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Appendix A

STATEMENT OF ACCOUNTS

**Year Ending
31 March 2019**



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Narrative Report of the Deputy Chief Executive (Resources and Transformation)

Introduction

I am pleased to introduce the Statement of Accounts for the 2018/19 financial year for South Ribble Borough Council. The accounts are produced annually to give electors, local taxpayers, members of the Council, employees and other interested parties clear information on the Council's finances and the financial outlook for the future.



The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting. The accounts provide all of the financial information for the 2018/19 financial year and there is a narrative that provides a high level overview of the key issues that affect the accounts including information on the Council's achievements during the year and a section that looks at the outlook for the future.

I hope you find this report and the Statement of Accounts useful in understanding the Council's financial position and performance for the year. If you would like more information on the accounts, please do not hesitate to get in touch.

I'd also like to thank the hard work and dedication of staff across the whole of the Council who have worked to consolidate the financial stability of the Council and ensure the timely production of the Statement of Accounts.

Tim Povall CPFA
Deputy Chief Executive (Resources and Transformation) and S151 Officer

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South Ribble

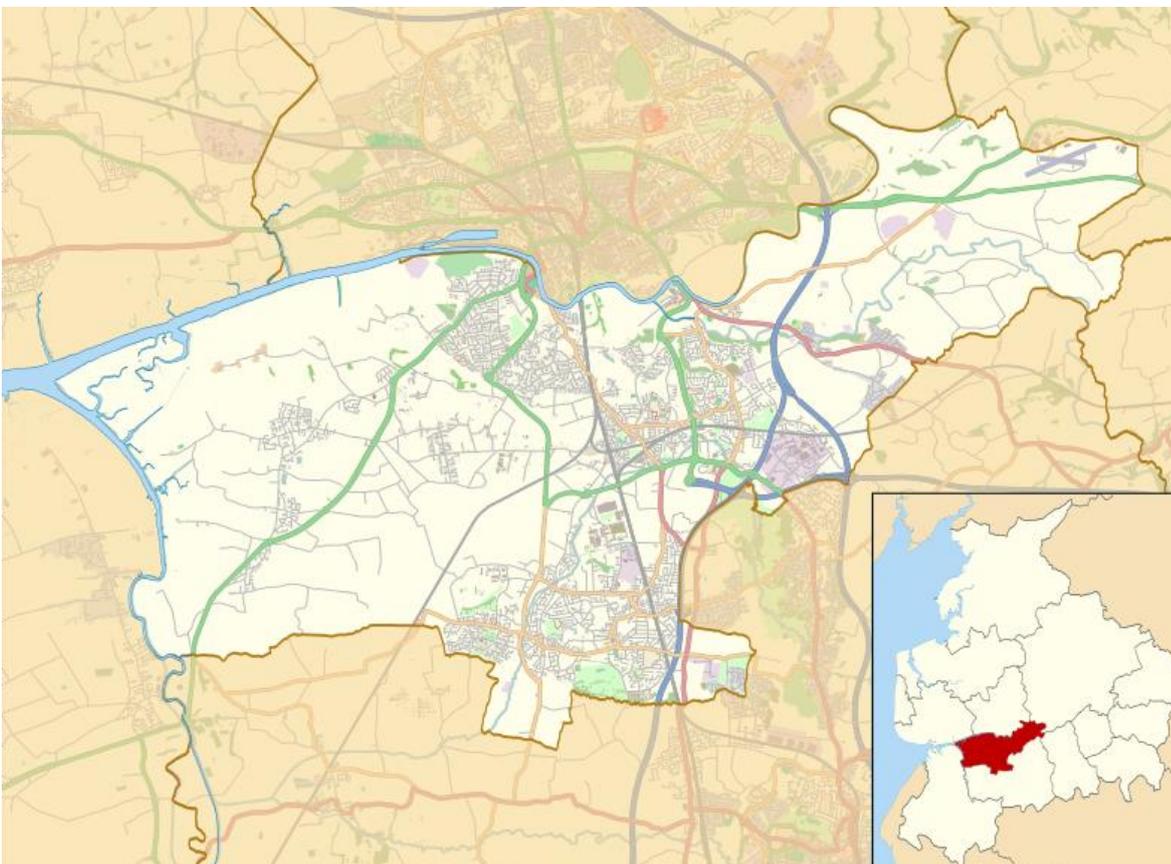
South Ribble Borough is located in Lancashire at the centre of the North West region, situated right on the M61, M6 and M65 motorways with easy access to the West Coast mainline and airports at Manchester and Liverpool with the Borough extending to about 113 km² (approximately 44 square miles). The Borough is on the edge of the West Pennine Moors with beautiful scenery and countryside and is just a short drive from the Lancashire coastline. The latest available Office for National Statistics (ONS) figures estimate that the total population of the borough was 110,400 in 2017.

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

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

Regeneration, Inward Investment and working with partners to deliver the City Deal agreement are recognised as being very important to the future prosperity of the borough and are key priorities for the Administration. The Council has to provide services such that it meets the needs of its citizens, serving both an urban and rural environment. Another key priority for the Council is its Green Links programme for the protection of its parks and open spaces, leisure and sports facilities, encouraging this green environment to take on the increasing issues of Air Quality associated with the transport infrastructure.

Location and map of South Ribble borough



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South Ribble Borough Council

South Ribble Borough Council is part of a two tier system in Lancashire that consists of a County Council, two unitary councils and 12 district councils. South Ribble Borough Council works collaboratively with a wide range of partners to deliver its vision of 'Working together to make South Ribble and its communities, great places to live, work, visit and play'. The Council is committed to working across organisational boundaries to improve outcomes for local people and communities and to ensure that high-quality services are readily accessible to the people of the borough.

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

The political structure of the Council in the 2018/19 year was as follows, with the Conservative Party forming a majority administration:

Party	No.
Conservative	27
Labour	16
Liberal Democrat	3
Penwortham Independents	1
South Ribble Independents	1
Vacant	2
TOTAL	50

Management Structure

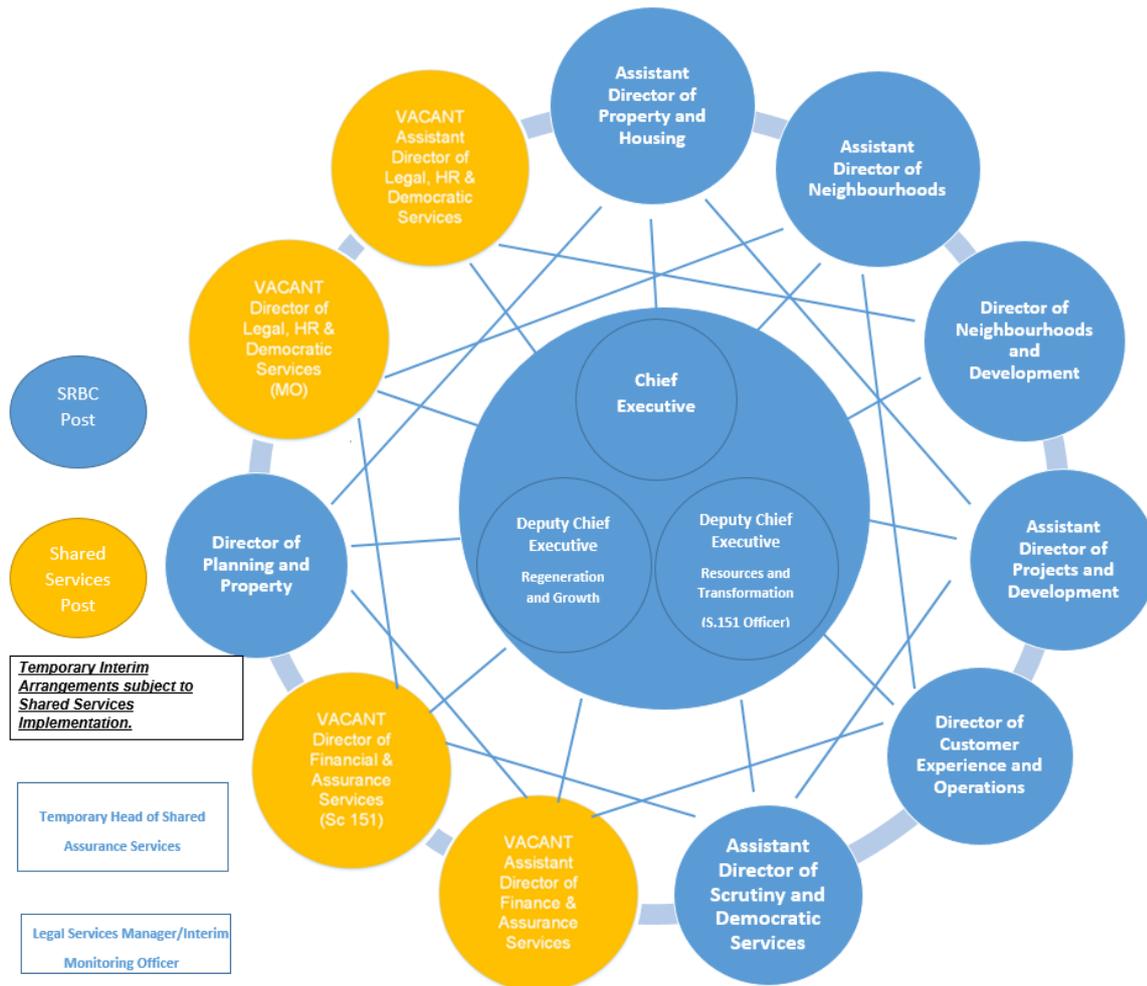
The Senior Management Structure was reviewed during 2017/18 and a recruitment process undertaken to recruit to the new structure during 2018/19. The Council now has a senior leadership team in place to deliver the Corporate Plan priorities, which have been formed following a Community Strategy Consultation process. This in turn has informed the allocation of resources within the Medium Term Financial Strategy. The Council is also continuing with an organisational development programme based around a 'blended working' approach, using specialist interim support to develop and implement this programme.

Our staff are the most important resource we have to help us achieve our goals. The Council employs 279 staff in full time and part time contracts. A breakdown of our workforce by age and gender is set out in the table below:

No. of Employees by Age and Gender.

	Male	Female
Under 20	3	0
20-29	22	10
30-39	25	26
40-49	35	36
50-54	18	27
55-59	22	22
60+	15	18
TOTAL	140	139

Senior Management Structure



Corporate Plan and Performance in 2018/19

This Annual Corporate Plan Performance report for 2018/19 will be presented to full Council at the end of July 2019. The report will provide an overview of how the Council performed against the identified deliverables for 2018/19, within the five-year 2018/23 Corporate Plan.

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

The Corporate Plan is delivered with the purpose to achieve the Council's vision and ambition.

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This vision is summarised as:

‘South Ribble is and continues to be recognised nationally as the best place in the UK’.

And the ambition is to be:

‘A Council that is recognised for being innovative, forward thinking and financially self-sufficient, whilst putting people at the heart of everything we do’

From 2019/20 onwards the Council has committed to aligning the projects delivered within the Corporate Plan to the 2019/24 South Ribble Community Strategy, which was developed by the South Ribble Partnership in 2018. Doing this allows the Council to work towards shared community objectives in collaboration with community partners, in the priority areas of Effective Partnerships, Growth, Connected, and Place.

Although South Ribble Borough Council’s Corporate Plan is directly informed by the South Ribble Community Strategy, both the Corporate Plan and Community Strategy are influenced by wider regional and sub-regional plans. The Council work closely with partners at a regional and sub-regional level to develop policies (*what is intended to be delivered*) and strategies (*how this is intended to be delivered*) that support these plans, and bring mutual benefits for all organisations and districts involved.

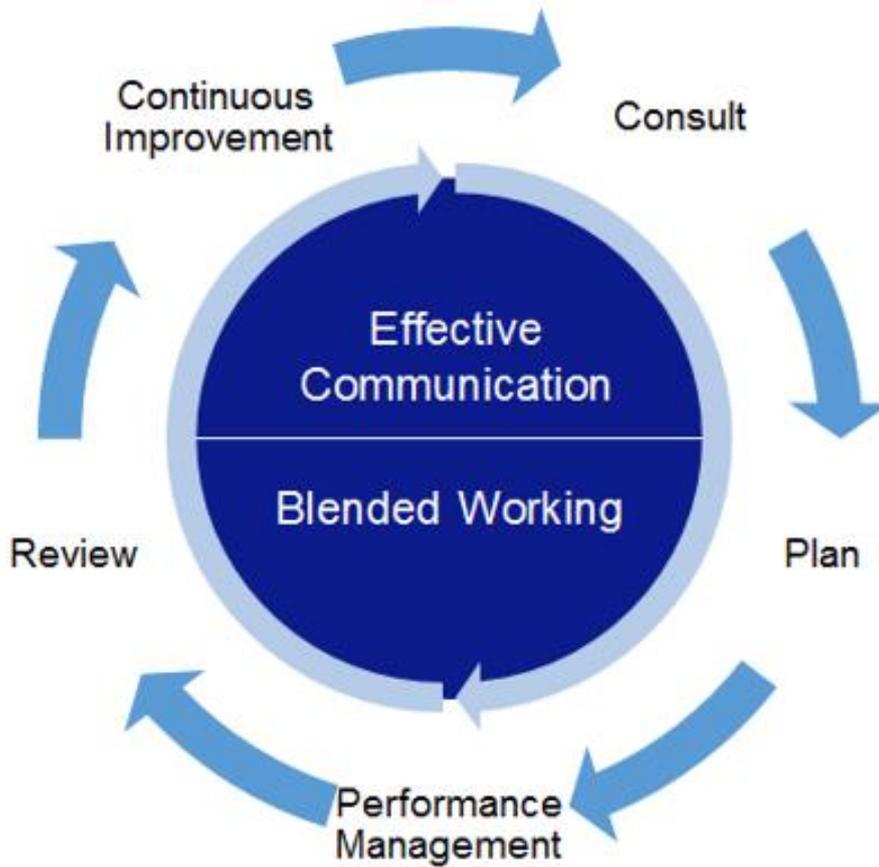
These policies and strategies then influence policies and strategies that are in place within the Council, however using the ‘performance management, review, and continuous improvement approach’ these policies and strategies remain equipped to facilitate the successful delivery of the Corporate Plan, whilst also producing outcomes aligned with the Community Strategy and wider regional and sub-regional plans.

Council officers (*also known as ‘Our People’ within the Corporate Plan*) are fundamental for successfully delivering the identified Corporate Priorities. The Corporate Planning and Delivery Framework sets out below the ‘Corporate Planning and Delivery Cycle’. This cycle breaks down the annual process of Corporate Planning and Delivery into five stages, namely, Consult, Plan, Performance Management (*and Delivery*), Review (*and Evaluation*), and Continuous Improvement,

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whilst being underpinned by Effective Communication (*frequently and consistently throughout*), and the embedded Blended Working approach.

This framework and way of working echoes South Ribble Borough Council's ethos of being 'One Council, One Team, Creating Excellence', by both creating and supporting the high performing teams that have delivered the excellent progress made across the five-year Corporate Plan to date.



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The Corporate Plan is broken into three key **Corporate Priorities** (as shown in the model below), each which contain programmes and projects for delivery. Each of these priorities are underpinned by '**Our People**', as we must develop and support our Council officers to facilitate the delivery of our Corporate Plan for all of South Ribble's communities.



Performance against each of these in 2018/19 is set out below.

Excellence and Financial Sustainability

Council Investment Portfolio Programme

2018/19 marked the completion of the first step towards the Council's ambition of becoming a financially sustainable organisation, ahead of the pending budgetary cuts from Central Government. In order to achieve this the Council has committed to exploring revenue generating opportunities, and work has now commenced to make these opportunities a reality.

The Council has ended the 2018/19 financial year with 100% of all investment property occupied (0% vacancy rate) for the first time in over five years, this shows an improvement from 2017/18 where the final vacancy rate was 5.9%.

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Project Progress Update:

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Civic Centre Commercialisation Phase 1	The completion of the first phase of this project has included the successful renovation of the Civic Centre's Business and Conference Centre, which is now available for external use and generating revenue. Furthermore, improvements have been made to the reception area, including signage for the Department for Work and Pensions (DWP) partners who are now located in the Civic Centre offices.	Complete	Phase 2 of Business and Conference Centre project is set to commence through 2019/20, this is set to include further commercialisation and the renovation to the café area.
Worden Hall Arts Centre Commercialisation Phase 1	An investment opportunity was advertised for bids to be provided for the commercial use of Worden Hall, and applicants have now been shortlisted.	On-track	The investment opportunity shall be worked up and finalisation for consideration by Cabinet.
Depot Commercialisation Phase 1	The vehicle workshop at Moss Side Depot has now been outfitted with equipment to enable MOT tests to be carried out on the premises. The MOT test Centre is forecasted to be open for use from May 2019, initially starting with in-house vehicles and opening up to staff, partners, and the public via a phased approach.	On-track	Through 2019/20 Council officers will aim to seek additional opportunities to increase revenue through the Moss Side Depot's assets and services.
Surplus sites disposals programme Phase 1	The specification, scoring schedule and tender documentation have now been drafted for the procurement team. The tender aims to appoint advisors for a three-year period with the option to extend for an additional year.	On-track	Advisors will carry out a strategic asset review of surplus sites to identify next steps.

