Expenditure has yet to be Incurred	839,432	4,106,584	-485,208	4,460,808	2,105,112	-2,926,990	3,638,930
Total of all Earmarked Reserves	9,765,768	7,129,336	-1,974,722	14,920,382	4,100,575	-3,939,048	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

Notes to the Core Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT

Movements in 2021/22	Other Land and Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infra-Structure Assets £'000	Community Assets £'000	Surplus Assets (Not Held for Sale) £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
<i>Cost or Valuation</i>							
At 1 April 2021	13,154	5,683	345	1,599	25	0	20,806
Additions/Acquisitions	80	387		27			494
Derecognition - Disposal		-520					-520
Reclassifications					-25		-25
Revaluation increases recognised in the Revaluation Reserve	2,342						2,342
Revaluation increases recognised in the Surplus/Deficit on the Provision of Services	74						74
At 31 March 2022	15,650	5,550	345	1,626	0	0	23,171
<i>Accumulated Depreciation and Impairments</i>							
At 1 April 2021	-88	-3,710	-92	-31	-1	0	-3,922
Derecognition - Disposal		519					519
Depreciation Charge	-381	-466	-11	-4	-1		-863
Depreciation written out to the Revaluation Reserve	402						402
Depreciation written out to the Surplus/Deficit on the Provision of Services	-42						-42
Reclassification					2		2
Impairment reversals recognised in the Revaluation Reserve	-205						-205
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	205						205
At 31 March 2022	-109	-3,657	-103	-35	0	0	-3,904
<i>Net Book Value</i>							
at 31 March 2021	13,066	1,973	253	1,568	24	0	16,884
at 31 March 2022	15,541	1,893	242	1,591	0	0	19,267

Notes to the Core Financial Statements

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

Notes to the Core Financial Statements

Depreciation

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

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

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

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

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

Capital Commitments

At 31 March 2022 the Council had an approved capital programme of £5,524,770 for 2022/23 and had £820,880 of budget slippage from the 2021/22 capital programme that was rolled forward to be spent in 2022/23. At 31 March 2022, the Council had capital commitments of £310,699, of which £21,818 related to 2021/22 capital programme slippage and £288,881 related to the 2022/23 capital programme.

Of the £310,699 capital commitments, £293,536 related to property, plant and equipment and £17,163 related to capital grants.

Effects of Changes in Estimates

In 2021/22 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 2022 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.

Notes to the Core Financial Statements

14 HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council	Clitheroe Castle Museum Collection £'000	Civic Regalia £'000	Total Heritage Assets £'000
<i><u>Cost or Valuation</u></i>			
At 1 April 2021	904	67	971
Revaluations	26		26
At 31 March 2022	930	67	997
<i><u>Cost or Valuation</u></i>			
At 1 April 2020	878	67	945
Revaluations	26		26
At 31 March 2021	904	67	971

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 2021/22.

15 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	2020/21		2021/22	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Assets Measured at Amortised Cost</u>				
Investments	18,544,239	18,544,239	25,232,767	25,232,767
Total Investments	18,544,239	18,544,239	25,232,767	25,232,767
Long-Term Debtors	247,521	247,521	248,768	248,768
Short-Term Debtors	1,862,096	1,862,096	1,711,201	1,711,201
Total Debtors	2,109,617	2,109,617	1,959,969	1,959,969
Total Financial Assets	20,653,856	20,653,856	27,192,736	27,192,736

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.

	2020/21		2021/22	
	Carrying Amount £	Fair Value £	Carrying Amount £	Fair Value £
<u>Financial Liabilities Measured at Amortised Cost</u>				
Long-Term Borrowing	-105,197	-133,261	-95,000	-112,558
Short-Term Borrowing	-10,393	-13,166	-10,197	-12,081
Total Borrowings	-115,590	-146,427	-105,197	-124,639
Short-Term Creditors	-7,569,662	-7,569,662	-4,878,486	-4,878,486
Total Creditors	-7,569,662	-7,569,662	-4,878,486	-4,878,486
Total Financial Liabilities	-7,685,252	-7,716,089	-4,983,683	-5,003,125

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:

	2020/21	2021/22
	£	£
<u>Financial Liabilities</u>		
Interest expenses	6,020	5,513
Total Expense in Surplus or Deficit on the Provision of Service	6,020	5,513
<u>Financial Assets</u>		
Interest income	-44,254	-14,726
Total Income in Surplus or Deficit on the Provision of Service	-44,254	-14,726

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 2021 and 31 March 2022 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 2021 £	31 March 2022 £
Central government bodies	4,098,708	1,540,982
Other local authorities	904,229	1,071,155
Other entities and individuals		
- Other Debtors	732,656	680,348
- Business Rates	425,025	260,901
- Council Tax	281,499	269,229
- Prepayments	188,414	169,378
- Impairment	-483,433	-402,748
Total	6,147,098	3,589,245

17 CASH AND CASH EQUIVALENTS

	31 March 2021 £	31 March 2022 £
Cash held by the Council	7,765	7,487
Bank Current Accounts	4,026,474	4,215,280
Short Term Investments	14,500,000	16,000,000
Total	18,534,239	20,222,767

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 2021	31 March 2022
	£	£
Central government bodies	-6,609,451	-3,214,892
Other local authorities	-574,852	-2,503,190
Other entities and individuals		
- Other Creditors	-925,376	-847,465
- Business Rates	-68,490	-165,278
- Council Tax	-87,750	-81,957
- Commuted Sums	-1,941,499	-2,546,307
- Refundable Deposits	-14,982	-17,529
- Receipts in Advance	-1,337,977	-4,173,306
Total	-11,560,377	-13,549,924

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.