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Develop business case for South Ribble Home Build proposal	A consultation exercise was carried out looking at a number of sites in the Council's ownership, this included letters to residents and public consultations. Both the 'McKenzie Arms' on Station Road, Bamber Bridge and Kingsfold Drive sites were identified as priorities for full business cases and options appraisals that must be reported back to Cabinet.	On-track	The Homebuild Strategy shall be reviewed with the new administration and a clear way forward shall be agreed.
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Transformation Programme

The Council's Transformation Programme aims to create excellence within both service operation and delivery, therefore ensuring that Council officers work in an efficient and effective manner, whilst also providing an excellent customer experience.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Digital Strategy Review	A Digital Review has been completed and a Digital to Improve Strategy for 2019/23 has now been developed.	Complete	This strategy identifies projects to be delivered throughout 2019/22, across the strategic themes of Colleagues / Members, Customers, Operations, and Services.
Customer Journey Mapping (Gateway Review)	This project aims to improve customer experience through all customer interactions. To date 32 journey maps have been completed each resulting in improvement suggestions for relevant teams to deliver.	On-track	Over 500 journey maps have been identified therefore this is a significant and long-term piece of work, and will continue throughout 2019/20 and beyond.
Neighbourhood Teams Transformation	Due to commonality between the Community Involvement and the Neighbourhood Officers teams, these teams have begun the process of merging which allows for improved resilience, greater capacity and improved customer service. These teams are set to co-locate at the Moss Side Depot in May 2019, although work is still ongoing within the offices to accommodate this.	On-track	This project will no longer be monitored as part of the Corporate Plan as the transition between the teams will be finalised early 2019/20.

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Implement Pay Award 2019 for Council Staff	The organisation's pay line was reviewed, agreed and implemented in line with National Joint Council (NJC) Pay award 2018/19, to adhere to changing regulation.	Complete	This project is complete and no longer requires resource.
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An action that has come out of the Customer Journey Mapping project has been to review the process of which customers go through to make a complaint. At South Ribble Borough Council we acknowledge that every complaint made is a lesson that can be learned, and therefore help further improve the customer experience that we deliver. Following this change there were 97 complaints received this year in comparison to 46 in 2017/18, however this still only represents 0.09% of all customer contacts. It is also worth noting that 2018/19 has been a year leading up to a local election which can intensify the political engagement.

Shared Services with Chorley Council

Continued meetings and discussions have been undertaken with Chorley Borough Council regarding the existing shared services agreement for Finance and Risk & Assurance. This project will be further progressed in 2019/20, leading to the production of an options report to be considered by the Shared Services Committee with a recommendation back to Cabinet.

Health and Wellbeing

Health, Leisure and Wellbeing Campus Programme

This programme underpins the ambition of South Ribble Borough Council, with the aim to make leisure, health and wellbeing facilities accessible and enjoyable for all. This involves a phased approach to the development of Wellbeing Campuses, improving our already prestigious parks, and developing Green Links infrastructure to connect these facilities. As 2018/19 was the first phase of this five-year programme the majority of work carried out remains at a planning and strategic level.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Worden Park improvements	2018/19 has seen the completion of the second improvement phase to the park's arboretum and the replacement of the central and play area toilet buildings. Progress has been made on the refurbishment of the formal gardens conservatory and the repair of the craft centre buildings. Works have also begun planning out the next phases of improvement works to the park.	On-track	This will continue as 'business as usual' and contribute towards the delivery of the masterplan for major parks, and therefore not be captured as an individual project going forward.

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<p>Design and seek planning permission for the first phases of borough green links</p>	<p>Significant public consultation has been carried out as part of the Green Links programme, with improvements commencing across the Borough including Shruggs Wood. An external stakeholder group has also been established to support this.</p>	<p>On-track</p>	<p>Work will continue to implement the identified green link routes across the Borough, and identify further green link opportunities.</p>
<p>Design and seek planning permission for leisure campus plan</p>	<p>Based on the Green Links consultation that was carried out a realistic brief and costing is now being developed, whilst alongside this a business plan is being developed with partners. A clear procurement strategy is also being developed working with consultant partners focusing on the ambition of using a local framework and contractors.</p>	<p>On-track</p>	<p>A masterplan will be developed for the Leyland Health, Leisure and Wellbeing site, in addition to scoping potential future sites in the areas of Lostock Hall, Penwortham, and Bamber Bridge.</p>
<p>Open Space Sports & Recreation Assessment & Playing Pitch Strategy</p>	<p>The strategy has now been developed, and has led to a further piece of work being carried out with Sports England.</p>	<p>On-track</p>	<p>Commence work identified in Open Space, Sports & Recreation Assessment & Playing Pitch Strategy. This includes a piece of work using the Sports England playing pitch calculator, connected to planned Housing development earmarked in the Local Plan.</p>
<p>Develop options for artificial grass pitches</p>	<p>This project has been rescoped and linked to the Council's playing pitch strategy and work being undertaken by the Football Association (FA). This allowed for more efficient working and avoids duplication.</p>	<p>Off-track</p>	
<p>Commence review of leisure contract</p>	<p>Informal conversations have taken place with the contractor and now looking to finalise potential details of a contract extension linked to investment and a reduced on-going leisure management fee.</p>	<p>On-track</p>	<p>Further options will be scoped for leisure delivery, identify the preferred option and commence delivery.</p>

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Council leisure and sports facilities maintained a high number of visits in 2018/19 with a total of 773,812 visits. This shows a decrease from 784,645 in 2017/18, however this only represents a 1% change. Furthermore, quarter 4 2018/19 saw an increase of 7,871 visits from the same time last year.

2018/19 has seen a 17.24% increase in the number of young people taking part in programmed activities in comparison to 2017/18. More specifically, 39,857 young people took part in programmed activities in 2017/18 (28,551 of these activities took place in school with a further 11,306 taking part in programmed activities out of school such as the 'Dance from the Heart' event), and a total of 46,727 took part in 2018/19 (consisting of 42,931 in school and 3,796 out of school).

Homelessness and Independent Living Support

This programme is one multiple Corporate Plan programme that the Council have committed to in order to tackle inequalities that exist across the Borough. More specifically this programme looks to prevent the number of individuals that reach the stage of becoming homeless, and also ensure that those who do reach this stage are not in that situation for the long-term. Furthermore, this programme aims to ensure that those living with disabilities are able to improve their quality of life within their homes, in a way that is both quick and accessible.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Development of a Homelessness project to implement the new Homelessness Reduction Act 2017	This project was successfully delivered to implement the Homelessness Reduction Act 2017. The Homelessness Strategy is now ongoing as 'business as usual'.	Complete	Implement a new service delivery model of health focused on prevention.
Implement a project to deliver additional Independent living support to people living with a disability	The completion of this project has enabled customers who have been referred for assistance through the fast track process to benefit from adaptations to their homes quicker, and therefore been able to be discharged sooner. The project will continue to be delivered as 'business as usual'.	Complete	

Social Isolation and Loneliness

This programme also focuses on improving quality of life for those in the Borough that are experiencing challenges. The scope of this programme is to provide various avenues of support for those experiencing loneliness and social isolation, however through 2018/19 focus has been on improving quality of life for those living with Dementia.

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Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Deliver the key actions of the South Ribble Dementia Action Alliance	Successful work completed throughout 2018/19 includes the launch of the South Ribble Dementia Charter to work towards having Dementia friendly highstreets and services, and the development of the Living Well Guide aiming to assist people accessing local services in addition to general advice and support. Further work has carried out to increase awareness to recruit additional Dementia Friends.	On-track	Continue to deliver the key actions of the South Ribble Dementia Action Alliance.

Support for Communities and Volunteering

This programme focuses on how the Council, partners, and members of the community can work together to actively participate in improving the quality of life for those across South Ribble's communities living with inequalities.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Adopt a revised Council Tax Support Scheme for 2019/20	The Council Tax Support scheme was agreed for 2019/20 with no change to annual billing. Following an additional report to Council regarding the outcome of further modelling and recommendations for a review of the Hardship Policy, further work will be undertaken in 2019/20.	Complete	A review will take place for the Exceptional Hardship Payment Policy as part of the Council Tax Support Scheme for 2020/21, this will include carrying out a consultation on preferred scheme options.

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<p>Develop volunteering strategy framework to support people and communities to be resilient</p>	<p>This has been developed alongside the South Ribble Community Strategy, with additional consultation specific to volunteering and participation also carried out.</p> <p>A drafted strategy has been produced and in agreement with Cabinet, the strategy will be going out for further consultation. This consultation programme will form the basis of an implementation and action plan to bring the strategy to life.</p>	<p>Complete</p>	<p>Work with partners to deliver actions identified in the Volunteering Strategy, with a key outcome going forward being to develop a 'deal' with communities that will support the Council's wider health and wellbeing approach as well as transformation of services.</p>
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The average number of days taken to process a new housing benefit claim (including weekends) for 2018/19 was 22 days, this being level with the England national average of 22 days. It is also worth noting that Quarter 4 achieved an average of 19.05 days. Council Officers have worked hard to maintain high performance despite the impact of Universal Credit.

Lancashire Mental Health Strategy

Although health does not directly fall into South Ribble Borough Council's remit, the Council is committed to taking an active role in influencing and supporting projects that contribute towards improved mental health.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
<p>Completion of MH2K project</p>	<p>This project was completed within 2018/19 with the publication and presentation of the Report. The report identified 5 priority areas with a range of solutions and recommendations. These have been presented to key agencies, including the Clinical Commissioning Group, and the Central Lancashire Health and Wellbeing Partnership.</p> <p>Over 1100 young people engaged in the project which exceeded the target of 500. The Citizen Researchers also positively reported on the experience in terms of developing their personal</p>	<p>Complete</p>	<p>Actions identified from the MH2K project will begin to be delivered throughout 2019/20.</p>

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	skills as leaders and advocates.		
Workplace Based Health Checks Programme	This project was established through South Ribble Partnership in the aim to reduce mental health in the workplace. Consultation was carried out with multiple local businesses with some registering interest to engage in the programme. This interest did not progress as anticipated, and because of this it is likely that going forward funding will be prioritised for other projects and initiatives.	Off-track	This project is not being taken forward into 2019/20, anything that comes out of this will be captured as 'business as usual'.

Deliver the Borough's Air Quality Plan

Air quality is a significant challenge being faced both locally and nationally, therefore South Ribble Borough Council are committed to identifying and working towards any opportunities that can have a positive impact on the Borough's air quality and the health of those across South Ribble's communities.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Completion of the development of the Air Quality Action Plan to raise awareness of air quality and solutions to improve air quality	The Air Quality Action plan has been produced following a consultation process with key stakeholders. Work has commenced on the completion of these actions, and an Annual Status Report was completed and submitted to Defra which was accepted.	Complete	Delivery of actions identified in the air quality action plan

Place

Cuerden Strategic Site

This programme focuses on delivering projects to optimise the use of the Cuerden Strategic Site, both in regard to employment and the wider community.

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Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Implement Employment and Skills Plan	<p>The timescales for this project were initially impacted by the IKEA decision in 2018, however a Skills Co-ordinator has now been appointed by the Lancashire LEP Skills Hub to liaise with construction businesses across City Deal sites on the implementation of employment and skills plans.</p> <p>A set of Employment, Skills and Socio Economic Value (ESSEV) benchmarks has been established for the Cuerden site, based on best practice throughout the UK and on industry standards. A toolkit has been created for developers to use to create economic, skills and social value outputs and plans as each phase of the site is brought forward. The Apprentice Factory forms a key part of the offer within the toolkit.</p>	On-track	Implement Phase 2 of the Employment and Skills Plan
Progress Delivery of Phase 1 and Plan for Future Phases	The progress of this project has been significantly hindered by the Ikea decision. Lancashire County Council and landowners are now reviewing options with the view of a new application to be submitted on securing developer interest.	Off-track	This project is not listed as a lone project in the 2019/20 Corporate Plan, however will be captured as part of the wider City Deal programme.

Economic Strategy: Supporting Existing and New Businesses

In partnership with Chorley and Preston this programme aims to develop an economic strategy that benefits both Central Lancashire and the Districts within it. This strategy looks to identify ways of retaining current businesses (of all sizes and industries) through increased support, whilst also attracting new businesses to the area. Doing this ensures that there are employment opportunities for residents within South Ribble, whilst also providing income in the form of business rates for the Council.

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Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Commence preparation of a Central Lancashire Economic Strategy	South Ribble, Preston and Chorley have each commenced with the development of district level economic strategies, these will then be combined to create an economic strategy for Central Lancashire. A draft framework has been prepared for South Ribble and for Preston.	On-track	Prepare and implement the Central Lancashire Economic Strategy and align this to City Deal, including a section in the strategy focusing on supporting new and small businesses.

City Deal and Plan for Successors Programme

The City Deal aims to significantly increase the speed and scale of development across South Ribble and Preston over the next ten years, this includes investment in infrastructure, employment land and housing. South Ribble Borough Council play a crucial role in influencing the direction of this programme, although it is Lancashire County Council that are the leading authority.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Work with partners and developers to increase the rate of delivery of new homes and commercial floor space by unlocking City Deal sites	The end of year completion survey has been undertaken and shows step change in delivery. Furthermore, over 490 units have been delivered, this being 417 above target.	On-track	Act as an enabling authority whilst working with partners and developers to increase the rate of delivery of new homes and commercial floor space by unlocking City Deal sites, prioritising infrastructure development.
Deliver projects listed in the City Deal Business and Delivery Plan 2017/20	A mid-term review has been ongoing for the majority of the year which has led to delays. Completion is now forecasted for July 2019.	Off-track	Carry out a strategic review of projects listed in the City Deal Business and Delivery Plan 2017/20, identify priorities and commence delivery.
Masterplans for Penwortham, Lostock Hall and Leyland town centres	Penwortham: Public Consultation took place in September 2018, following this there was some delay as County Highways staff were redirected into a Public Enquiry for some time. Work has commenced on drafting the scheme, with discussions to take place between South Ribble Borough Council and Lancashire County Council regarding funding which will	On-track	Further scoping will be carried out and masterplans will be developed for key centres (Leyland, Bamber Bridge, and Penwortham) in South Ribble. This will include including consultation with key stakeholders, including local residents, businesses, and partners. Following

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	help inform the detail of the programme.		this delivery of agreed improvements will commence.
	<u>Leyland:</u> An Initial Options Assessment presentation has been made to Leyland Town Centre Team, and final draft of the Masterplan to be prepared before public consultation in the Summer.	On-track	
	<u>Lostock Hall:</u> No progress has been made on this project, this will be influenced by any permissions given on the Pickering's Farm Major Development Site.	Off-track	

Central Lancashire Core Strategy and South Ribble Local Plan

This is a programme that consists of a mandatory project which is carried out in order to identify sites across the Borough that are suitable for future development opportunities. This project involves a significant amount of consultation with residents and other stakeholders to ensure that all interested parties are given a fair opportunity to provide their input prior to any decisions being made.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Commence review of Central Lancashire Core Strategy and South Ribble Local Plan	The first call for sites process took place in Autumn 2018, this was followed by a second call for sites which takes place between Jan 2019 - April 2019. Evidence gathering to support the local plan is well under way and many of the documents from specific topic areas are being finalised. The new coordinator for the team is due to start on the 23rd April and the programme will then look to prepare the first draft of the issues and options document by August 2019.	On-track	Prepare and consult on issues and options for the draft Central Lancashire Local Plan.

Housing Framework: Delivery of a balanced housing market

This programme aims to carry out a review of the current private housing market within South Ribble, and identify actions that can be carried out to help make this balanced and therefore affordable for our residents.

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Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Private sector Stock Condition Survey	This project has now been completed with the final report from the Building Research Establishment received on the 15 th January 2019.	Complete	Deliver actions identified in the Private Sector Stock Condition Survey.

491 new homes were delivered in 2018/19 with 97 of these being affordable, accounting for 19.75%. This shows an improvement from the 318 new homes delivered in 2017/18 of which 40 were affordable, accounting for 12.57%.

The number of empty properties (properties that have been empty for 6 months and over) as a proportion of the total housing stock is 1.4% at the end of 2018/19, this has increased slightly from the 1.32% at the end of 2017/18, however still remains under the 2.5% national average.

Place Promotion

The Place Promotion programme aims to promote South Ribble both within local communities through investing in community events and festivals, but also on a regional and national level in order to attract more residents and businesses to choose South Ribble as a place to live, work, play, and do business.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Invest Central Lancashire and South Ribble Inward Investment Marketing Plan/Activity	This has included the joint promotion of investment opportunities with City Deal partners, working with industry partners such as Place Northwest and direct promotion through relevant business media. New materials have been produced both with City Deal branding and with 'Business in South Ribble' and Apprentice Factory branding, all promoting the investment opportunities and support in South Ribble. South Ribble attended MIPIM UK as a partner on the Lancashire stand, which was a major opportunity to reach the wider target market and that was complemented by more focussed Place Northwest Development updates at Lancashire level.	On-track	Develop Invest Central Lancashire and South Ribble Inward Investment Marketing Plan/Activity, and deliver actions.

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Develop South Ribble Programme for festivals and events	A draft Events Programme for 2019/20 was approved and now plans for individual events are being worked up with more detail around health and safety, risk management, publicity and promotion.	On-track	Finalise the South Ribble Programme for festivals and events, to build on South Ribble's thriving community spirit, and begin to deliver planned events.
South Ribble Ambassador programme	This project has not progressed as quickly as anticipated due to further scoping being required. This project will be aligned with actions identified in the South Ribble Community Strategy, and delivery will begin to commence in 2019/20.	Off-track	Work with partners to build a network of South Ribble Ambassadors, representing different key stakeholder groups across the Borough.

My Neighbourhood Plans

This programme focuses on the delivery of community projects that are visible in neighbourhoods across the Borough.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Community projects	<p>The following projects were successfully delivered:</p> <ul style="list-style-type: none"> Walton-le-Dale Recreation ground community centre car park and access improvements Borough WW1 memorial improvements to mark centenary of WW1 ending. McNamara VC Centenary Gardens and dedication event. 	Complete	Deliver projects within the agreed My Neighbourhood Plans.

River Ribble Masterplan

This programme has a significant scope, all of which focusing on the areas surrounding the River Ribble. This includes improving road infrastructure, investing in nature and wildlife, and making walking and cycle paths that are accessible for all.

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Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Masterplan for River Ribble Green links joining river frontage to local amenities & wider network	Themed walks have been completed in partnership with Lancashire Wildlife Trust and Ribble Rivers Trust with routes including signage, way marking and leaflets. Improvements have been carried out to widen footpaths, increase visibility and enhance habitats. Partnership working has also been established with the Environment Agency to address flood management issues between the M6 and Penwortham Holme.	On-track	To prepare the Masterplan for River Ribble, Green Links, which will include consultation and the implementation of priority projects.
Accessibility work including completion of Cross Borough Link Road	Whilst the opening of the Cawsey to Carwood Road has slipped, after over 20 years this important connection to the east of the Borough will finally be available for local residents.	On-track	Awarding of contracts and to begin construction of the Cross Borough Link Road, including the connection from Bee Lane to the A582.
Progress development of a project for new Ribble Crossing (subject to HIF Funding being awarded)	Lancashire County Council have not managed to secure funding in 2018/19, however there is a need to continue to explore funding opportunities and secure planning permission for development of new Ribble Crossing, as this project is of key importance to continue the secure economic growth within the Borough and to improve connections within the wider Lancashire area.	Off-track	Explore funding opportunities and secure planning permission for development of new Ribble Crossing.
Progress Delivery of Central Parks Masterplan	Extensive improvements to footpaths have been delivered throughout the area, and work has started on a new footpath through Dog Kennel / Cockshott Woods, including preparatory work for entrances at Leyland Road, Wateringpool Lane and Todd Lane North. New entrance furniture has been designed and manufactured including Central Parks signage and lecterns. A Central Parks management plan for the Preston Junction	On-track	Continue delivery of masterplan for major parks.

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	<p>Local Nature Reserve (LNR) has been implemented with volunteers and is managed by Lancashire Wildlife Trust, and the Pollinator strategy has continued in partnership with the Bee Centre. Landowner approval has been obtained by Lancashire County Council to upgrade bridle path between Winery Lane and the Ribble, and Forest Schools outdoor education programme has been established at Vernon Carus and Preston Junction LNR.</p>		
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Raising Community Aspirations in relation to Growth and Improvements in the Borough

This programme aims to engage the communities and partners within South Ribble to work towards collective community goals that raise aspirations in relation to growth and improvements in the Borough. This has been delivered throughout 2018/19 in the form of the South Ribble Community Strategy.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
<p>Lead the development of the Borough Community Strategy</p>	<p>This strategy has now been developed by South Ribble Partnership, and allows the Council to collaboratively work towards shared community goals with partners.</p> <p>A significant amount of consultation was carried out to develop the strategy, this included:</p> <ul style="list-style-type: none"> • A community survey that was representative of the population. • Over 20 organisations were interviewed 1-1 to identify their needs/aspirations. • Two workshops engaged with wider partners and communities. <p>Key partners continue to be active as members of the Steering Group which provides the direction and oversight for development of the Strategy.</p>	<p>Complete</p>	<p>In collaboration with partners the Council will scope out the projects and actions that will add value to South Ribble's communities across the identified priority areas (Growth, Connection, and Place), and begin to commence delivery.</p>

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	The draft strategy was presented to Partners in January 2019 and further work is now being completed to develop its structure and immediate work programme.		
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Renewable Energy

This programme aims to explore the opportunities that the Council could pursue in regard to renewable energy that are both financially feasible and have a positive impact on the environment.

Project Progress Update

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Development of renewable energy feasibility study	A feasibility study has now been completed, which looked at how the Council could invest in renewable energy across our current assets.	Complete	It has been decided that this will not continue into 2019/20 as a project, however will be an important consideration at the forefront of all decisions made by the Council, both for investment in Council assets and across external developments.

Our People

Key Performance Measures in this area are:

- 12 Council officers are undertaking apprenticeship courses through the apprenticeship levy (including degree level).
- Sickness absence has improved from an average of 9.62% in 2017/18 to 8.15% in 2018/19, this now being below the LGA England national average of 8.2%.
- The gender pay gap has also decreased from 2016/17 to 2017/18 as both a median and mean average figure:
 - Mean: 5.49% to 3.87%
 - Median: 0.61% to 0.42%
 (Please note: gender pay gap figures are reported one year late).

Organisational Development

This programme aims to develop the Council workforce and Members to ensure that both groups are equipped with the skills, expertise, values and behaviours to successfully deliver the organisation's Corporate Plan.

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Phase 1 Senior Leadership Development Programme	A new managerial structure has been implemented and vacancies filled for Leadership positions.	Complete	Now that Leadership Team positions have been filled, all members will be involved in the development programme.

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Phase 1 Member Development Programme	Training has been delivered to members of Cabinet and Committees. This development programme will continue following the election.	Complete	A comprehensive Member Development Programme will be rolled out, including relevant actions from the Scrutiny Review of Member Induction and Development, aligning with the first level of the North West Employers' Organisation Member Development Charter.
Organisational Culture Review	A robust cultural review was finalised in June 2018, in collaboration with North West Employers. This included carrying out interviews, focus groups, and a Feel Good Factor survey, focusing on the areas of advocacy, motivation and involvement.	Complete	This project will not continue into 2019/20 as the Feel Good Factor tool developed as part of the project can be used going forward to measure changes to organisational culture.
Values and Behaviours Development	Externally facilitated workshops have taken place looking at new ways of working.	Complete	This project is now 'business as usual'.

Apprentices

This programme focuses identifying and offering opportunities to Council officers to upskill and gain qualifications, whilst also working with local employers and educational institutions to identify current and future opportunities for apprenticeships across the Borough.

Project (s):	2018/19 Performance Update	Status	Next Steps in 2019/20
Apprentice Factory Phase 1	An Investment and Skills Unit has been established to launch and manage the Apprentice Factory. Since then great progress has been made with the programme being recognised regionally as good practice. All external stakeholders have been engaged, including engagement events targeting prospective students, this has also helped map local skills and training available, which is now being maintained. The Apprentice Factory was set to be based at the Civic Centre, however as the Café is not yet finalised, other locations in the town centre are being explored until the Campus has been developed. An	On-track	The Apprentice Factory will move into Phase 2, this will include programmes focusing on upskilling leadership and project leads.

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	Apprentice First approach has now also been agreed as part of Council officer's development plans allowing officers to take advantage of available apprenticeships.		
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Financial Performance

In 2018/19, the Council set a balanced annual budget of £14.128m which included efficiency savings of £0.628m and no budgeted contributions to or from general reserves.

The revised budget for 2018/19 forecast a net surplus of £0.219m to be transferred to the capital reserve to support the 4 year Capital Strategy and Programme. At the end of the year, the Council had underspent by a further £0.093m and this small surplus has been added to general reserves.

In achieving this position, the Council had delivered on the implementation of the restructuring of its senior management structure, and generated additional fees and charges income through the introduction of new charges, such as Garden Waste and Pre-Planning Fees, and a review of existing fees and charges. The implementation of Garden Waste charges from April 2018 generated £0.789m in 2018/19. This made a significant contribution to the mitigation of the budget shortfall which resulted from the removal of waste cost-share income from Lancashire County Council of £0.909m from 2018/19 onwards.

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

In recent years austerity measures have been implemented by Central Government to reduce overall public sector spending. This has resulted in changes in the way the Council is funded and has seen the withdrawal of central government grant (revenue support grant) and the introduction of business rates locally. The Council is part of the Lancashire Business Rate Pooling arrangement which allows increases in business rates to be retained locally but transfers the financial risk of maintaining and growing the tax base to local councils. These arrangements benefit South Ribble and therefore contribute positively to the Council's overall financial position. In September 2018 South Ribble participated in the Lancashire application for the Business Rates 75% pilot scheme. The Lancashire bid was successful and therefore, for 2019/20 only, South Ribble will benefit from retaining a higher proportion of any growth in business rates income. This increase in funding has been included in the 2019/20 budget forecast.

Another core funding stream is New Homes Bonus (NHB) which relates to growth in housing supply in the borough. The NHB scheme was changed in 2017/18 when the benefit receivable was reduced from 6 to 4 years and a growth threshold was also introduced. South Ribble has committed to pay its receipts into City Deal and therefore, because of these changes, less funding will be available for City Deal and the Council's element will cease after 2019/20.

There is risk and uncertainty in relation to future years funding, not only because it is directly linked to growth in the borough, but also pending the outcome of Central Government's Fair Funding review and any potential reset to the business rates retention system.

In light of this, and the fact that Council tax is the major source of funding for local services, it is essential that councils monitor their collection rates and raise as much income as possible. Any under recovery of income can have a significant impact on the ability of a council to fund its service delivery. South Ribble continues to perform well in this area with collection rates of 97.42% for council tax and 98.81% for business rates.

In July 2018, Council approved to transfer the 2017/18 underspend against the 2017/18 original budget of £0.770m from General Balances to the Borough Investment earmarked reserve. Total

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reserves for the Council increased by £0.531m to £19.519m by the end of the financial year of which £4.680m is held in a general reserve. The remaining reserves are earmarked for specific programmes of work or costs that are known to the Council. The plans within the Council's Medium Term Financial Strategy will see reserves reduce to an estimated £11.445m by the end of the 2022/2023 financial year. Monitoring of reserves will continue to ensure they remain appropriate and reflect the level of risk that exists around unplanned/unforeseen expenditure or loss of income. A detailed breakdown of the individual reserves held is shown in note 11 of the Statement of Accounts.

The approved budget and variances for the year are set out in the table below:

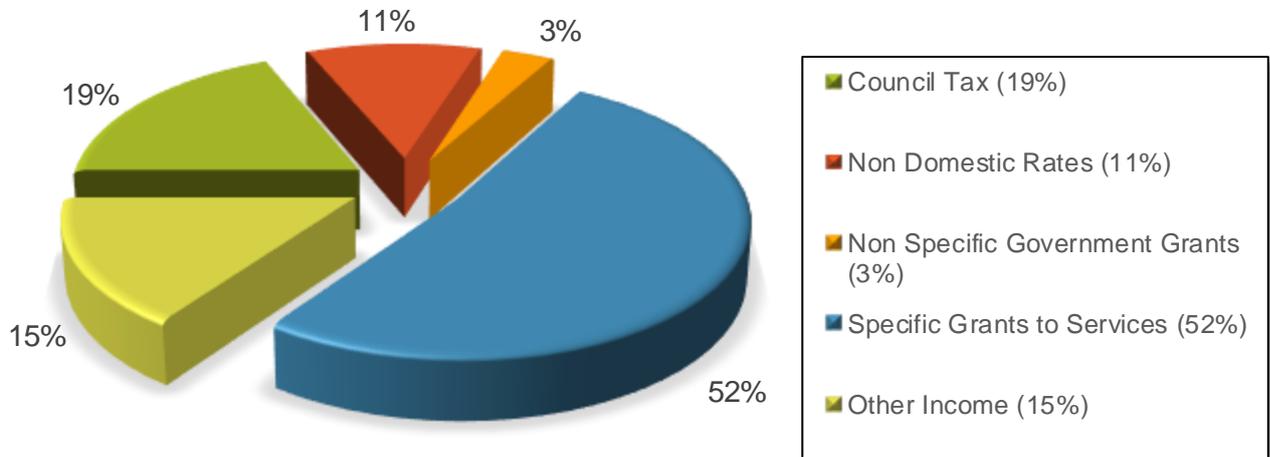
Approved Budget 2018/19

Details	Revised Budget	Outturn	Reserves Movements	Final Outturn	Outturn Variances (Under) / Overspend
	£000	£000	£000	£000	£000
Directorate					
Chief Executive	844	867	0	867	23
Neighbourhoods and Development	6,015	5,668	132	5,800	(215)
Planning and Property	609	397	291	688	79
Customer Experience and Operations	1,881	1,694	153	1,847	(34)
Finance and Assurance	1,693	1,686	60	1,746	53
Legal, HR & democratic	1,379	1,348	27	1,375	(4)
Budgets Not in Directorates					
Capital financed From Revenue	0	518	(518)	0	0
Debt Repayment	886	884	0	884	(2)
Interest	(100)	(175)	0	(175)	(75)
Parish Precepts	365	365	0	365	0
Pensions Costs	563	554	0	554	(9)
Funding					
Council Tax	(8,054)	(8,054)	0	(8,054)	0
New Homes Bonus	(1,391)	(1,399)	0	(1,399)	(8)
Business Rates s31 grant	(1,099)	(1,291)	190	(1,101)	(2)
Retained Business Rates	(3,508)	(3,504)	0	(3,504)	4
Reserves	(83)	349	(335)	14	97
TOTAL OUTTURN VARIANCE 18/19	0	(93)	0	(93)	(93)
Plus:					
Contribution of underspend in 2017/18 to Borough Investment Reserve (Council decision July 2018)					770
Net Deficit in Year					677
Contribution to/(from) General Reserve					(677)
Movement on General Fund as per Expenditure and Funding Analysis					(531)
Net Transfer to Earmarked Reserves					1,208
(Increase)/Decrease in General Reserves					677

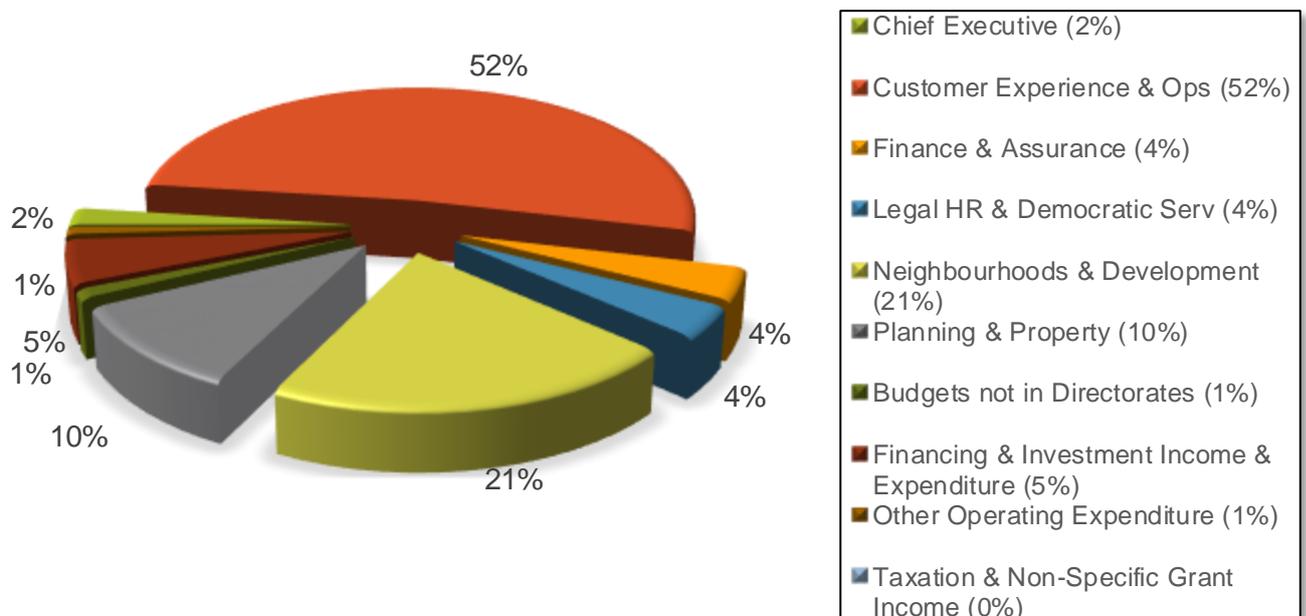
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The following charts show where the Council's money came from and how it was spent on services:

Where the money came from



Where the money was spent



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Capital Programme

In February 2019 the Council approved a 4-year capital strategy of £41.4m. This programme will deliver a number of key projects to the benefit of the residents of South Ribble:

- Health, Leisure and Wellbeing Programme including upgrades to key green infrastructure sites, updating existing leisure assets and facilities, a new leisure facility and a sports pitch hub with artificial grass pitches. £23.8m
- Master planning and regeneration of key strategic sites, more affordable housing, support to vulnerable people through disabled facilities grant and upgrading the condition of the Council's buildings. £8.1m
- Improved and updated ICT systems and technology including mobile technology, replacement of Council service vehicles and an update to the Civic Centre to create a more commercially focussed facility. £4.9m
- Funds released for an investment property programme to generate income for the Council. £4.6m

The final capital programme budget for 2018/19 was £9.832m which was subsequently revised to £2.898m in February 2019 to take account of slippage in the programme. In revising the 2018/19 budget, the Council took the decision to carry forward £6.654m into 2019/20 so that projects that were underway could be completed. The carry forward has been reflected in the 2019/20 budget.