	2020/21	2021/22
	£	£
Business Rates Appeals Provision		
Balance at 1 April	594,987	852,793
Movements in provisions in the year	257,806	70,329
Balance at 31 March	852,793	923,122

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 2021 £		31 March 2022 £
2,534,143	General Fund Balance	2,961,136
14,920,382	Earmarked General Fund Reserves	15,081,909
1,138,859	Usable Capital Receipts Reserve	1,064,005
580,524	Capital Grants Unapplied	658,871
19,173,908	Total Usable Reserves	19,765,921

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.

2020/21 £		2021/22 £
2,375,646	Opening General Fund Balance	2,534,143
158,497	Net amount added to (taken from) General Fund Balance	426,993
2,534,143	Closing General Fund Balance	2,961,136

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.

2020/21 £		2021/22 £
9,765,768	Opening Earmarked General Fund Reserves	14,920,382
7,129,336	Amounts added to Earmarked General Fund Reserves	4,100,575
-1,974,722	Amounts taken from Earmarked General Fund Reserves	-3,939,048
14,920,382	Closing Earmarked General Fund Reserves	15,081,909

Our earmarked reserves remain temporarily inflated due to the impact of Covid. A large part of the year end balance is in respect of the balance of general Government funding towards our Covid related costs and will be used to fund costs in 2022/23.

Other large temporary balances are in respect of the Covid-19 impact through the Business Rates Collection Fund deficit in 2022/23, and the mismatch of timings in the receipt of compensatory funding, which was received in 2021/22 and has been set aside in earmarked reserve until 2022/23. The same situation was seen at the end of 2020/21.

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.

2020/21 £	2021/22 £
1,086,608	1,138,859
Opening Usable Capital Receipts Reserve	
58,500	0
Amounts added to the Usable Capital Receipts Reserve	
-6,249	-74,854
Amounts taken from the Usable Capital Receipts Reserve	
1,138,859	1,064,005
Closing Usable Capital Receipts Reserve	

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.

2020/21 £	2021/22 £
387,640	580,524
Opening Capital Grants Unapplied	
393,008	393,008
Amounts added to Capital Grants Unapplied	
-200,124	-314,661
Amounts taken from Capital Grants Unapplied	
580,524	658,871
Closing Capital Grants Unapplied	

21 UNUSABLE RESERVES

31 March 2021 £	31 March 2022 £
8,671,245	8,799,563
Capital Adjustment Account	
-3,264,848	-1,902,726
Collection Fund Adjustment Account	
6,013,615	8,473,418
Revaluation Reserve	
-21,042,000	-15,072,000
Pension Reserve	
-222,328	-179,207
Accumulated Absences Account	
-9,844,316	119,048
Total Unusable Reserves	

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.

2020/21 £		2021/22 £
8,586,778	Balance at 1 April	8,671,245
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive income and Expenditure statement	
-851,355	- Charges for depreciation and impairment of non-current assets	-863,192
16,580	- Revaluation losses on Property, Plant and Equipment	258,762
-16,054	- Amortisation of intangible assets	-20,841
-462,925	- Revenue expenditure funded from capital under statute	-377,938
-23,491	- 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	
-1,337,245		-1,003,209
118,141	Adjusting amounts written out of the Revaluation Reserve	130,969
-1,219,104	Net written out amount of the cost of non-current assets consumed in the year	-872,240
	Capital financing applied in the year	
45,997	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	47,377
200,124	- Application of grants to capital financing from the Capital Grants Unapplied Account	314,661
6,250	- Use of capital receipts reserve to finance new capital expenditure	74,854
115,495	- Statutory provision for the financing of capital investment charged against the General Fund	107,237
935,705	- Capital expenditure charged against the General Fund balance	456,429
1,303,571		1,000,558
8,671,245	Balance at 31 March	8,799,563

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.

2020/21 £		2021/22 £
251,248	Balance at 1 April	-3,264,848
-23,525	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	73,942
-3,492,571	Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	1,288,180
-3,264,848	Balance at 31 March	-1,902,726

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.

2020/21 £		2021/22 £
6,034,168	Balance at 1 April	6,013,615
351,067	Upward revaluation of assets	2,758,040
-253,479	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-167,268
97,588	Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	2,590,772
-118,141	Difference between fair value depreciation and historical cost depreciation	-130,969
-118,141	Amount written off to the Capital Adjustment Account	-130,969
6,013,615	Balance at 31 March	8,473,418

Pension Reserve

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

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

2020/21 £		2021/22 £
-14,971,000	Balance at 1 April	-21,042,000
-5,023,000	Remeasurements of the net defined benefit liability/(asset)	7,523,000
-1,982,000	Reversal of items relating to retirement benefits debited or credited to the surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,520,000
934,000	Employer's pensions contributions and direct payments to pensioners payable in the year	967,000
-21,042,000	Balance at 31 March	-15,072,000

The main reasons for the above movement in the fund balance have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.
- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in 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 the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.

Notes to the Core Financial Statements

Accumulated Absences Account

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

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

2020/21		2021/22
£		£
-85,684	Balance at 1 April	-222,328
85,684	Settlement or cancellation of accrual made at the end of the preceding year	222,328
-222,328	Amounts accrued at the year end of the current year	-179,207
-136,644	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	43,121
-222,328	Balance at 31 March	-179,207

The balance on the Accumulated Absences Account has started to fall as the impact of Covid-19 on the ability to take leave reduces.

22 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2020/21		2021/22
£		£
-44,254	Interest received	-14,726
6,020	Interest paid	5,513
-38,234	Net Interest	-9,213

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

2020/21		2021/22
£		£
-58,500	Proceeds from the sale of property, plant and equipment and intangible assets	0
-58,500		0

Notes to the Core Financial Statements

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

2020/21 £	2021/22 £
-851,355 Depreciation	-863,192
16,580 Impairment and downward valuations	258,762
-16,054 Amortisation	-20,841
-7,715,710 (Increase)/Decrease in creditors	2,900,896
3,821,377 Increase/(Decrease) in debtors	-2,552,611
-13,185 (Decrease)/Increase in inventories	22,053
-257,806 (Increase) in provisions	-70,329
-1,048,000 Movement in pension liability	-1,553,000
-23,491 Carrying amount of Property, Plant and Equipment sold	0
45,997 Capital Grants and Contributions Applied	47,377
-462,925 Revenue Expenditure Funded from Capital Under Statute	-377,938
935,705 Capital Expenditure Charged against General Fund Balances	456,429
393,008 Capital Grants and Contributions Unapplied Credited to the Comprehensive Income and Expenditure Statement	393,008
-136,644 (Increase)/Decrease in Accumulated Absences	43,121
-5,312,503	-1,316,265

23 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2020/21 £	2021/22 £
1,215,432 Purchase of property, plant and equipment, investment property and intangible assets	892,964
0 Purchase of short-term and long-term investments	5,000,000
-58,500 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
-1,420,655 Other receipts from investing activities	-900,809
-263,723 Net cash flows from investing activities	4,992,155

24 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2020/21 £	2021/22 £
10,393 Repayments of short- and long-term borrowing	10,394
2,580,433 Other payments for financing activities	-4,933,207
2,590,826 Net cash flows from financing activities	-4,922,813

Notes to the Core Financial Statements

25 MEMBERS' ALLOWANCES

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

	2020/21	2021/22
	£	£
Basic Allowance	147,519	153,200
Special Responsibility Allowances	78,656	79,289
Expenses	725	1,615
	226,900	234,104

Notes to the Core Financial Statements

26 OFFICERS' EMOLUMENTS

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

Remuneration Disclosure (excluding Pension Contributions)

Post Holder Information	Salary, Fees and Allowances	Benefits in Kind	Total Remuneration excluding Pension Contributions	Salary, Fees and Allowances	Benefits in Kind	Total Remuneration excluding Pension Contributions
	2020/21 £	2020/21 £	2020/21 £	2021/22 £	2021/22 £	2021/22 £
Chief Executive ¹	109,763	6,223	115,986	117,518	5,425	122,943
Director of Community Services	86,526	1,297	87,823	88,220	1,416	89,636
Director of Resources	86,511	6,157	92,668	88,220	6,157	94,377
Director of Economic Development and Planning Services	82,785	14,739	97,524	86,350	10,351	96,701
Head of Financial Services	56,820	8,767	65,587	60,130	8,767	68,897
Head of Planning Services	56,770	7,682	64,452	57,935	8,143	66,078
Head of Legal and Democratic Services ²	43,409	159	43,568	57,273	3,463	60,736
Head of Engineering Services ³	50,501	5,663	56,164	50,231	4,454	54,685
Head of Human Resources ³	49,376	7,933	57,309	50,864	6,128	56,992
Head of Revenues and Benefits ³	49,416	3,212	52,628	51,331	3,212	54,543
Head of Regeneration and Housing ³	49,301	6,907	56,208	50,231	8,818	59,049
Head of Cultural and Leisure Services ³	50,551	7,954	58,505	50,921	6,112	57,033
	771,729	76,693	848,422	809,224	72,446	881,670

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 20 21/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

² The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

³ Disclosure requirements for these staff were only met in the 2021/22 financial year. Details for 2020/21 shown for comparison purposes only.

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

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

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 2020/21 and 2021/22 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 2020/21	Salary Banding 2021/22	Employee Contribution Rate
£0 - £14,600	£0 - £14,600	5.50%
£14,601 - £22,800	£14,601 - £22,900	5.80%
£22,801 - £37,100	£22,901 - £37,200	6.50%
£37,101 - £46,900	£37,201 - £47,100	6.80%
£46,901 - £65,600	£47,101 - £65,900	8.50%
£65,601 - £93,000	£65,901 - £93,400	9.90%
£93,001 - £109,500	£93,401 - £110,000	10.50%
£109,501 - £164,200	£110,001 - £165,000	11.40%
> £164,201	> £165,000	12.50%