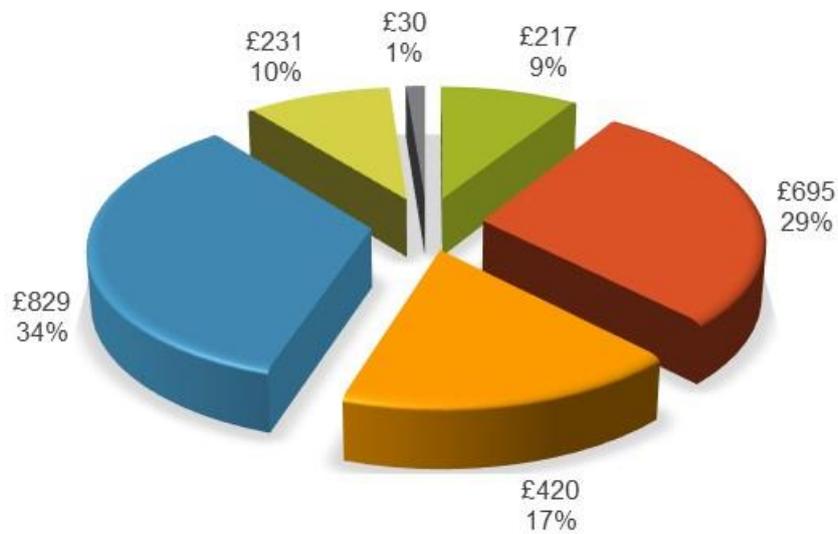
The position on the 2018/19 capital budget is set out in the following table.

Description	Budget £000	Revised Budget (A) £000	Expend- iture (B) £000	Variance (B) – (A) £000	Re-phased into 2019-20 £000	Over / (Under) spend £000
Health, Leisure and Well Being						
Green Infrastructure	400	255	212	(43)	(43)	0
Existing Built Assets	655	249	249	0	0	0
Open Spaces and recreational areas	1,540	415	368	(47)	(45)	(2)
Place						
Master-planning and regeneration	427	89	78	(11)	(16)	5
Disabled Facilities Grants	848	757	621	(136)	(136)	0
Housing Grants	200	63	63	0	0	0
Affordable Housing	583	10	6	(4)	(4)	0
Excellence and Financial Sustainability						
ICT systems and technology	233	227	231	4	0	4
Vehicles and plant replacement	1,018	656	420	(236)	(236)	0
Corporate buildings	430	176	174	(2)	(6)	4
Investment Property	3,548	0	0	0	0	0
TOTAL	9,882	2,897	2,422	(475)	(486)	11

The Council spent £2.422m against the revised budget of £2.897m, which equates to 83.6% and gives an overall variance of £0.475m. Of this, £0.486m has been carried forward into 2019/20 to enable projects to be completed. The remaining £0.011m is a net overspend. A summary position of capital expenditure is set out below.

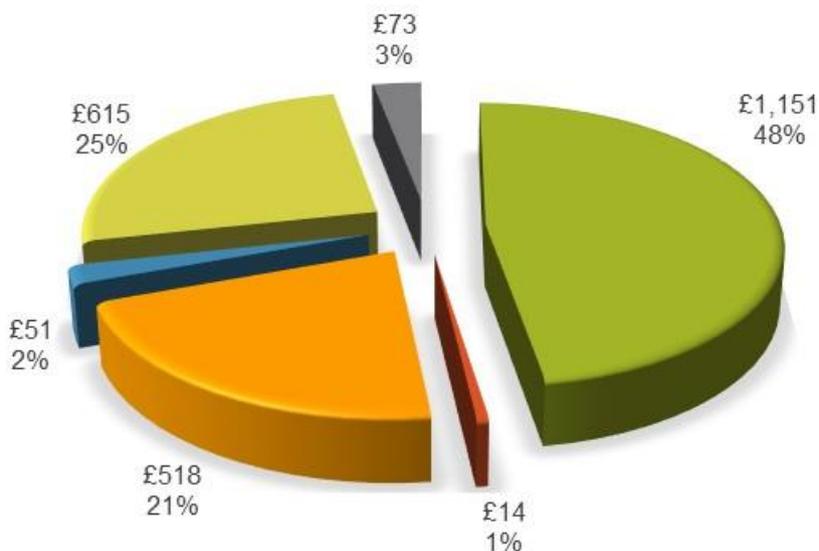
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Capital Expenditure £'000



- Asset management £217 (9%)
- DFG and housing grants £695 (29%)
- NhdS & environmental services vehicles £420 (17%)
- Parks & recreation £829 (34%)
- IT £231 (10%)
- Town centres improvements £30 (1%)

Capital Financing £'000



- Capital receipts £1,151 (48%)
- External contributions £14 (1%)
- Earmarked reserves £518 (21%)
- City Deal £51 (2%)
- Grants £615 (25%)
- Section 106 £73 (3%)

The significant areas of spend (over £20,000) and major schemes completed in the 2018/19 capital programme are as follows:

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Scheme Name	Spend £'000
Green Infrastructure:	
Central Parks Network	53
Shruggs Wood	32
Penwortham Holme Rec Centre drainage	128
Existing Built Assets:	
Farmyard Cottages roofing and cladding	43
Worden Park toilet facilities improvements	175
Open Spaces and recreational areas:	
New Leisure Campus Facility	175
Worden Park replacement conservatory	134
Master-planning and regeneration:	
City Deal - St Catherine's Park and Central Parks	46
Disabled Facilities Grants	621
Private Sector home improvement grants	63
ICT systems and technology:	
Civic Centre audio visual equipment	40
Civica EDRMS Data Retention Module	23
Moss Side Depot Networking	21
SAN hosts replacement	81
Wifi upgrade	35
Vehicles and plant replacement	420
Corporate Buildings:	
Civic Centre Banqueting Suite	80
Moss Side Depot building works	54
Moss Side Depot server room works	35

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The Corporate Risk Register

The Corporate Risk Register is in place to identify and manage the risks that could impact on the delivery of the Council's objectives. Monitoring of the Corporate Risk Register is undertaken throughout the year and is reported to Governance Committee. More information on the Corporate Risk Register, and performance against it, can be found in the Year-end Performance Monitoring Report which will be reported to Full Council in July 2019 and which will then be accessible on the Council's website.

The table below sets out the some of the more significant risks facing the Council and the mitigating actions that are in place in order to manage the risk.

Corporate Risk Register 2018/19

Risk Description	Inherent Risk Score	Existing Control Measure Description and additional mitigating actions taken in 2017/18	Residual Risk Score
Failure of corporate governance leading to external intervention	High	<p>Existing control measures:</p> <ul style="list-style-type: none"> • Council Constitution and Codes of Conduct • Risk Registers reviewed regularly • Cross party Improvement Reference Group with external membership in place • Transformation Strategy • AGS Action Plan <p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> • Develop a more inclusive approach to the development of the Annual Governance Statement • Member Development Charter • Member and Officer Protocol • Review of Council Constitution 	Low
Reduction in Government Grant threatens the financial sustainability of the Council	High	<p>Existing control measures:</p> <ul style="list-style-type: none"> • Budget Forecasting within MTFS with regard to Annual LG Finance Settlement • 5-year MTFS aligned to the 5-year Corporate Plan to ensure resources are allocated to deliver the corporate priorities • Robust monitoring and reporting of progress in delivering the Corporate Plan and MTFS • Financial Training for relevant staff and members • Maintain high Council Tax and Business Rates collection rates <p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> • Implement Strategic Asset Review actions • Transformation projects: implement savings. income generation proposals • Clear targets in the Corporate plan and MTFS with robust performance monitoring and reporting • Develop models for and implement further shared services 	Low

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Fraud & Corruption	Medium	<p>Existing control measures:</p> <ul style="list-style-type: none"> Fighting Fraud and Corruption locally Probity Policies - Anti Fraud & Corruption / Fraud Response Plan / Whistleblowing etc. Periodic training / awareness sessions carried out with officers 	Medium
		<p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> Update Anti-Fraud Strategy Review Corporate Fraud Risk Register in GRACE Comprehensive policy review and revised scheme of delegation to reflect the Council's new organisational structure 	
Impact of Brexit on Council Services	Low	<p>Existing control measures:</p> <ul style="list-style-type: none"> Weekly policy review Brexit negotiations and legislation under regular review for developments that may have an impact on services 	Low
Failure of information systems and security	Medium	<p>Existing control measures:</p> <ul style="list-style-type: none"> Maintaining high level of ICT security, achievement of PSN accreditation. Development of annual ICT work programme 	Medium
		<p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> Implement recommendations of SOCITIM Review as appropriate 	
Lack of capital funding to undertake large scale improvements to parks, open spaces and leisure facilities	Medium	<p>Existing control measures:</p> <ul style="list-style-type: none"> Capital programme reflects the priorities in the Corporate Plan Regular monitoring of Capital Programme 	Low
		<p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> Develop resource plan for Campus Programme 	
Lack of staff resources, systems and / or the skills needed to deliver services and corporate plan and improvement activities	High	<p>Existing control measures:</p> <ul style="list-style-type: none"> Transformation Strategy Policies including Pay Policy / Recruitment policy Employee Benefits - keep under review and in line with best practice Implement the Transformation Strategy action plans - focus on organisational development Project Management System 	Medium
		<p>Additional control measures to be implemented:</p> <ul style="list-style-type: none"> Early implementation of the new organisational structure Organisational culture review liP Gold renewal Investment in organisational development, staff and member development Investment in programme and project management capacity and skills 	

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Political decisions not taken by members in a timely way	Medium	Existing control measures: <ul style="list-style-type: none"> • Cross party working • Cross party Improvement Reference Group with external membership in place • Publication deadlines for Committee reports in place 	Low
		Additional control measures to be implemented: <ul style="list-style-type: none"> • More use of pre-scrutiny on key decisions • Early consultation with residents / businesses and member engagement on key strategic issues • Training and support on the use of the ModGov system to ensure that all members have immediate access to published reports within the statutory publication deadline 	

Outlook for the Future

All local authorities are facing challenges as a result of changes to the funding from Government through the Fair Funding Review which is due in the Autumn of 2019. In January 2019, the Council updated its MTFs so that it reflected the Council's new corporate priorities and baselined changes in funding and expenditure. Council Tax and Business Rate reviews reflecting the changing nature of the strategic investment associated with the City Deal. Gaps between the budget required and likely funding available have been approved by full Council based on prudent economic growth and Council Tax increases to achieve a balanced four year Medium Term Financial Strategy without the need for significant savings. The MTFs is however kept under constant review in order to take account of changes in demand or funding that may impact on the financial position going forward. Efficiencies that have been developed in previous years will continue and options for the delivery of more efficiency savings and investment returns are being developed. The Council also has robust arrangements in place to ensure that plans for efficiencies are realistic and deliverable over agreed timescales. Updates are provided to Cabinet at regular intervals throughout the year. The new corporate plan has been developed to set the strategic projects that need to be delivered. A planned use of reserves on investment priorities has been agreed that will see them reduce from £19.2m to £11.4m by March 2023. The corporate plan sets the framework for the Council in enhancing its service offering and supporting the improvement plan based on consultation with residents and business through the community strategy.

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

As part of a longer term strategy a detailed asset review is being undertaken to identify those assets that are protected open spaces, retained for commercial purposes and those that can be released for housing or wider economic regeneration. The benefits from this review being utilised to protect and enhance service delivery or to utilise in its investment programme highlighted above. Economic growth results in future employment and the Council will be analysing its core demographic data to ensure that opportunities are maximised to its residents.

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Overall the Council has a robust prudent financial position over its Medium Term period utilising reserves on an invest to save or invest to earn basis to deliver its Corporate objectives informed by the Community Strategy.

Treasury Management

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

The key facts for 2018/19 were:

- Investments were short-term, the maximum period permitted by the Council's Treasury Strategy being one year.
- The average cash balance invested was £40.055m at an average rate of 0.755% and generated £0.302m of interest during the year.
- No new Prudential Borrowing was entered into to finance capital expenditure, either from external loans or from internal cash balances.
- In 2018/19 there have been no repayments in respect of the Heritable investment claim. The balance of the claim remaining to be recovered is still £0.040m. In total, £1.974m of the original £2.000m investment has been recovered. Recovery to date is around 98% of the claim value, which has exceeded expectations.

Pension Fund Liability

The pension fund deficit has reduced just slightly during the year, by £0.147m, from £32.961m to £32.814m, being the net pension liabilities. This reflects the value of pension liabilities which the Council is required to pay in the future when they fall due, offset by the value of assets invested in the pension fund. In addition, the Council's pension fund has to be revalued every three years to set future contributions into the fund. The latest valuation was in 2016 which reported a funding level of 90%. The Council has a deficit recovery plan in place to reach a 100% funding level by making additional Deficit Recovery Contributions into the fund over the next 16 years.

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

Main Accounting Changes

The new or amended international financial reporting standards or international accounting standards introduced by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 include:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The impact of these changes on the Authority's financial statements is limited to minor changes to the wording of accounting policies and to the detail of the presentation of a small number of disclosures.

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Going Concern

South Ribble Borough Council's MTFS outlines the strategies it will pursue to meet current and future funding shortfalls. The approval of a balanced budget for 2019/20 has already been given and there is no reason to believe that the risks to the approval of the Council's budget in future years will not be entirely mitigated through the transformation programme. We have accordingly considered it appropriate to adopt a going concern basis for the preparation of these financial statements.

Further Information

If you would like to receive any further information about these accounts, please do not hesitate to contact South Ribble Borough Council on 01772 421491, by email at info@southribble.gov.uk or by post at the Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH.

Introduction to the Statement of Accounts

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year.

This Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code), which is based on International Financial Reporting Standards.

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

STATEMENTS TO THE ACCOUNTS

- Page 41 **The Independent Auditor's Report** – This gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- Page 44 **The Annual Governance Statement** – The Council is required to conduct an annual review of the effectiveness of its system of corporate governance and to publish a statement on the adequacy of the system with its annual accounts. This statement is referred to as the Annual Governance Statement (AGS). The AGS explains our governance arrangements, the review of the governance framework against the Local Code of Governance and future plans to improve and strengthen the governance environment.
- Page 45 **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the Council and the Responsible Financial Officer in relation to the Statement of Accounts.
- Page 46 **Expenditure and Funding Analysis – Note 1 to the Financial Statements** – The Expenditure and Funding Analysis Note shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates.

CORE FINANCIAL STATEMENTS

The core financial statements consist of the following:

- Page 47 **Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Page 48 **Movement in Reserves Statement** – Levels of reserves, and movements therein, are indicators of the financial strength of the organisation. This statement distinguishes usable from unusable reserves. The distinction is explained in the Balance Sheet comment below.

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

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Page 49 **The Balance Sheet** – this shows the value of the assets and liabilities recognised by the authority. The total of these, the Net Assets, is matched by the authority’s reserves, as shown in the lower part of the Balance Sheet.

Reserves are categorised into “Usable”, i.e. available to fund expenditure or reduce local taxation, and “Unusable”. The latter includes the Revaluation Reserve (holding unrealised gains in property values), and other reserves holding amounts arising from differences between the accounting basis used in compiling the Comprehensive Income and Expenditure Statement and statutory basis prescribed for taxation purposes.

Page 50 **Cash Flow Statement** – this shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

Page 51 **Notes to the Main Financial Statements** – these add to and interpret the individual statements.

SUPPLEMENTARY FINANCIAL STATEMENTS

Page 109 **Collection Fund** – this is an agents statement that reflects the statutory obligation for billing authorities to record transactions relating to the collection of Council Tax and Non-Domestic Rates, and their distribution to precepting authorities, the Government, and the Council itself.

Page 110 **Notes to the Collection Fund** – these add to and interpret the Collection Fund statement.

The Independent Auditor's Report

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Appendix A

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Appendix A

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Annual Governance Statement

[TO FOLLOW]

Statement of Responsibilities

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

The Council's Responsibilities

The Council shall:

- Make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Deputy Chief Executive (Resources and Transformation) and S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Deputy Chief Executive (Resources and Transformation) and S151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code).

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

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

Further Information

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

Certification

I certify that the Statement of Accounts gives a true and fair view of the financial position of South Ribble Borough Council as at 31 March 2019 and its Income and Expenditure for the year ended 31 March 2019.

Tim Povall CPFA
Deputy Chief Executive (Resources and Transformation) and S151 Officer
Date xx May 2019

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Expenditure and Funding Analysis – Note 1 to the Financial Statements

1. Expenditure and Funding Analysis

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

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

2017/18				2018/19		
Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000		Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000
864	28	892	Chief Executive	866	5	871
4,913	1,540	6,453	Neighbourhoods & Development	4,800	1,805	6,605
1,762	450	2,212	Planning & Property	2,068	184	2,252
1,335	124	1,459	Finance & Assurance	1,418	582	2,000
1,345	44	1,389	Legal, HR & Democratic Services	1,347	(1)	1,346
1,600	195	1,795	Customer Experience & Operations	1,699	137	1,836
1,096	118	1,214	Budgets Not in Directorates	554	(90)	464
12,915	2,499	15,414	Net cost of Service	12,752	2,622	15,374
(13,310)	(3,425)	(16,735)	Other Income and Expenditure	(13,283)	(1,326)	(14,609)
(395)	(926)	(1,321)	(Surplus) / Deficit in year	(531)	1,296	765
(18,593)			Opening General Fund Balance at 1 April 2016	(18,988)		
(395)			Add Surplus / Less Deficit on General Fund Balance in Year	(531)		
(18,988)			Closing General Fund Balance at 31 March 2018	(19,519)		

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Comprehensive Income and Expenditure Statement

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

2017/18				Note	2018/19		
Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
1,007	(115)	892	Chief Executive	873	(2)	871	
9,154	(2,701)	6,453	Neighbourhoods & Development	9,074	(2,469)	6,605	
4,770	(2,558)	2,212	Planning & Property	4,481	(2,229)	2,252	
1,657	(198)	1,459	Finance & Assurance	2,277	(277)	2,000	
1,716	(327)	1,389	Legal, HR & Democratic Services	1,639	(293)	1,346	
23,478	(21,683)	1,795	Customer Experience & Operations	22,249	(20,413)	1,836	
1,214	0	1,214	Budgets Not in Directorates	464	0	464	
42,996	(27,582)	15,414	Cost of Services	41,057	(25,683)	15,374	
398	0	398	Other operating expenditure	369	0	369	
3,484	(3,518)	(34)	Financing and investment income and expenditure	4,349	(3,512)	837	
9,768	(26,867)	(17,099)	Taxation and non-specific grant income	10,054	(25,869)	(15,815)	
56,646	(57,967)	(1,321)	(Surplus) / deficit on provision of services	55,829	(55,064)	765	
		(128)	(Surplus) / deficit on revaluation of Property, Plant and Equipment assets			(607)	
		(5,077)	Re-measurement of the net defined benefit liability	37d		(1,318)	
		(5,205)	Other Comprehensive (Income) and Expenditure			(1,925)	
		(6,526)	Total Comprehensive (Income) and Expenditure			(1,160)	

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Movement in Reserves Statement

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

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

	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2017	(18,593)	(2,106)	(6,451)	(27,150)	2,365	(24,785)
<u>Movements in 2017/18</u>						
Total Comprehensive Income & Expenditure	(1,321)	0	0	(1,321)	(5,206)	(6,527)
Adjustments between accounting basis & funding basis (note 10)	926	174	(1,662)	(562)	562	0
(Increase) / Decrease in year	(395)	174	(1,662)	(1,883)	(4,644)	(6,527)
Balance at 31 March 2018	(18,988)	(1,932)	(8,113)	(29,033)	(2,279)	(31,312)
<u>Movements in 2018/19</u>						
Total Comprehensive Income & Expenditure	765	0	0	765	(1,925)	(1,160)
Adjustments between accounting basis & funding basis (note 10)	(1,296)	1,105	(998)	(1,189)	1,189	0
(Increase) / Decrease in year	(531)	1,105	(998)	(424)	(736)	(1,160)
Balance at 31 March 2019	(19,519)	(827)	(9,111)	(29,457)	(3,015)	(32,472)

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Balance Sheet

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

31 March 2018 £'000		Notes	31 March 2019 £'000
28,147	Property, Plant & Equipment	15	28,461
11,332	Investment Property	16	10,679
188	Intangible Assets	17	150
50	Long Term Debtors	18	47
39,717	Long Term Assets		39,337
27,044	Short Term Investments	18	31,071
87	Inventories	19	88
3,728	Short Term Debtors	20	2,428
4,670	Cash and Cash Equivalents	21	3,126
35,529	Current Assets		36,713
(7,902)	Short Term Creditors	22	(8,054)
(1,700)	Provisions	23	(1,833)
(9,602)	Current Liabilities		(9,887)
(217)	Long Term Creditors	18	(435)
(596)	Other Long Term Liabilities	18	(259)
(32,961)	Net Pension Liability	37	(32,814)
(558)	Grant Receipts in Advance - Capital	33	(183)
(34,332)	Long Term Liabilities		(33,691)
31,312	Net Assets		32,472
(29,034)	Usable Reserves	24 & MiRS	(29,457)
(2,278)	Unusable Reserves	25	(3,015)
(31,312)	Total Reserves		(32,472)

The unaudited accounts were authorised for issue on XX May 2019.

Tim Povall CPFA
Deputy Chief Executive (Resources and Transformation) and S151 Officer
Date: xx May 2019

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Cash Flow Statement

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

2017/18 £'000		Note	2018/19 £'000
1,321	Net surplus or (deficit) on the provision of services (CIES page 53)		(765)
3,283	Adjustments to net surplus or deficit on the provision of services for non-cash movements	26a	3,432
(2,941)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	26b	(1,886)
1,663	Net cash flows from Operating Activities	26	781
(759)	Investing Activities	27	(3,644)
52	Financing Activities	28	1,319
956	Net (increase) or decrease in cash and cash equivalents		(1,544)
3,714	Cash and cash equivalents at the beginning of the reporting period		4,670
4,670	Cash and cash equivalents at the end of the reporting period	21	3,126

Notes to the Main Financial Statements

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

Note 1. The Expenditure and Funding Analysis note is presented on page 46.

2. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy 2018/19 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure (Revenue Recognition)

The Income and Costs of the Council are accounted for in the period to which they relate, regardless of when the cash is paid or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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Cash and Cash Equivalents

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

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

Charges to Revenue for Non-Current Assets

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

The Authority is not required to raise council tax to meet these charges. Instead it has to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (the Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and National Non-Domestic Rates

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

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

Contingent Assets and Liabilities

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

Exceptional Items

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

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Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

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

Post-Employment Benefits

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

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

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

The assets of the fund attributable to the Authority are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The change in net pension liability is analysed into the following components:

Service cost comprising:

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

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beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

Re-measurement comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund:

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities thus arising are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Events after the Reporting Period

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

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

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

Financial Instruments

Financial Liabilities

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

Gains or losses on premature redemption are charged to the Comprehensive Income and Expenditure Statement unless they are the result of a restructure that involves the modification or exchange of existing instruments, in which case they are added to the amortised cost and charged over the life of the modified or exchanged loan. Where charged to the Comprehensive Income and Expenditure Statement, regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the

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life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

Financial Assets

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

The authority recognises expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Where a financial asset measured at amortised cost is identified as being subject to an expected credit loss, this shall be recognised as an impairment and the loss charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Going Concern

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

Government Grants and Other Contributions

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

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

Community Infrastructure Levy

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

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Intangible assets

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

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

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

Inventories and Long term Contracts

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

Investment Properties

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

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

Leasing

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

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

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The Authority as lessee

Finance leases

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

Operating leases

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

The Authority as lessor

Finance leases

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

Operating leases

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

Non-Current Assets Held for Sale

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

Overheads

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

Prior Period Adjustments, Changes in Accounting Policies, and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practice or if the change provides more reliable or relevant information about the effect of transactions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods. Material errors will also require a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

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Property Plant and Equipment (PPE)

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

Measurement

Assets are initially measured at cost, comprising the purchase price, and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Council. Should they be incurred, the Authority would capitalise borrowing costs incurred whilst major assets are under construction.

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

- Infrastructure, Community Assets, Assets under Construction, and equipment, are held at depreciated historical cost.
- All other assets are measured at current value, determined as the amount that would be paid for the asset in its existing use.

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

Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. Assets held in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are credited to the Revaluation Reserve unless they reverse previous losses charged to the Comprehensive Income and Expenditure Statement, in which case the gain shall be credited to that account. A fall in value will be charged firstly against any balance held in the Revaluation Reserve. If this is insufficient or non-existent, the charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

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

Depreciation periods are as follows:

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

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

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Impairment

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

Disposal and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, it is reclassified as an Asset Held for Sale and shown within current assets. The asset is re-valued immediately and carried at the lower of this amount and current value less costs to sell. If assets subsequently fail to meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations) and their recoverable amount at the date of the decision not to sell.

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

Capital Charges and Council Tax

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

Provisions

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

Reserves

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

Revenue Expenditure Funded From Capital Under Statute

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

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

Value Added Tax

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

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Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

The 2018/19 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2018/19 and 2019/20 financial statements in respect of accounting changes that are introduced in the 2019/20 Code are:

- amendments to IAS 40 Investment Property in respect of transfers of Investment Property,
- annual improvements to IFRS Standards 2014-2016 Cycle,
- IFRIC 22 Foreign Currency Transactions and Advance Consideration,
- IFRIC 23 Uncertainty over Income Tax Treatments, and
- amendments to IFRS 9 Financial Instruments in respect of prepayment features with negative compensation.

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

4. Critical judgements in applying accounting policies

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

Funding

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

Investment Properties

Investment properties have been assessed using the identifiable criteria under the international accounting standards of being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, to determine if there is an operational reason for holding the property, such as regeneration.

Commuted Sums

Commuted sums due from developers in order to fulfil obligations of S106 Agreements have been accrued and added to the Capital Grants and Contributions Unapplied Reserve. The commuted sums become receivable when trigger stages defined in the S106 Agreements have been reached. Judgement has been applied in deciding whether each development had reached the trigger stage by 31 March 2019.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Group Accounts

The Council's group boundaries have been assessed using the criteria outlined in The Code. The Council has assessed relationships and found none which require the preparation of group accounts.

Fair Values

When measuring the fair value of a non-financial asset, the Council uses judgement to ascertain a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. It also uses judgements regarding inputs to valuation techniques, particularly whether they are applicable and relevant to the assets or liabilities, either directly or indirectly, being valued.

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

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

Item	Uncertainty	Effect if actual results differ
Pensions liability	The estimated liabilities depend on a number of complex judgements. These include future retirement ages, mortality rates, salary increases, returns on investments and discount rates. A firm of consulting actuaries is engaged to provide advice on these assumptions.	Sensitivity to the factors contributing to this estimate is shown in Note 37i. Small changes have major impacts on the pension deficit.
Debtors	<p>The most significant debtor issue for the Council is its responsibility for collecting £99.570m in business rates and council tax. It is however mainly as agent for government and major preceptors. The major recovery risk resulting from shortfalls in collection falls to these bodies. Various notes present debtor information. Note 18d shows that financial instrument debtors total £1.728m against which a bad debt provision of £1.322m has been made.</p> <p>This total debtors figure includes Housing benefit debtors of £1.161m (i.e. recovery of overpayments). Changes in the administration of benefits are pending which may affect recovery in future years. The provision made for these debts has therefore been maintained at over 90% to reflect this.</p>	<p>Any additional impairment will be a charge to the Comprehensive Income and Expenditure Statement.</p> <p>A 1% increase in the impairment of doubtful debts would result in an additional charge of £0.017m to the CI&ES.</p>
Asset valuations	<p>Note 15 shows that fixed assets valued at £28.315m (£28.209m of Operational Land and Buildings and £0.106m of Community Assets) are carried at either current value or depreciated replacement cost value.</p> <p>Note 16 shows that investment properties valued at £10.679m are carried at current value.</p> <p>The valuations have been carried out by qualified valuers in accordance with Royal Institution of Chartered Surveyors Guidance</p>	<p>The values are only estimates and thus could over or understate the actual values realisable if sale actually occurred.</p> <p>A fall in the value of the Council's investment properties will result in a charge to the CI&ES. Every 10% fall in the total value of the Council's investment properties would result in a £1.068m charge to the CI&ES.</p>
Provisions	A provision of £1.833m has been recognised for the best estimate of the amount that businesses have been overcharged business rates up to 31 March 2019. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of	If the value of successful appeals exceeded the provision there would be a reduction in the local share of business rates income available to fund the Authority's services. Similarly, an increase in the provision to cover such

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Item	Uncertainty	Effect if actual results differ
	total provision up to and including 31 March 2019. See note 23.	appeals would be a charge to the Collection Fund which would also reduce the local share of business rates income available to fund the Authority's services. A 1% increase in the provision would result in an additional charge to the Collection Fund of £0.046m, of which this Authority's share of the cost would be 40% or £0.018m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Senior Valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 2, 16 and 18.	The Council uses the market approach to value of some of its investment properties and financial assets. The unobservable inputs used in the fair value measurement include management assumptions regarding rent yield and growth, vacancy levels (for investment properties). Significant changes in any of the unobservable inputs would result in a lower or higher fair value measurement for the investment properties and financial assets.

6. Material items of income and expense

All material items have been disclosed in the statement or in the notes to the main financial statements. For the purposes of this note the Council considers material items to be those greater than £0.864m (2017/18 £0.850m).

7. Events after the reporting period

The unaudited Statement of Accounts was authorised for issue by the Deputy Chief Executive (Resources and Transformation) and S151 Officer on xx May 2019. Subsequent events are not reflected in the financial statements or in the notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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8. Note to the Expenditure and Funding Analysis

The Expenditure and Funding Analysis Note can be found on page 46.

2018/19	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Chief Executive	2	(5)	8	5
Neighbourhoods & Development	1,889	(56)	(28)	1,805
Planning & Property	206	(26)	4	184
Finance & Assurance	4	581	(3)	582
Legal, HR & Democratic Services	18	(12)	(7)	(1)
Customer Experience & Operations	161	(30)	6	137
Budgets Not in Directorates	0	(90)	0	(90)
Net Cost of Service	2,280	362	(20)	2,622
Other income and expenditure from the Expenditure and Funding Analysis	(2,072)	808	(62)	(1,326)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	208	1,170	(82)	1,296

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2017/18 Comparative Figures				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	25	4	(1)	28
Neighbourhoods & Development	1,456	84	0	1,540
Planning & Property	409	41	0	450
Finance & Assurance	4	121	(1)	124
Legal, HR & Democratic Services	16	23	5	44
Customer Experience & Operations	161	44	(10)	195
Budgets Not in Directorates	0	131	(13)	118
Net Cost of Service	2,071	448	(20)	2,499
Other income and expenditure from the Expenditure and Funding Analysis	(4,439)	888	126	(3,425)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,368)	1,336	106	(926)

Note A Adjustments for Capital Purposes

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

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

Note B Net Change for Pension Adjustments

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

- For services this represents the removal of the employer pension contributions made by the authority as determined by statute and their replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES).

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Note C Other Differences

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

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

9. Expenditure and Income Analysed By Nature

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

Expenditure/Income	2017/18 £'000	2018/19 £'000
Expenditure		
Employee benefits expenses	11,382	10,692
Other service expenses	29,565	28,278
Depreciation, amortisation and impairment	2,530	3,384
Interest payments	3,003	3,053
Precepts and levies	10,166	10,418
Loss on the disposal of assets	0	4
Total Expenditure	56,646	55,829
Income		
Fees, charges and other service income	(9,031)	(7,064)
Interest and investment income	(2,455)	(2,401)
Income from Council Tax and Non-Domestic Rates	(21,121)	(21,676)
Government grants and contributions	(25,360)	(23,923)
Total Income	(57,967)	(55,064)
Surplus or Deficit on the Provision of Services	(1,321)	765

10. Adjustments between accounting basis and funding basis under regulations

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

General Fund Balance

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

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resources that the Council is required to recover) at the end of the financial year and includes Earmarked Reserves (see note 11).

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/19	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<u>Adjustments to the Revenue Resources</u>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	(1,171)		
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	(2)		
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	65		
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	19		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	(2,655)		
Total Adjustments to Revenue Resources	(3,744)	0	0
<u>Adjustments between Revenue and Capital Resources</u>			
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	886		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	518		
Total Adjustments between Revenue and Capital Resources	1,404	0	0
<u>Adjustments to Capital Resources</u>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS page 54)		1,151	
Application of capital grants to finance capital expenditure (MiRS page 54)	1,044	(46)	(998)
Total Capital Resources	1,044	1,105	(998)
Total Adjustments	(1,296)	1,105	(998)

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2017/18	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	(1,335)		
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	(2)		
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	(124)		
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	21		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	(954)		
Total Adjustments to Revenue Resources	(2,394)	0	0
Adjustments between Revenue and Capital Resources			
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	990		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	668		
Total Adjustments between Revenue and Capital Resources	1,658	0	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS page 54)		174	
Application of capital grants to finance capital expenditure (MiRS page 54)	1,662		(1,662)
Total Capital Resources	1,662	174	(1,662)
Total Adjustments	926	174	(1,662)

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11. Transfers to / from earmarked reserves

The movements in earmarked reserves during the year were as follows. The movements in the general reserve are also included, producing the overall total for general fund reserves that appears in the Movement in Reserves Statement on page 48.