For 2020/21 and 2021/22 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 Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	2020/21 £	2020/21 £	2020/21 £	2021/22 £	2021/22 £	2021/22 £
Chief Executive ¹	115,986	18,674	134,660	122,943	19,442	142,385
Director of Community Services	87,823	14,704	102,527	89,636	14,924	104,560
Director of Resources	92,668	14,704	107,372	94,377	14,924	109,301
Director of Economic Development and Planning Services	97,524	14,072	111,596	96,701	14,608	111,309
Head of Financial Services	65,587	9,623	75,210	68,897	10,127	79,024
Head of Planning Services	64,452	9,623	74,075	66,078	9,751	75,829
Head of Legal and Democratic Services ²	43,568	7,350	50,918	60,736	9,640	70,376
Head of Engineering Services ³	56,164	8,548	64,712	54,685	8,454	63,139
Head of Human Resources ³	57,309	8,356	65,665	56,992	8,563	65,555
Head of Revenues and Benefits ³	52,628	8,356	60,984	54,543	8,643	63,186
Head of Regeneration and Housing ³	56,208	8,356	64,564	59,049	8,454	67,503
Head of Cultural and Leisure Services ³	58,505	8,548	67,053	57,033	8,572	65,605
	848,422	130,914	979,336	881,670	136,102	1,017,772

¹ The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 20 21/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

² The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

³ Disclosure requirements for these staff were only met in the 2021/22 financial year. Details for 2020/21 shown for comparison purposes only.

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

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 includes those officers listed in the previous tables, which showed officers where their **salary element** was more than £50,000:

	2020/21	2021/22
£50,000 - £54,999	**2	2
£55,000 - £59,999	4	3
£60,000 - £64,999	1	1
£65,000 - £69,999	1	2
£70,000 - £74,999		
£75,000 - £79,999		
£80,000 - £84,999		
£85,000 - £89,999	1	1
£90,000 - £94,999	1	1
£95,000 - £99,999	1	1
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999	*1	
£120,000 - £124,999		*1
£125,000 - £129,999		

* The values for the Chief Executive include Acting Returning Officer Fees, which fluctuate from year to year depending on the elections called. 20 21/22 £6,434 (£3,801 of which was pensionable); 2020/21 £937 (all of which was pensionable).

** The Head of Legal and Democratic Services started part-way through the 2020/21 financial year on 15 June 2020. Had they been in the post for the full year in 2020/21, their salary would have been £54,136

Please note that payments in the 2021/22 financial year include amounts paid in respect of flexitime leave which has been accrued where it was not possible for staff to take leave due to Covid-19 work commitments (such payments are included as allowances).

There were no redundancy payments made in 2021/22 or 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:

	2020/21 £	2021/22 £
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	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 with regard to external audit services carried out by the appointed auditor for the year - in respect of 2021/22		53,432
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 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. <i>Work completed in 2021/22 but relating to the 2020/21 financial year claims</i>	19,200	
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year. <i>Work completed in 2022/23 but relating to the 2021/22 financial year claims</i>		22,540
Public Sector Audit Appointments (PSAA) Rebate		-6,110
Total	93,372	69,862

28 GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22 and 2020/21:

	2020/21 £	2021/22 £
<i>Credited to Taxation and Non Specific Grant Income</i>		
New Homes Bonus	-1,770,952	-1,515,848
Business Rates S31 Grant	-3,930,502	-2,906,362
Tax Income Guarantee Section 31 Funding - Business Rates	-119,388	0
Rural Services Delivery Grant	-107,921	-113,250
Lower Tier Services Grant		-57,696
Local Council Tax Support Additional Funding		-40,062
Covid-19 Emergency Local Authority Support Grant	-779,419	-242,180
Total Credited to Taxation and Non Specific Grant Income	-6,708,182	-4,875,398

Notes to the Core Financial Statements

	2020/21 £	2021/22 £
Credited to Services		
<u>Grants Received for Capital Purposes</u>		
Disabled Facilities Grant - Main Funding	-393,008	-393,008
Funding from Onward Homes towards Disabled Facilities Grant	-45,997	-47,377
Total Grants Received for Capital Purposes	-439,005	-440,385
<u>Grants Received for Revenue Purposes</u>		
Business Rates Administration	-90,775	-92,240
DWP - Rent Allowance and Rent Rebate Subsidy	-5,542,965	-5,246,147
DWP and MHCLG Local Council Tax Support and Housing Benefit Administration Grant	-110,728	-110,157
DWP LA Data Sharing IT Costs Funding	-8,897	-11,883
DWP - Discretionary Housing Payments Fund	-63,325	-51,425
LCC Weight Management Funding	-18,506	-28,996
East Lancashire CCG Cardiac Rehab Service	-11,000	-11,617
Sports England - Together an active future funding	-42,081	-64,608
MHCLG - Flexible Homelessness Support Grant	-40,000	
DWP - Universal Credit Service Funding	-2,882	
LCC - Recycling District Grant Fund	-13,000	
MHCLG - Flood Grant in respect of Council Tax Relief	-34,716	
MHCLG - Homelessness Reduction	-13,393	
Restoring Your Railways Ideas Fund	-50,000	
Community Rail Development Fund	-20,000	
Ribble Valley Community Safety Partnership		-17,198
MHCLG – Homelessness Prevention Grant		-67,912
DLUHC – Redmond Review Implementation		-15,958
DEFRA – Biodiversity Net Gain		-10,047
MHCLG – Domestic Abuse Support to Victims		-33,351
DWP – Kickstart Scheme		-13,108
MHCLG – Accommodation for Ex-Offenders		-10,000
DLUHC – HPG Winter 21 Rent Arrears		-14,240
<u>Covid-19 Grant Funding (for distribution)</u>		
Covid-19 Self-isolation Payments Funding (discretionary)	-31,250	24,750
MHCLG - Local Restrictions Support Grant	-1,437,526	-1,628,779
BEIS Business Support Grant (COVID19)	-867,000	
Sport England - National Leisure Recovery Fund	-83,434	
LCC – Household Support Fund Grant to Distribute		-70,855
<u>Covid-19 Grant Funding (service specific)</u>		
ERDF paid via DLUHC - Reopening High Streets Safely Fund	-25,458	-45,912