	Balance 31 March 2017 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance 31 March 2018 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance 31 March 2019 £'000
My Neighbourhoods	(45)	(6)	0	(51)	(3)		(54)
Asset Management	(1,494)	(500)	1,994	0			0
Borough Council Elections	(82)	(30)	0	(112)	(30)	28	(114)
Building Control Reserve	(22)	0	22	0			0
Housing Needs Survey	(87)	(20)	10	(97)	(20)	34	(83)
ICT Strategy Reserve	(988)	0	988	0			0
Local Development Framework	(80)	0	0	(80)	(175)		(255)
Performance Reward Grant	(68)	0	20	(48)	(24)	26	(46)
Public Open Space Funds	(1,535)	(96)	1,631	0			0
Organisation Restructure Costs	(385)	0	295	(90)		63	(27)
Vehicle and Plant replacement	(21)	0	21	0			0
Leisure sites repair and maintenance	(160)	0	160	0			0
Borough Investment Account	(3,824)	0	0	(3,824)	(770)		(4,594)
Business Rates Retention	(3,250)	(516)	1,509	(2,257)	(504)	10	(2,751)
City Deal Reserve	0	(1,811)	140	(1,671)	(40)		(1,711)
New Burdens Funding Reserve	(222)	(59)	281	0			0
Capital Funding Reserve	0	(3,460)	0	(3,460)	(177)	564	(3,073)
Repairs and Maintenance Fund	0	(500)	0	(500)			(500)
Transformation Fund	0	(500)	0	(500)			(500)
Apprenticeship Reserve	0	(335)	0	(335)	(2)	70	(267)
Other Earmarked Reserves	(1,733)	(120)	1,247	(606)	(401)	143	(864)
Total Earmarked Reserves	(13,996)	(7,953)	8,318	(13,631)	(2,146)	938	(14,839)
General Reserve	(4,597)	(760)	0	(5,357)	(93)	770	(4,680)
Total General Fund Reserves	(18,593)	(8,713)	8,318	(18,988)	(2,239)	1,708	(19,519)

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

Earmarked Reserve	Reason / Use
My Neighbourhoods	An accumulation of unspent core funding allocated to be spent in accordance with the local priorities determined by each of the My Neighbourhood Forums.
Asset Management	Sums set aside to support the cost of maintaining and improving the Council's property portfolio to ensure its long term viability as an asset and to protect income generation. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.

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Earmarked Reserve	Reason / Use
Elections Provision	An annual transfer from revenue is made to cover the four yearly Borough Elections. The next election is due to take place in May 2019.
Building Control Reserve	Surpluses generated on Building Control fee-earning service set aside to support continuing service delivery.
Housing Needs Survey	Annual contribution made to fund the costs of carrying out detailed Housing Needs Surveys.
ICT Strategy	To fund IT replacement programme and other technologically based service transformation projects. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Local Development Framework	To fund one-off costs in relation to the production of planning policy documents in relation to the Local Development Framework.
Performance Reward Grant	External revenue funding held by the Council on behalf of South Ribble Partnership set aside for spending on South Ribble Partnership projects in future years.
Public Open Space Commuted Sums	Cash endowments for the maintenance of assets transferred from the Central Lancashire New Town. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Organisation Restructure Costs	To be used to assist in funding the one-off costs of any service reviews designed to improve the efficiency of the Council.
Vehicles, Plant & Equipment	Residual balance of sums set aside to fund the replacement of vehicles, plant and equipment which are not funded from other sources of finance. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Leisure Sites Repair and Maintenance	To fund any repair costs for which the Council is committed to under the contract with the Leisure Trust. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Borough Investment Account	To facilitate income generation schemes and create a diverse and self-sustaining income portfolio to enable the Council to bridge the funding gap. In July 2018, Council approved an increase of £770k in the available funds to support the Investment Property strategy.
Business Rates Retention	To mitigate the potential risk to the Council's medium-term financial strategy by providing funds to smooth out the inherent fluctuations that occur in the Business Rates Retention System.
City Deal	To be used to fund additional costs in relation to the delivery of City Deal projects and outcomes.
New Burdens Funding	Funds retained to support work undertaken in future years in relation to new central government initiatives. The balance has been transferred into the General reserve, following the strategic review of reserves.
Capital Funding Reserve	In 2017/18 a number of individual reserves were merged to create a single Capital Strategy reserve. This is to fund capital expenditure in line with the Council's Corporate Plan priorities, as set out in the approved Capital Strategy and Medium-Term Financial Strategy.
Repairs and Maintenance Fund	The revenue budget includes an annual provision for the costs of repairs and maintenance of the Council's property assets. The purpose of the reserve is to meet the costs of any major repairs and maintenance works which cannot be met from this base budget.
Transformation Fund	In November 2017, Council approved the transfer of £500k from General Reserves to set up a Transformation Fund. The purpose of this reserve is to provide funding for projects which will generate a

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Earmarked Reserve	Reason / Use
	payback into the Council's revenue budget through sustainable income generation and/or recurring cost savings.
Apprenticeship Reserve	This relates to funding set aside to fund Apprenticeship costs.
Other	To allow the carry forward of specific funding where the revised expenditure plans mean it will fall in subsequent years. This includes funding planned new areas of investment in the medium-term financial strategy in future years.

12. Other operating expenditure

2017/18 £'000		2018/19 £'000
398	Parish Council precepts	365
0	(Gains) and losses on the disposal of non-current assets	4
398	Total	369

13. Financing and investment income and expenditure

2017/18 £'000		2018/19 £'000
138	Interest payable and similar charges	120
888	Net interest on the net defined benefit liability (note 37)	809
(180)	Interest receivable and similar income	(311)
(291)	Income and Expenditure in relation to investment properties and changes in their fair value (note 16)	701
182	Allowance for impairment of outstanding debts*	269
(771)	Losses or (surplus) on trading accounts (note 29)	(1,021)
(34)	Total	567

* This item shows the charge to the General Fund for the provision made for the non-recovery of outstanding debts. It is shown here following a change in accounting requirements in 2018/19 and would previously have appeared within the Net Cost of Services, on the line for Finance & Assurance. Allowance for the non-collection of outstanding Council Tax and Business Rates court costs has also been included for the first time, having previously been made within the Collection Fund. Of this, a total of £210k relates to the need to make provision for debt in respect of previous financial years. Without this, the charge for the year would be £59k.

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14. Taxation and non-specific grant income and expenditure

2017/18 £'000		2018/19 £'000
(7,840)	Council tax income	(8,119)
(3,514)	Non-domestic rates income and expenditure	(3,504)
(3,216)	Non-ring fenced government grants	(2,689)
(2,529)	Capital grants and contributions	(1,502)
(17,099)	Total	(15,814)

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

This Council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which includes most but not all of the local authorities in Lancashire, has been designated by the Secretary of State for Communities and Local Government and the retained levy in Lancashire has been distributed as follows:

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

With regard to this council, the retained levy would be £1.191m (£1.237m in 2017/18), hence under pooling we have benefitted from extra income of £1.072m (£1.113m in 2017/18). Lancashire County Council has received the remaining 10% of retained levy.

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 £0.002m is payable by each pool member to Ribble Valley Borough Council in their role as lead.

In the Lancashire Business Rates Pool each council bears its own risk and takes its own reward under the pool agreement, i.e. no sharing of a volatility reserve.

Below is a summary of the Lancashire Business Rates Pool members and relevant transactions.

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Lancashire Business Rates Pool Members 2018/19	Authority Type	Tariffs and Top-Ups in Respect of 2018/19 £'000	Retained Levy on Growth 2018/19 £'000	10% Retained Levy Payable to/Received by Lancashire County Council £'000	Net Retained Levy 2018/19 £'000
Burnley Borough Council	Tariff	5,813	(779)	78	(701)
Chorley Borough Council	Tariff	6,256	(798)	80	(718)
Fylde Borough Council	Tariff	7,793	(640)	64	(576)
Hyndburn Borough Council	Tariff	3,818	(554)	55	(499)
Pendle Borough Council	Tariff	3,260	(356)	36	(320)
Ribble Valley Borough Council	Tariff	4,147	(726)	73	(653)
Rossendale Borough Council	Tariff	2,610	(603)	60	(543)
South Ribble Borough Council	Tariff	9,934	(1,191)	119	(1,072)
West Lancashire Borough Council	Tariff	8,367	(889)	89	(800)
Wyre Borough Council	Tariff	6,577	(609)	61	(548)
Lancashire County Council	Top-Up	(152,079)	0	(715)	(715)
Central Government	-	93,504	0	0	0
Total		0	(7,145)	0	(7,145)

Pool membership in 2017/18 did not include Burnley Borough Council

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

15. Property, plant and equipment

15a Movements in Property Plant and Equipment

2018/19	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Cost or valuation						
At 1 April 2018	27,162	12,226	2,529	106	262	42,285
Additions	306	662	277	0	401	1,646
Revaluations recognised in the Revaluation Reserve (RR)	447	0	0	0	0	447
Revaluations recognised in CIES	193	0	0	0	0	193
De-recognition - disposals	0	(274)	0	0	0	(274)
De-recognition - other	0	0	0	0	(4)	(4)
Assets reclassified	101	11	90	0	(202)	0
At 31 March 2019	28,209	12,625	2,896	106	457	44,293
Depreciation and Impairment						
At 1 April 2018	(2,984)	(10,316)	(838)	0	0	(14,138)
Depreciation charge	(843)	(1,065)	(224)	0	0	(2,132)
Depreciation written out of RR	160	0	0	0	0	160
Depreciation written out of CIES	4	0	0	0	0	4
Impairment losses recognised in RR	0	0	0	0	0	0
Impairment losses recognised in CIES	0	0	0	0	0	0
De-recognition - disposals	0	274	0	0	0	274
Assets reclassified	0	0	0	0	0	0
At 31 March 2019	(3,663)	(11,107)	(1,062)	0	0	(15,832)
Net Book Value						
At 31 March 2019	24,546	1,518	1,834	106	457	28,461
At 1 April 2018	24,178	1,910	1,691	106	262	28,147

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2017/18	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Cost or valuation						
At 1 April 2017	26,068	11,847	1,886	75	134	40,010
Additions	229	441	596	99	175	1,540
Revaluations recognised in the Revaluation Reserve (RR)	58	0	0	30	0	88
Revaluations recognised in CIES	362	0	0	(98)	0	264
De-recognition - disposals	0	(62)	0	0	0	(62)
Assets reclassified	445	0	47		(47)	445
At 31 March 2018	27,162	12,226	2,529	106	262	42,285
Depreciation and Impairment						
At 1 April 2017	(2,381)	(9,340)	(599)	0	0	(12,320)
Depreciation charge	(780)	(1,038)	(239)	0	0	(2,057)
Depreciation written out of RR	40	0	0	0	0	40
Depreciation written out of CIES	137	0	0	0	0	137
Impairment losses recognised in RR	-	0	0	0	0	0
Impairment losses recognised in CIES	-	0	0	0	0	0
De-recognition - disposals	-	62	-	-	-	62
Assets reclassified	-	-	-	-	-	0
At 31 March 2018	(2,984)	(10,316)	(838)	0	0	(14,138)
Net Book Value						
At 31 March 2018	24,178	1,910	1,691	106	262	28,147

15b Depreciation

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

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

15c Capital Commitments

At 31 March 2019, there was one significant contractual commitments relating to capital expenditure. The value was £109,400 and relates to the purchase of five vehicles.

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15d Effects of Changes in Estimates

There were no material changes in accounting estimates for Property, Plant and Equipment in 2018/19.

15e Property, Plant and Equipment Valuations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. During 2018/19 the valuations were carried out on behalf of the Council by Sanderson Weatherall LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis of valuation is set out in note 2 Accounting Policies.

	Other land & Buildings £'000	Vehicles Plant Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	1,665	12,625	2,896	0	457	17,643
Valued at current value as at:						
31 March 2019	2,225	0	0	12	0	2,237
31 March 2018	4,368	0	0	65	0	4,433
31 March 2017	3,605	0	0	29	0	3,634
31 March 2016	16,316	0	0	0	0	16,316
31 March 2015	30	0	0	0	0	30
Total cost or valuation	28,209	12,625	2,896	106	457	44,293

16. Investment properties

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

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

At 31 March 2019, the Council had no contractual obligations to purchase, construct or develop investment property.

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

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	2017/18 £'000	2018/19 £'000
Fair Value 1 April	11,479	11,332
Additions – Subsequent expenditure	7	49
Disposals	0	(19)
Net gains / (losses) from fair value adjustments	291	(683)
Transfers (to) / from Property Plant and Equipment	(445)	0
TOTAL	11,332	10,679

Fair Value Hierarchy – Investment Properties

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

Transfers between Levels of the Fair Value Hierarchy

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

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

Significant Observable Inputs - Level 2

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). During 2018/19 the valuations of investment properties were carried out on behalf of the Council by Sanderson Weatherall LLP. The basis of valuation is set out in note 2 Accounting Policies.

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17. Intangible assets

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

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

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

Amortisation is on a straight line basis. In 2018/19 amortisation of £0.073m was charged to the following lines in the Comprehensive Income and Expenditure Statement.

	2017/18 £'000	2018/19 £'000
Customer Experience & Ops	55	60
Finance & Assurance	4	4
Legal HR & Democratic Serv	14	18
Total	73	82

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

	2017/18 £'000	2018/19 £'000
Cost at start of year	1,281	1,374
Additions in year	93	
Reclassifications in year	0	
Gross cost at end of year	1,374	1,374
Accumulated amortisation at start of year	(1,113)	(1,186)
Amortised in year	(73)	
Accumulated amortisation	(1,186)	(1,186)
Net carrying amount at the start of the year	168	188
Net carrying amount at the year end	188	188

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At 31 March 2019, there were no significant contractual commitments, and no individual intangible assets the amortisation of which is materially significant to the Council.

18. Financial instruments

18a Categories of Financial Instrument

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

Long Term 31 March 2018 £'000	Current 31 March 2018 £'000		Long Term 31 March 2019 £'000	Current 31 March 2019 £'000
		Financial Assets		
		<i>Carried at Amortised Cost</i>		
0	27,044	Short Term Investments	0	31,071
50	837	Debtors	47	597
50	27,881	Total Financial Assets	47	31,668
		Financial Liabilities		
		<i>Carried at Amortised Cost</i>		
(596)	0	Long Term Creditors - Finance lease liabilities	(259)	0
0	(304)	Creditors - Finance lease (due within 12 months)	0	(344)
(217)	(1,726)	Creditors	(183)	(1,577)
(813)	(2,030)	Total Creditors	(442)	(1,921)
		<i>Memo: Items that are not Financial Instruments</i>		
0	4,670	Cash & cash equivalents (note 21) net of bank overdraft	0	3,126
0	2,891	Debtors	0	1,830
0	(5,872)	Creditors	0	(6,134)

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

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18b Income, Expense, Gains and Losses

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

	2017/18			2018/19		
	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000	Surplus or Deficit on Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Total £'000
Interest revenue on Financial Assets measured at amortised cost	0	(180)	(180)	0	(312)	(312)
Interest expense	0	138	138	0	137	137
Net (gain) / cost for the year			(42)			(175)

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

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

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

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

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Financial Liabilities

	31 March 2018		31 March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Finance Lease (short and long-term)	(900)	(1,114)	(602)	(592)
Short Term Creditors	(1,726)	(1,726)	(1,577)	(1,577)
Long Term Creditors	(217)	(217)	(183)	(183)
Total Liabilities	(2,843)	(3,057)	(2,362)	(2,352)

For the Leisure Finance Lease the fair value represents the value of the liability if the Council were to prematurely repay the debt and so would incur a premium.

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

Financial Assets

	31 March 2018		31 March 2019	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	4,670	4,670	3,126	3,126
Investments - Loans	27,044	27,044	31,071	31,071
Short Term Debtors	837	837	597	597
Long Term Debtors	50	50	47	47
Total Assets	32,601	32,601	34,841	34,841

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

18d Nature and extent of risks arising from financial instruments

Key risks

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

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

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Overall procedures for managing risk

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

Prudential indicators specifying:

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

An Investment Strategy specifying:

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

Credit risk

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

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

Credit Risk Management Practices

The authority's credit risk management practices are set out in section 11.2 of the Annual Investment Strategy, which forms part of the Council's Treasury Strategy for the year. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy:

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

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

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

The full Investment Strategy for 2018/19 was approved by Full Council on 28th February 2018 and is available on the Council's website.

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Expected Credit Loss

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

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

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. As noted above, the Council's Investment Strategy restricts investments to a narrow range of counterparties. At 31 March 2019 it had deposits totalling £34.197m (£31.711m at 31 March 2018) with a number of different institutions. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. Review of the specific deposits and investments held at 31 March 2019 has indicated that there is no material risk of credit loss.

Assessment of the expected credit loss on the outstanding balance of trade receivables is made using a provision matrix based on the age of the outstanding debt and previous experience of recovery rates. At 31 March 2018, the outstanding gross amount was £1.859m (£2.118m at 31 March 2017) and the maximum exposure to credit loss was assessed as £0.597m (£0.837m at 31 March 2017). The risk of loss has been fully provided for. No collateral is held as security.

Liquidity risk

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

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

Market risk

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

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

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

	£'000
Gain - Increase in interest receivable on variable rate investments	401
Gain - Impact on the Surplus or Deficit on the Provision of Service	401

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

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Price risk

The Council has no material exposure to this risk.

Foreign Exchange Risk

The Council has no material exposure to this risk.

19. Inventories

	2017/18			2018/19		
	Consumable Stores £'000	Maintenance Materials £'000	Total £'000	Consumable Stores £'000	Maintenance Materials £'000	Total £'000
Balance at 1 April	76	21	97	65	22	87
Purchases	345	232	577	439	169	608
Issued in year	(354)	(232)	(586)	(429)	(170)	(599)
Written off in year	(2)	1	(1)	(9)	1	(8)
Balance at year end	65	22	87	66	22	88

20. Short term debtors

	31 March 2018 £'000	31 March 2019 £'000
Trade receivables	425	261
Prepayments	488	529
Other receivable amount	4,594	3,640
Net carrying amount at the year end	5,507	4,430
Less provision for bad debts	(1,779)	(2,002)
Net Carrying amount at year-end	3,728	2,428

21. Cash and cash equivalents

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

	31 March 2018 £'000	31 March 2019 £'000
Cash held by the Authority	2	1
Bank current and call accounts	2,667	3,125
Short term deposits	2,001	0
Total cash and cash equivalents	4,670	3,126

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22. Short term creditors

	31 March 2018 £'000	31 March 2019 £'000
Trade payables	(1,834)	(1,843)
Other payables	(6,068)	(6,211)
Total cash and cash equivalents	(7,902)	(8,054)

23. Provisions

The movements in provisions during the year were as follows:

	Business Rates Appeals £'000
Balance at 1 April 2017	(1,200)
Additional provisions made in 2017/18	(816)
Amounts used in 2017/18	316
Balance at 31 March 2017	(1,700)
Additional provisions made in 2018/19	(995)
Amounts used in 2018/19	862
Balance at 31 March 2018	(1,833)

The Council has only one class of provision, this relates entirely to Business Rates Appeals. Due to the localisation of Business Rates, which became effective from the 1st April 2013, the Council now bears part of the risk for future appeals against rateable valuations of business premises. Therefore, the Council has set aside a provision for any potential liabilities as a result of appeals. The Council is responsible for a 40% share of this liability along with The Department for Communities and Local Government (50%), Lancashire County Council (9%) and the Lancashire Fire Authority (1%). These were borne wholly by the Government under the old scheme. The Council's estimate of the value of outstanding appeals up to 31 March 2019 is £4.583m (£4.250m at 31 March 2018). The Council has made a provision for 40% of this figure totalling £1.833m (£1.700m at 31 March 2018). Appeals are assessed and decided by the Valuation Office Agency, an executive agency of HM Revenue & Customs, rather than by the Council and as such the timing of the settlement of any successful appeals is uncertain.

24. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement (page 48).

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25. Unusable reserves

	Note	31 March 2018 £'000	31 March 2019 £'000
Revaluation Reserve	25a	(5,780)	(6,275)
Capital Adjustment Account	25b	(29,254)	(29,266)
Financial Instruments Adjustment Account	25c	(3)	(1)
Deferred Capital Receipts Reserve	25d	(20)	(20)
Pensions Reserve	25e	32,961	32,814
Collection Fund Adjustment Account	25f	(348)	(413)
Accumulated Absences Account	25g	165	146
Total Unusable Reserves		(2,279)	(3,015)

25a Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the valuation of Property, Plant & Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

The reserve holds only gains accumulated since 1 April 2007, the date it was created. Gains prior to that date are consolidated in the Capital Adjustment Account.

	2017/18 £'000	2018/19 £'000
Balance at 1 April	(5,743)	(5,780)
Upward revaluation of assets	(136)	(608)
Downward revaluation & impairment not charged to the Comprehensive Income and Expenditure Statement	8	1
Difference between fair value and historic cost depreciation	91	112
Balance at 31 March	(5,780)	(6,275)

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25b Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets. The account contains the following:

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	(28,284)	(29,254)
<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>		
Charges for depreciation of non-current assets	2,057	2,132
Revaluation losses on property, plant & equipment	(401)	(196)
Amortisation of intangible assets	73	82
Revenue expenditure funded from capital under statute	794	685
Net cost of disposal of assets	0	23
	2,523	2,726
Adjusting amounts written out of the Revaluation Reserve	(91)	(112)
Net written out amount of the cost of non-current assets consumed in the year	2,432	2,614
<i>Capital financing applied in the year:</i>		
Capital receipts used to finance new capital expenditure	(174)	(1,151)
Grants and contributions used in the year to fund capital expenditure	(1,279)	(753)
Statutory & voluntary provision for the financing of capital investment charged against the General Fund	(990)	(886)
Capital expenditure charged to the General Fund Balance	(668)	(518)
	(3,111)	(3,308)
Movements in the market value of Investment Properties	(291)	682
Balance at 31 March	(29,254)	(29,266)

Appendix A

25c Financial Instruments Adjustment Account

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of certain financial instruments.

	2017/18 £'000	2018/19 £'000
Balance at 1 April	(6)	(3)
Premiums on early debt redemption	(5)	(5)
Discounts on early debt redemption	8	7
Balance at 31 March	(3)	(1)

25d Deferred Capital Receipts Reserve

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	(20)	(20)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
Balance at 31 March	(20)	(20)

25e Pensions Reserve

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	36,703	32,961
Re-measurements of the net defined benefit liability.	(5,077)	(1,318)
Reversal of charges posted to the Comprehensive Income and Expenditure Statement.	3,057	3,400
Employer contributions and direct payments to pensioners payable in the year.	(1,722)	(2,229)
Balance at 31 March	32,961	32,814

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25f Collection Fund Adjustment Account

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	(471)	(348)
Amount by which Council Tax and Business Rate income credited to the Comprehensive Income and Expenditure Statement differs from the amount required by statute.	123	(65)
Balance at 31 March	(348)	(413)

25g Accumulated Absences Account

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

	2017/18 £'000	2018/19 £'000
Balance at 1 April	186	165
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	(21)	(19)
Balance at 31 March	165	146

Appendix A

26. Cash flow statement – operating activities

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

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

	2017/18 £'000	2018/19 £'000
Depreciation	2,057	2,132
Impairment and downward valuations	(401)	(197)
Amortisation	73	82
(Increase) / decrease in impairment for bad debts	183	223
Increase / (decrease) in debtors	(1,272)	997
(Increase) / decrease in creditors	1,088	(1,814)
Increase / (decrease) in inventories	10	(1)
Movement in pension liability	1,336	1,171
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0	23
Contributions (to) / from Provisions	500	133
Movement in investment property values	(291)	683
Other non-cash items charged to the net surplus or deficit on the provision of services	0	0
Net adjustment	3,283	3,432

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

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

	2017/18 £'000	2018/19 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0	0
Capital Grants credited to surplus or deficit on the provision of services	(2,941)	(1,886)
Net adjustment	(2,941)	(1,886)

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26c Interest received and interest paid

The cash flows for operating activities include the following items:

	2017/18 £'000	2018/19 £'000
Interest received	242	312
Interest paid	(138)	(137)
Net cash flow in / (out)	104	175

27. Cash Flow Statement – investing activities

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

	2017/18 £'000	2018/19 £'000
Purchase of property, plant & equipment, investment property & intangible assets	(1,470)	(1,579)
Purchase of short and long term investments	(39,000)	(36,811)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0	0
Proceeds from short and long term investments	37,000	32,784
Other receipts relating to investing activity (government grants)	2,711	1,962
Total cash flows from investing activities	(759)	(3,644)

28. Cash Flow Statement – financing activities

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

	2017/18 £'000	2018/19 £'000
Cash paid to reduce lease liabilities.	298	(274)
Other Payments for financing activities - change in indebtedness relating to NNDR (due from Government and Preceptors) and Council Tax (due from Preceptors).	(350)	1,593
Total cash flows from financing activities	(52)	1,319

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29. Trading operations

The Council manages an investment portfolio consisting of 75 industrial units (28 Investment managed, 47 economic regeneration), 55 other properties (Worden, shops, offices and residential), 24 plots of leased land, others (allotments, garages, parking plots, grazing).

2017/18 £'000		2018/19 £'000
(1,063)	Turnover	(1,112)
254	Direct costs	306
38	Capital charges	38
(771)	Net (surplus) or deficit	(768)

30. Members allowances

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

2017/18 £'000		2018/19 £'000
351	Allowances	357
351	Total	

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31. Officers remuneration

Senior Officers are defined as those officers who form part of the Council's Leadership Team. A new senior management structure was implemented effective from 1st April 2018, with the roles marked with an asterisk * being the new permanent leadership posts. During the interim period a number of temporary appointments were made to deliver specific roles and or the strategic transformation undertaken. These interim posts have come to an end as the permanent employees have commenced positions.

2018/19 Remuneration	Note	Salary and allowances	Expenses allowances	Compensation for loss of office	Benefits In Kind	Pension Contribution	Total Remuneration
Post Title		£	£	£	£	£	£
Chief Executive	*	114,473	-	-	-	17,056	131,529
Deputy Chief Executive – Regeneration and Growth	A*	34,472	502	-	-	5,136	40,110
Deputy Chief Executive – Resources and Transformation (and Section 151 Officer)	B*	27,876	406	-	-	4,154	32,436
Deputy Chief Executive – Resources and Transformation (and Section 151 Officer) <i>[Interim April to June 2018]</i>	C	21,440	-	-	-	3,195	24,635
Section 151 Officer <i>[Interim July to September 2018]</i>	C	24,960	-	-	-	-	24,960
Section 151 Officer <i>[Interim October to November 2018]</i>	C	7,650	-	-	-	-	7,650
Director of Neighbourhoods and Development	*	63,011	1,239	-	-	9,389	73,639
Director of Planning and Property	*	63,011	1,239	-	-	9,389	73,639
Director of Customer and Digital	D*	36,292	103	-	-	5,407	41,802
Legal Services Manager (and Monitoring Officer)	*	52,818	-	-	-	7,870	60,688
Assistant Director of Neighbourhoods	*	50,000	1,170	-	190	7,450	58,810
Assistant Director of Projects and Development	E*	11,694	290	-	-	1,742	13,726
Assistant Director for Property and Housing	F*	11,997	306	-	-	1,788	14,091
Assistant Director of Housing and Environmental Services <i>[Interim May to November 2018]</i>	F	29,306	494	-	-	-	29,800
Assistant Director of Scrutiny and Democratic Services	*	47,066	1,239	-	-	7,013	55,318
Head of Shared Assurance Services <i>[retirement]</i>	G	31,847	826	29,040	-	126,640	188,353
Head of Shared Assurance Services <i>[Interim agency]</i>	G*	44,540	-	-	-	-	44,540
Interim Specialist Projects Consultant	H	20,856	-	-	-	-	20,856
Interim HR & OD Consultant	I	66,928	-	-	-	9,712	76,640
Interim Improvement Manager	J	-	-	-	-	-	-

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- A) The *Deputy Chief Executive – Regeneration and Place* was appointed on 5th November 2018.
- B) The *Deputy Chief Executive – Resources and Transformation* was appointed on 3rd December 2018.
- C) Prior to the appointment of the current *Deputy Chief Executive – Resources and Transformation*, the post was filled on a temporary basis between 1st April and 30th November 2018. Different people were appointed as *Section 151 Officer* subject to availability for interim appointments.
- D) The *Director of Customer Experience and Operations* was appointed on 10th September 2018.
- E) The *Assistant Director of Projects and Development* was appointed on 7th January 2019.
- F) The *Assistant Director of Housing and Environmental Services* was appointed on 2nd January 2019. The post was filled on a temporary basis between 30th April and 30th November 2018.
- G) The *Head of Shared Assurance Services* retired on 2nd November 2018. The pension contributions comprise £4,475 in relation to salary costs and £121,895 in relation to pension strain costs. A temporary appointment has been in place since 15th October 2018, and is paid via an agency arrangement. The cost of the role is shared with Chorley Borough Council.
- H) The *Interim Specialist Projects Consultant* ceased employment on 31st May 2018.
- I) The *Interim HR & OD Consultant* ceased employment on 30th September 2018.
- J) The *Interim Improvement Manager* was paid via a consultancy arrangement that ended on 29th June 2018, at a cost of £30,649.
- K) The *Head of Finance Services* role (not listed in the table above) was carried out under the Shared Services Agreement with Chorley Borough Council up to 13th May 2018. The member of staff was a Chorley Borough Council employee but ceased employment at that date.

The comparative information for 2017/18 is shown below.

2017/18 Remuneration	Note	Salary and allowances	Expenses allowances	Compensation for loss of office	Benefits In Kind	Pension Contribution	Total Remuneration
Post Title		£	£	£	£	£	£
Chief Executive	A	82,888	-	-	-	12,350	95,238
Interim Chief Executive	B	106,137	-	-	-	-	106,137
Director of Development, Enterprise & Communities	C	72,187	929	41,088	-	16,379	130,583
Director of Neighbourhoods, Environmental Health & Assets	D	73,693	929	36,979	-	217,155	328,756
Head of Shared Assurance Services	E	53,019	1,239	-	-	7,900	62,158
Human Resource Manager	F	22,716	516	12,200	25	3,005	38,462
Legal Services Manager (Monitoring Officer)		49,857	-	-	-	7,429	57,286
Interim Specialist Projects Consultant	G	59,961	-	-	-	-	59,961
Interim HR & OD Consultant	H	114,587	-	-	-	17,074	131,661
Temporary Governance Manager	I	77,448	-	-	-	-	77,448
Interim Improvement Manager	J	-	-	-	-	-	-

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- A) The *Chief Executive* was appointed on 1st July 2017.
- B) The *Interim Chief Executive* ceased employment on 30th June 2017. The salary and allowances figure includes pay in lieu of notice.
- C) The *Director of Development, Enterprise & Communities* ceased employment on 31st December 2017. The salary and allowances figure includes pay in lieu of notice.
- D) The *Director of Neighbourhoods, Environmental Health & Assets* ceased employment on 31st December 2017. The pension contributions include pension strain that is payable to the Pension Fund. The salary and allowances figure includes pay in lieu of notice.
- E) The *Head of Shared Assurance Services* post is shared between South Ribble and Chorley Councils.
- F) The *Human Resource Manager* ceased employment on 4th August 2017.
- G) The *Interim Specialist Projects Consultant* commenced employment on 11th September 2017.
- H) The *Interim HR & OD Consultant* commenced employment on 15th May 2017.
- I) The *Temporary Governance Manager* ceased employment on 21st December 2017.
- J) The *Interim Improvement Manager* was paid via a consultancy arrangement at a cost of £115,828 for the year.
- K) The *Head of Finance Services and Section 151 Officer* role (not listed in the table above) was carried out under the Shared Services Agreement with Chorley Borough Council. The member of staff was a Chorley Borough Council employee.

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Authorities are required to disclose the number of other employees receiving more than £50,000 remuneration, excluding pension contributions. In both 2017/18 and 2018/19 no other employees had a salary of more than £50,000 but there were additional payments regarding compensation for loss of office which took the total remuneration of the following numbers of employees above that threshold. The following table shows the bandings into which their total remuneration fell.

Total Remuneration Banding	Number of employees 2017/18	Number of employees 2018/19
£50,000 to £55,000	1	0
£55,001 to £60,000	0	1
£60,001 to £65,000	0	0
£65,001 to £70,000	0	0
£70,001 to £75,000	1	0
Total	2	1

The following table gives details of employee exit packages in the current and preceding years.