Notes to the Core Financial Statements

	2020/21 £	2021/22 £
Covid-19 Self-isolation Payments Funding Admin	-23,403	-29,406
MHCLG - Covid-19 Income Compensation Scheme	-579,699	-36,879
DHSC - S31 Contain Outbreak Management Fund	-296,283	-372,226
LCC - Covid-19 Test and Trace Support	-40,818	-54,107
MHCLG - Council Tax Hardship Fund (COVID19)	-222,053	
MHCLG - S31 Grant RHLG & Small Business Grnt Admin	-130,000	
MHCLG - Covid-19 LA Compliance and Enforcement	-21,956	
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 - Practical Support for Self-Isolation	-13,772	
MHCLG - Implementing Business rates reduction measures and council tax hardship fund	-18,908	
Cabinet Office – Local Elections Funding		-20,806
BEIS – Omicron Hospitality and Leisure Grant and the Additional Restrictions Grant		-39,080
BEIS – New Burdens 4 Restart and Additional Restrictions		-73,000
BEIS – New Burdens 5 Post Payment Assurance and Debt Recovery		-18,600
Other Grants	-69,638	-72,458
Total Grants Received for Revenue Purposes	-10,290,543	-8,236,245
Total Credited to Services	-10,729,548	-8,676,630

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 and 2021/22 financial years, where this council has acted as Agent, with no discretion over how such funds are to be distributed. In line with accounting requirements, these are not included within the transactions for this council's Statement of Accounts and likewise are not included above as grants received. Such grants are only included as a net position at year end on this Council's Balance Sheet as either Short Term Debtors or Short Term Creditors, depending on the net position of each grant funding stream at 31 March.

Notes to the Core Financial Statements

29 RELATED PARTY TRANSACTIONS

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

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

Central Government

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

Elected Members

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

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

In 2021/22 the Council paid out Covid-19 support grants to the following two organisations where members had declared an interest:

Organisation	Covid-19 Grant Support Received £	Number of Elected Members Declaring an Interest on 'Disclosable Pecuniary Interests' form
Chipping and District Memorial Hall Charity	12,000	1
Vareys of Clitheroe (Ken Vareys Ltd)	15,643	1

Notes to the Core Financial Statements

In 2020/21 the Council paid out Covid-19 support grants to the following six organisations where members had declared an interest:

Organisation	Covid-19 Grant Support Received £	Number of Elected Members Declaring an Interest on 'Disclosable Pecuniary Interests' form
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

In both 2020/21 and 2021/22, 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.

Aside from Covid-19 grant payments, in the 2021/22 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 2020/21 financial year Ribble Valley Citizens Advice Bureau had also received a grant of £52,500 from the Council, which was financially significant to that organisation, and two members had declared an interest. The members declaring an interest in this organisation did not take part in the discussion or the decision relating to the grant award.

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

Senior Officers

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

In the 2021/22 financial year there were no material transactions between the Council and organisations where senior officers had declared an interest, from the point of view of the Council.

Notes to the Core Financial Statements

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.

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.

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 139.
- 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 2020/21 and 2021/22. 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
- Carers Link
- Mersey Care NHS Foundation Trust
- Environment Agency Liaison Committee
- Hanson Cement Liaison Committee
- East Lancashire Health and Wellbeing Partnership

- Pendle Club, Clitheroe
- Tarmac Liaison Committee
- North West Employers' Organisation
- Forest of Bowland (Area of Outstanding Natural Beauty) Advisory Committee
- Rural Services Network
- Armed Forces Champion
- Clitheroe Royal Grammar School Foundation Trust
- Citizen's Advice Bureau
- Hyndburn and Ribble Valley Council for Voluntary Services
- Local Government Association General Assembly
- Police and Crime Panel
- Ribble Valley Community Safety Partnership
- 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.

In 2022/23, the Council is undertaking a review of Council representatives on outside bodies. This may result in a lower number of Council representatives on outside bodies in future years.

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.

	2020/21 £	2021/22 £
Opening Capital Financing Requirement	3,355,600	3,248,269
<u>Capital Investment</u>		
Property, Plant and Equipment	733,316	515,383
Revenue Expenditure Funded from Capital Under Statute	462,925	377,938
<u>Sources of Finance:</u>		
Grants and Other Contributions	-246,121	-362,038
Usable Capital Receipts	-6,250	-74,854
Sums set aside from revenue:		
- Revenue Contributions	-935,705	-456,429
- Minimum Revenue Provision	-115,496	-107,237
Closing Capital Financing Requirement	3,248,269	3,141,032
<u>Explanation of Movements in Year</u>		
Decrease in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	-107,331	-107,237
Decrease in Capital Financing Requirement	-107,331	-107,237

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 2021 £	31 March 2022 £
Not later than one year	111,878	99,731
Later than one year and not later than five years	119,835	101,359
Later than five years	389,510	382,866
	621,223	583,956

Notes to the Core Financial Statements

In 2021/22 expenditure charged to the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £120,100 (£116,114 in 2020/21).

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 2021 £	31 March 2022 £
Not later than one year	-103,929	-95,598
Later than one year and not later than five years	-285,353	-215,156
Later than five years	-468,136	-421,841
	-857,418	-732,595

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 2021/22 income included under the Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £99,356 (£98,973 in 2020/21).

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	
	2020/21 £'000	2021/22 £'000
<i>Comprehensive Income and Expenditure Statement</i>		
Cost of Services		
- current service costs	1,605	2,058
- past service costs		
Other Operating Expenditure		
- administration expenses	30	31
Financing and Investment Income and Expenditure		
- net interest expense	347	431
Total Post employment Benefit Charged to the Surplus or Deficit on the Provision of Services	1,982	2,520
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising		
- return on plan assets (excluding the amount included in the net interest expenses)	-4,510	-7,102
- actuarial gains and losses arising on changes in financial assumptions	10,866	
- actuarial gains and losses arising on changes in experience	-1,333	198
- actuarial gains and losses arising on changes in demographic assumptions		-619
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Account	5,023	-7,523
<i>Movement in Reserves Statement</i>		
- reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	-1,048	-1,553
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
- employers' contributions payable to the scheme	934	967

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2022 is a gain of £7,523,000 (31 March 2021 loss of £5,023,000).

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	2020/21 £'000	2021/22 £'000
Present value of the defined benefit obligation	79,476	81,368
Fair value of plan assets	-58,434	-66,296
Net liability arising from defined benefit obligation	21,042	15,072

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

Local Government Pension Scheme	2020/21 £'000	2021/22 £'000
Opening fair value of scheme assets	53,323	58,434
Interest Income	1,272	1,223
Remeasurements gain/(loss):		
- the return on plan assets, excluding the amount included in the net interest expense	4,510	7,102
Administration Expenses	-30	-31
Contributions from employer	934	967
Contributions from employees into the scheme	326	339
Benefits/transfers paid	-1,901	-1,738
Closing fair value of scheme assets	58,434	66,296

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

Local Government Pension Scheme	2020/21 £'000	2021/22 £'000
Opening balance at 1 April	68,294	79,476
Current service cost	1,605	2,058
Interest cost	1,619	1,654
Contributions from scheme participants	326	339
Remeasurement (gains) and losses:		
- Experience loss	-1,333	198
- Actuarial (gains)/losses arising from changes in financial assumptions	10,866	
- Actuarial gains arising from changes in demographic assumptions		-619
Benefits/transfers paid	-1,901	-1,738
Closing balance at 31 March	79,476	81,368

Notes to the Core Financial Statements

Local Government Pension Scheme Assets Comprised:

Local Government Pension Scheme	Quoted	31 March 2021	31 March 2022
Fair value of scheme assets	Y/N	£'000	£'000
Equities			
- Financials	Y	0	79
Subtotal Equities		0	79
Cash			
- Cash accounts	N	1,443	1,839
- Net Current Assets/(Liabilities)	N	-152	-171
Subtotal Cash		1,291	1,668
Bonds			
- UK corporate	Y	0	272
- Overseas corporate	N	0	245
Subtotal Bonds		0	517
Property			
- Offices	N	26	31
- Industrial/warehouse	N	487	494
- Shops	N	57	59
- Multi let commercial building	N	431	475
Subtotal Property		1,001	1,059
Alternatives			
- UK private equity	N	0	1,466
- Overseas private equity	N	4,688	3,997
- Infrastructure	N	7,008	7,552
- Credit funds	N	7,811	8,873
- Pooled fixed income	N	1,948	2,883
- Indirect property funds	N	7,321	5,781
- UK Pooled Equity Funds	N	598	624
- Overseas pooled equity funds	N	26,769	31,797
Subtotal Alternatives		56,143	62,973
Total		58,435	66,296

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	2020/21	2021/22
Mortality Assumptions		
Longevity at 65 for current pensioners:		
Men	22.4 years	22.3 years
Women	25.1 years	25.0 years
Longevity at 65 for future pensioners:		
Men	23.9 years	23.7 years
Women	26.9 years	26.8 years
Rate of Consumer Price Index (CPI) Inflation	2.7%	3.4%
Rate of increase in salaries	4.2%	4.9%
Rate of increase in pensions	2.8%	3.5%
Rate for discounting scheme liabilities	2.1%	2.8%

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

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

Local Government Pension Scheme	Increase in Assumption
Impact on the Defined Benefit Obligation in the Scheme	£'000
Longevity (1 year increase in life expectancy)	2,427
Rate of inflation (+0.1% per annum)	1,111
Rate of increase in salaries (+0.1% per annum)	139
Rate of discounting scheme liabilities (+0.1% per annum)	-1,295
Change in 2020/21 Investment Returns (+1%)	-661
Change in 2020/21 Investment Returns (-1%)	661

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 £966,000 in employer contributions to the scheme in 2022/23.

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	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Present Value of Liabilities	63,426	68,377	68,294	79,476	81,368
Fair Value of Assets	-48,023	-52,964	-53,323	-58,434	-66,296
Deficit in the scheme	15,403	15,413	14,971	21,042	15,072

The liabilities show the underlying commitments that the council has in the long run to pay post-employment (retirement) benefits. The total liability of £15.072m 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 reasons for the above movements have been:

- An increase of 0.5% - 0.7% per annum in the discount rate assumption and an increase of 0.3% - 0.8% per annum in assumed CPI.

- Updates to the latest Continuous Mortality Investigation (CMI) mortality tables leading to a small reduction in 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 the main fluctuations year to year have been around remeasurements. The last full revaluation was undertaken in 2019, with the next being in 2022.

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.

Notes to the Core Financial Statements

- Warranty for any losses arising as a result of incorrect application of the 2012 rent convergence.

34 CONTINGENT ASSETS

VAT Sharing Arrangement

As part of the Voluntary Stock Transfer an agreement has been reached with Ribble Valley Homes Ltd to share the Value Added Tax that they can claim from HM Revenue and Customs. This arrangement is unique to Councils and Registered Social Landlords upon transfer. The agreement was planned to run for 15 years, starting in 2008/09 and will end on 31 March 2023. The Council's share of total reclaimable VAT received each year will depend on the actual amount of qualifying capital expenditure incurred by Ribble Valley Homes Ltd each year.

35 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

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

Overall Procedures for Managing Risk

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

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

Notes to the Core Financial Statements

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

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

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

Credit risk

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

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

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

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

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

The Council does not generally allow credit for its sundry debtors. The sundry debtors outstanding which are past their due date for payment at 31 March 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 £402,748 of which £18,738 relates to sundry debts (or £145,058 when including impairment for total Housing Benefit recovery impairment). The balance of £257,690 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 2022 that this was likely.

Notes to the Core Financial Statements

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

	Amount at 31 March 2022	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2022	Estimated maximum exposure to default and uncollectability at 31 March 2022	Estimated maximum exposure at 31 March 2021
	£ A	% B	% C	£ (A x C)	£
Deposits with banks and building societies	21,000,000	0.00%	0.00%	0	0
Customers (Sundry Debt including overpaid Housing Benefits recovered from ongoing benefit)	1,259,096	0.14%	11.52%	145,058	167,860

The council expects settlement terms from debtors of no greater than 14 days. On this basis £416,662 of the sundry debtor balance as at 31 March 2022 is past its due date for payment (£613,694 at 31 March 2021); 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 2021	As at 31 March 2022
	£'000	£'000
Less than 30 days	75	780
30 days to 59 days	29	29
60 days to 89 days	8	0
90 days to 119 days	10	4
120 days +	529	368
	651	1,181

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 2021	31 March 2022
	£'000	£'000
Less than one year	10	10
Between 1 and 2 years	10	10
Between 2 and 5 years	30	30
Between 5 and 10 years	50	50
More than 10 years	15	5
	115	105

Market Risk**Interest Rate Risk**

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

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

Notes to the Core Financial Statements

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

If all lending interest rates had been 1% higher with all other variables held constant the financial effect would impact on the interest receivable on variable rate investments by approximately an additional £223,610. 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 2021/22

Collection Fund

2020/21 Total £'000		2021/22 Council Tax £'000	2021/22 Business Rates £'000	2021/22 Total £'000	Notes
Income					
44,446	Income from Council Tax Payers	47,503		47,503	
35	Transfers From General Fund - Flood Relief			0	
8	Transfers From General Fund - Family Annexes	11		11	
226	Transfers From General Fund - Covid Hardship Payments			0	
8,757	Income from Business Ratepayers		11,971	11,971	1
13	Transitional Protection Payments			0	
	Share of Estimated Deficit:				
0	- Central Government		3,346	3,346	
0	- Lancashire County Council		620	620	
0	- Ribble Valley Borough Council		2,726	2,726	
0	- Lancashire Combined Fire Authority		68	68	
53,485		47,514	18,731	66,245	
Expenditure					
	Precepts and Demands:				3
33,080	- Lancashire County Council	34,959		34,959	
4,185	- Ribble Valley Borough Council (including parishes)	4,241		4,241	
4,995	- Police and Crime Commissioner (PCC) for Lancashire	5,436		5,436	
1,674	- Lancashire Combined Fire Authority	1,735		1,735	
	Business Rates				
7,641	- Central Government		7,557	7,557	
1,375	- Lancashire County Council		1,361	1,361	
6,113	- Ribble Valley Borough Council		6,046	6,046	
153	- Lancashire Combined Fire Authority		151	151	
	Share of Estimated Surplus:				
118	- Central Government			0	
727	- Lancashire County Council	198		198	
335	- Ribble Valley Borough Council	25		25	
41	- Lancashire Combined Fire Authority	10		10	
97	- Police and Crime Commissioner (PCC) for Lancashire	30		30	
3	Transfers to General Fund - Council Tax Benefits	4		4	
	Transfers to General Fund - Covid Hardship Payments	3		3	
	Transitional Protection Payments due from the authority		12	12	
91	Costs of Collection		92	92	
94	Renewable Energy Schemes		97	97	
362	Provision for Bad/Doubtful Debts	52	-50	2	4
123	Enterprise Zone		123	123	
1070	Provision for Appeals		176	176	5
62,277		46,693	15,565	62,258	
-8,792	(Deficit)/Surplus for the Year	821	3,166	3,987	
1,103	(Deficit)/Surplus Brought Forward	546	-8,235	-7,689	
-7,689	(Deficit)/Surplus Carried Forward	1,367	-5,069	-3,702	
Allocated to					
-4,083	- Central Government		-2,534	-2,534	6
-342	- Lancashire County Council	1031	-456	575	
-3,265	- Ribble Valley Borough Council	125	-2,028	-1,903	
63	- Police and Crime Commissioner (PCC) for Lancashire	160		160	
-62	- Lancashire Combined Fire Authority	51	-51	0	
-7,689		1367	-5,069	-3,702	

1 BUSINESS RATES

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

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

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

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

The business rates shares payable for 2021/22 were estimated before the start of the financial year as £7.557m to Central Government, £1.361m to Lancashire County Council, £0.151m to Lancashire Combined Fire Authority and £6.046m to Ribble Valley Borough Council. These sums have been paid in 2021/22 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 2021/22 was £11.971m (£8.757m in 2020/21). The substantial difference in the amounts received in 2021/22 and 2020/21 compared to previous years (i.e. 2019/20 was £15.632m) 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

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 2022. 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 2022 has been calculated at £2.308m (31 March 2021 £2.132m)

The total non-domestic rateable value at 31 March 2022 was £39,212,942 compared to £39,242,942 at 31 March 2021 based on the 2010 listing. The non-domestic rateable value at 31 March 2022 on the 2017 listing was £43,434,845 compared to £43,081,355 at 31 March 2021.

The national non-domestic multiplier (rate in the pound) for the year 2021/22 was 51.2 pence, the same as in the 2020/21 financial year.

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 2021/22 the Council set a band D council tax of £1,910.60 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	11.8	6.5
A	6/9	3,661	3,036.4	2,024.3
B	7/9	5,229	4,591.4	3,571.1
C	8/9	5,245	4,719.2	4,194.8
D	1	4,728	4,354.0	4,354.0
E	11/9	3,892	3,654.7	4,466.9
F	13/9	2,391	2,266.8	3,274.3
G	15/9	1,928	1,837.0	3,061.7
H	18/9	204	194.4	388.7
Totals		27,291	24,665.7	25,342.3
			Adjustments	-1,153.9
			Adjustment for Collection Rate	-181.4
			Council Tax Base	24,007

Collection Fund

3 BAND D COUNCIL TAX

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

	2020/21 £	2021/22 £
Lancashire County Council Precept	33,079,759	34,958,753
Police and Crime Commissioner (PCC) for Lancashire Precept	4,995,083	5,436,385
Lancashire Combined Fire Authority Precept	1,673,926	1,734,986
Ribble Valley Borough Council Demand (excluding Parishes)	3,677,865	3,737,650
Total to be Met From Council Tax	43,426,633	45,867,774
Divided by Council Tax Base (Band D Equivalent Dwellings)	23,623	24,007
Band D Council Tax (Average excluding Parishes)	£1,838.32	£1,910.60

4 PROVISION FOR LOSSES

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

	Council Tax £	NNDR £	Total £
Opening Balance 1 April 2021	870,000	590,000	1,460,000
Write Offs in Year	-32,323	-96,729	-129,052
Increase/(Decrease) to Provision	52,323	-50,271	2,052
Closing Balance 31 March 2022	890,000	443,000	1,333,000

5 PROVISION FOR BUSINESS RATES APPEALS

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

	2020/21 £	2021/22 £
Balance at 1 April	1,062,477	2,131,983
Amounts Charged to the Provision	-297,081	-441,625
Change in Provision	1,366,587	617,447
Balance at 31 March	2,131,983	2,307,805

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.

2020/21			2021/22	
Precept	Share of 31 March (Deficit) or Surplus		Precept	Share of 31 March (Deficit) or Surplus
£'000	£'000		£'000	£'000
33,080	411	Lancashire County Council	34,959	1,031
4,995	63	Police and Crime Commissioner for Lancashire	5,436	160
1,674	21	Lancashire Combined Fire Authority	1,735	51
4,185	51	Ribble Valley Borough Council	4,241	125
43,934	546	Total	46,371	1,367

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.

2020/21			2021/22	
Business Rates Share Paid	Share of 31 March (Deficit) or Surplus		Business Rates Share Paid	Share of 31 March (Deficit) or Surplus
£'000	£'000		£'000	£'000
7,641	-4,083	Central Government	7,557	-2,534
1,375	-753	Lancashire County Council	1,361	-456
153	-83	Lancashire Combined Fire Authority	151	-51
6,113	-3,316	Ribble Valley Borough Council	6,046	-2,028
15,282	-8,235	Total	15,115	-5,069

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 2021 and January 2022 are shown in the table below.

(Deficit) or Surplus Declared January 2021				(Deficit) or Surplus Declared January 2022		
Business Rates £'000	Council Tax £'000	Total £'000		Business Rates £'000	Council Tax £'000	Total £'000
-3,346		-3,346	Central Government	-2,187		-2,187
-620	197	-423	Lancashire County Council	-394	951	557
	30	30	Police and Crime Commissioner for Lancashire		148	148
-68	10	-58	Lancashire Combined Fire Authority	-44	47	3
-2,726	25	-2,701	Ribble Valley Borough Council	-1,749	115	-1,634
-6,760	262	-6,498	Total	-4,374	1,261	-3,113

7 COLLECTION RATES

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

	2020/21 %	2021/22 %
Council Tax	97.6%	99.0%
Business Rates	95.9%	99.1%

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

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.

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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.

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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.

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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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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

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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



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