Exit Package cost banding	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages		Total cost of exit packages	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 to £20,000	1	1	4	5	5	6	£54,426	£77,925
£20,001 to £40,000	0	1	3	0	3	1	£105,941	£30,857
£40,001 to £60,000	0	0	1	0	1	0	£49,486	0
£60,001 to £80,000	0	0	0	1	0	1	£0	£62,738
£80,001 to £100,000	0	0	0	0	0	0	£0	0
£100,001 to £150,000	0	0	1	0	1	0	£130,770	0
£150,001 to £200,000	0	0	0	1	0	1	£0	£150,935
£200,001 to £250,000	0	0	1	0	1	0	£246,154	0
Total	1	2	10	7	11	9	£586,777	£322,455

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32. External audit costs

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

	2017/18 £'000	2018/19 £'000
Fees for statutory inspection and audit	44	34
Fees for the certification of grant claims and returns	7	7
Balance at 31 March	51	41

33. Grant income

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

	2017/18 £'000	2018/19 £'000
Credited to Taxation and Non-Specific Grant Income		
National non-domestic rates	(1,110)	(1,290)
Revenue support grant	(437)	0
Grants – New Homes Bonus	(1,669)	(1,399)
Community Infrastructure Levy	(611)	(990)
Grants & Contributions - Other	(1,918)	(512)
Total	(5,745)	(4,191)
Credited to Services		
Grants – benefits related	(20,929)	(19,539)
Grants & Contributions – other	(2,433)	(1,259)
Contribution – County Council waste recycling	(909)	0
Total	(24,271)	(20,798)
Grand Total	(30,016)	(24,989)

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

	2017/18 £'000	2018/19 £'000
Various contributions	558	435
Total	558	435

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34. Related parties

The financial statements must disclose material transactions with related parties, to draw attention to the possible extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

◆ **Central Government**

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

◆ **Members of the Council**

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

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

The Council has representation on various voluntary bodies. During 2018/19, the Council paid grants totalling £0.022m (2017/18 £0.022m) to some of these organisations.

◆ **Officers**

If appropriate, Directors complete a voluntary declaration of transactions involving related parties.

◆ **Partnerships, Companies and Trusts**

Financial & Assurance Shared Services Partnership (F&ASSP) – In January 2009 this partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils. This provides for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils. A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Councils' functions of providing these services.

In 2018/19 gross expenditure of £1.736m (2017/18 £1.581m) was incurred on the shared services which was fully funded by recharges to the two Councils.

An outstanding F&ASSP creditor as at 31st March 2019 amounts to £0.013m.

◆ **Simple Investment**

In 2005/06 the Council's leisure centre operation transferred to South Ribble Community Leisure Limited (SRCLL), which is a company with charitable objectives. The Council pay SRCLL a Leisure Services Fee (LSF) for the running of its leisure centres. The contract with SRCLL is for a period of 15 years and 10 months which commenced on 1 June 2005.

Name of Undertaking	South Ribble Community Leisure Limited
Type of Organisation	Limited liability.
Nature of Business	Provision and Development of leisure facilities in South Ribble
SRBC share holding	14.2%
Grant Paid in the Year	£0.022m
Leisure Services Fee	£0.200m
Creditor/Debtor	There was an outstanding creditor balance of £0.017m at 31 March 2019

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35. Capital expenditure and financing

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

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

	2017/18 £'000	2018/19 £'000
Opening Capital Financing Requirement	5,302	4,626
<i>Capital investment:</i>		
Property, Plant and Equipment	1,540	1,645
Investment property	7	48
Intangible Assets	93	44
Revenue Expenditure Funded from Capital under Statute	794	685
<i>Sources of finance:</i>		
Capital Receipts	(174)	(1,151)
Government Grants and Other Contributions	(1,279)	(753)
<i>Sums set aside from revenue:</i>		
Earmarked Reserves	(668)	(518)
Revenue Financing	0	0
Minimum Revenue provision	(743)	(640)
Voluntary Revenue Provision	(246)	(246)
Closing Capital Financing Requirement	4,626	3,740
<i>Explanation of movements in year:</i>		
Assets financed by prudential borrowing	55	0
Assets acquired under deferred purchase arrangement	257	0
Provision made for debt repayment	(990)	(886)
Increase / (Decrease) in Capital Financing Requirement	(678)	(886)

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36. Leases

36a Authority as lessee

Finance leases

Works have been done to leisure centres owned by the Authority under a deferred purchase arrangement. The expenditure incurred, net of repayments made, is shown in the table below:

	31 March 2018 £'000	31 March 2019 £'000
Works to Leisure Centres	900	602

The Authority is committed to making minimum payments under these leases to discharge the outstanding liability plus finance costs that will accrue while the liability remains outstanding.

The agreement commits the lessor to invest £4.819m in their refurbishment in the years 2005/06 to 2020/21. As at 31 March 2019 £4.691m had been spent (£4.691m to 31 March 2018). The minimum payments under the lease total £6.638m of which, £0.872m is still to be paid. Payments in 2018/19 totalled £0.436m and the same amount is due in 2019/20.

The minimum lease payments in respect of the completed works to leisure centres are shown below. These minimum payments are different to the £0.872m still to be paid and identified above. This is because the figure of £0.872m represents amounts still to be paid under the terms of the contract and takes into account capital expenditure yet to be incurred, whereas the minimum payments below relate to the actual capital expenditure incurred at the Balance Sheet date.

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Not later than one year	436	436	304	344
Later than one and not later than five years	683	296	596	258
Total	1,119	732	900	602

Operating leases

The Authority operates office equipment under an operating lease. The future minimum lease payments are as follows:

	31 March 2018 £'000	31 March 2019 £'000
Not later than one year	20	20
Later than one and not later than five years	21	1
Total	41	21

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

	31 March 2018 £'000	31 March 2019 £'000
Minimum lease payments	21	20
Total	21	20

36b Authority as lessor

Finance Leases

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

	31 March 2018 £'000	31 March 2019 £'000
Finance lease debtor (present value of minimum lease payments)	20	20
Unearned finance income	89	88
Total	109	108

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Not later than one year	1	1	1	1
Later than one and not later than five years	5	4	5	4
Later than five years	103	103	103	103
Total	109	108	109	108

No contingent rents were receivable in the years of account.

Operating leases

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

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	31 March 2018 £'000	31 March 2019 £'000
Not later than one year	736	569
Later than one and not later than five years	1,478	1,343
Later than five years	14,344	14,102
Total	16,558	16,014

37. Defined benefit pension scheme

37a Governance

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

37b Funding the liabilities

Regulations require actuarial fund valuations to be carried out every 3 years. Contributions for each employer are set having regard to their individual circumstances. Contributions must be set with a view to targeting the Funds solvency (the detailed provisions are set out in the Fund’s Funding Strategy Statement). The latest valuation, carried out as at 31 March 2016, showed a shortfall for all employers of £690m or 10%. Employers are paying additional contributions over 16 years to meet the shortfall. For the three year valuation period beginning 1st April 2017 the Council opted to pre-pay the new future service rate and deficit recovery payments as a single amount in April each year of the 3 year valuation period to 2019/20 in return for a small overall discount. The discounted sum paid in April 2018 was £0.930m for the future service rate and £0.567m for the deficit recovery sum.

37c Risks

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

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

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

Sensitivity to these risks is estimated in paragraph 37i.

Appendix A

37d Transactions relating to retirement benefits

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

	2017/18 £'000	2018/19 £'000
<i>Comprehensive Income and Expenditure Statement</i>		
<i>Cost of Services:</i>		
Administration	31	31
Current service cost	2,106	1,968
Past service cost	0	0
Effect of curtailments	32	592
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	2,865	2,916
Expected return on scheme assets	(1,977)	(2,107)
Total post-employment benefit charged to the (Surplus) / Deficit on the Provision of Service	3,057	3,400
<i>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability		
Return on plan assets, excluding amount included in interest expense	(863)	(7,144)
Experience gain & loss	0	0
Actuarial gains & losses from changes in demographic assumptions	0	0
Actuarial gains & losses from changes in financial assumptions	(4,214)	5,826
Total re-measurements recognised in Other Comprehensive Income	(5,077)	(1,318)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(2,020)	2,082
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the (Surplus) / Deficit on the Provision of Services	(3,057)	(3,400)
Actual amount charged against the General Fund Balance for pensions in the year	1,722	2,229

Appendix A

37e Pension assets and liabilities recognised in the balance sheet

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

	Scheme Liabilities Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Present value of the defined benefit obligation	(113,858)	(121,700)
Fair value of plan assets	80,942	88,837
Net liability arising from defined benefit obligation	(32,916)	(32,863)

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

	Scheme Assets Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
1 April	79,489	80,942
Interest on plan assets	1,977	2,107
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	863	7,144
Employer contributions	1,715	2,135
Employee contributions	406	408
Benefits paid	(3,477)	(3,868)
Other	(31)	(31)
31 March	80,942	88,837

The actual return on the plan assets was £9,251k in 2018/19 (£2,840k 2017/18).

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

	Scheme Liabilities Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
1 April	(116,140)	(113,858)
Current service cost	(2,106)	(1,968)
Interest cost	(2,865)	(2,916)
Contributions by scheme participants	(406)	(408)
Re-measurement gains and (losses)		
Changes in financial assumptions	4,214	(5,826)
Experience gains & losses	0	0
Gains & losses from changes in demographic assumptions	0	0
Curtailments	(32)	(592)
Benefits paid	3,477	3,868
31 March	(113,858)	(121,700)

Appendix A

37h Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2017/18	Percentage	2018/19	Percentage
	£'000	total of asset	£'000	total of asset
Cash				
Cash and cash equivalents	(1,956)	(2.4%)	0	0.0%
Cash accounts	3,416	4.2%	453	0.5%
Net Current Assets	(1,798)	(2.2%)	63	0.1%
Subtotal Cash	(338)	(0.4%)	516	0.6%
Bonds				
UK corporate	461	0.6%	603	0.7%
Overseas corporate	961	1.2%	439	0.5%
Government	1,931	2.4%	3,123	3.5%
Overseas fixed interest	78	0.1%	0	0.0%
Subtotal bonds	3,431	4.3%	4,165	4.7%
Property				
Retail	2,226	2.8%	2,138	2.4%
Commercial	5,386	6.7%	6,142	6.9%
Subtotal property	7,612	9.5%	8,280	9.3%
Private equity				
UK	0	0.0%	0	0.0%
Overseas	41,840	51.6%	45,987	51.8%
Subtotal private equity	41,840	51.6%	45,987	51.8%
Other				
Infrastructure	10,257	12.6%	12,558	14.1%
Property funds	1,229	1.5%	1,360	1.5%
Credit funds	14,914	18.4%	6,308	7.1%
Pooled income fund	1,997	2.5%	9,663	10.9%
Subtotal alternatives	28,397	35.0%	29,889	33.6%
Total	80,942	100.0%	88,837	100.0%

Appendix A

37i Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31 March 2016.

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

	Local Government Pension Scheme	
	2018/19	2018/19
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.7 yrs.	22.8 yrs.
Women	25.4 yrs.	25.5 yrs.
Longevity at 65 for future pensioners		
Men	25 yrs.	25.1 yrs.
Women	28 yrs.	28.2 yrs.
Rate of inflation (CPI)	2.1%	2.2%
Rate of increase in salaries	3.6%	3.7%
Rate of increase in pensions	2.2%	2.3%
Rate for discounting scheme liabilities	2.6%	2.4%

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

	Impact on the defined benefit obligation in the scheme
	£'000
Longevity (increase 1 year)	2,449
Rate of inflation (increase of 0.1% p.a.)	2,033
Salary inflation (increase of 0.1% p.a.)	286
Rate for discounting scheme liabilities (increase of 0.1%)	(2,000)

Appendix A

37j Impact on the Authority's Future Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 16 years. Funding levels are monitored on an annual basis. The next triennial valuation of the Fund is due as at the 31st March 2019. Based on the results of that valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2020.

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

The authority anticipates paying £1.724m expected contributions to the scheme in 2018/19.

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

38. Contingent liabilities

Many councils, including South Ribble Borough Council, have received claims for mandatory charitable business rates relief from NHS Trusts and NHS Foundation Trusts. The backdated relief could be worth hundreds of millions of pounds in total for all of the councils. The councils have rejected the claims on the grounds that the NHS bodies are not charities, and therefore the claims are unfounded. The value of the appeals received by South Ribble Borough Council are estimated at £0.990m.

Collection Fund Statement

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers, and distribution to local authorities and the Government, of council tax and non-domestic rates (Business Rates).

2017/18 Business Rates £'000	2017/18 Council Tax £'000		2018/19 Business Rates £'000	2018/19 Council Tax £'000
		Income		
	59,979	Council Tax Receivable		63,837
37,930		Business Rates Receivable	35,733	
37,930	59,979	Total Income	35,733	63,837
		Expenditure		
		Apportionment of Previous Year Surplus/(Deficit)		
314		Central Government	-68	
251	145	South Ribble Borough Council (note 14 page 78)	-54	61
57	783	Lancashire County Council	-12	342
	108	Police & Crime Commissioner for Lancashire		46
6	44	Lancashire Combined Fire Authority	-1	18
		Precepts, Demands and Shares		
16,372		Central Government	16,983	
13,098	7,751	South Ribble Borough Council (note 14 page 78)	13,586	7,992
2,947	43,112	Lancashire County Council	3,057	46,022
	5,838	Police & Crime Commissioner for Lancashire		6,307
327	2,311	Lancashire Combined Fire Authority	340	2,398
33,372	60,092	Total Expenditure	33,831	63,186
		Charges to Collection Fund		
41	162	Write offs of uncollectable amounts	59	175
335	108	Increase / (Decrease) in Bad Debt Provision	110	-69
1,250		Increase / (Decrease) in Provision for Appeals	333	
124		Cost of Collection Allowance	124	
9		Disregarded Amounts		
		Renewable Energy Schemes	78	
		Enterprise Zone	418	
2,990		Transitional Protection Payments	913	
4,749	270	Total Charges to the Collection Fund	2,035	106
-191	-383	Surplus / (deficit) arising during the year	-133	545
		Collection Fund Balance		
662	1,548	Surplus / (deficit) brought forward at 1 April	470	1,164
-191	-383	Surplus / (deficit) arising during the year	-133	545
471	1,165	Surplus / (deficit) carried forward at 31 March	337	1,709
		Allocated to		
188	150	Transfer to / (from) Collection Fund Adjustment Account (Note 25f page 94)	135	215
235		Central Government	169	
43	854	Lancashire County Council	30	1,249
5	45	Lancashire Combined Fire Authority	3	65
	116	Police & Crime Commissioner for Lancashire		180
471	1,165	Surplus / (deficit) carried forward at 31 March	337	1,709

Notes to the Collection Fund

1. Accounting for Council Tax

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

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

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

2. Council Tax details of charge

For the purpose of calculating Council Tax residential properties are classified into eight valuation bands. Each valuation band is proportionate to the central Band D property. This enables calculation of the total tax base. The Council Tax Base for 2018/19 was calculated as follows: -

Band	No. Dwellings	Total No. Equivalent dwellings	Proportion of Band D Charge	Band D Equivalent
A (disabled)	13	12.00	5:9	6.7
A	10,030	8,327.60	6:9	5,551.7
B	13,065	11,471.15	7:9	8,922.0
C	12,131	10,949.95	8:9	9,733.3
D	7,868	7,308.50	9:9	7,308.5
E	3,937	3,725.90	11:9	4,553.9
F	1,592	1,516.95	13:9	2,191.2
G	511	476.75	15:9	794.6
H	21	19.75	18:9	39.5
Total	49,168	43,808.55		39,101.4
Less local Council Tax Support Scheme discounts				(2,941.2)
Less adjustments for losses on collection				(723.2)
Addition for anticipated changes in the base, reduced discount on second homes and other technical changes				103.8
Band D Equivalent Number of Properties				35,540.8

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Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year and dividing this by the council tax base. This results in a basic Band D charge (excluding Parish Precepts) of £1,754.44 for 2018/19 (£1,661.07 for 2017/18). The other valuation bands are proportionate to this. The full list of charges is as follows:

Band	Proportion of Band D Charge	Council Tax Levied Excluding Parish Precepts	
		2017/18 £	2018/19 £
A	0.67	1,107.38	1,169.62
B	0.78	1,291.93	1,364.57
C	0.89	1,476.51	1,559.49
D	1.00	1,661.07	1,754.44
E	1.22	2,030.21	2,144.31
F	1.44	2,399.32	2,534.19
G	1.67	2,768.45	2,924.03
H	2.00	3,322.14	3,508.88

3. Accounting for business rates

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

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

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

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

Regulations require that only the deficit or surplus estimated in the annual National Non Domestic Rates (NNDR) 1 Return before the year-end be recovered from or shared with preceptors. Therefore, a deficit of £0.135m was shared between preceptors during 2018/19, being the estimate included in NNDR1 2018/19, whereas the actual amount for 2017/18 was a surplus of £0.471m.

Note 0 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income and Expenditure for 2018/19 to be £3.506m (2017/18 £3.514m). This can be reconciled to South Ribble Borough Council's share of Business Rates Income in the Collection Fund statement in the following table:

Appendix A

2017/18 £'000		2018/19 £'000
13,098	South Ribble Borough Council's share of Business Rates	13,586
0	Tariff payable to Central Government	
-9,644	Tariff Payable to the Lancashire Business Rates Pool	-9,934
-124	Levy Payable to the Lancashire Business Rates Pool	-117
0	Amounts retained by South Ribble Borough Council in respect of Renewable Energy Schemes	15
-76	South Ribble Borough Council share of accumulated surplus or deficit for year (transferred to Collection Fund Adjustment Account - Note 25f)	10
260	South Ribble Borough Council share of previous year's estimated surplus or (deficit) as per NNDR1 under regulation	-54
3,514	NNDR Net Income per Note 14	3,506

This Council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government. For more information on the Lancashire Business Rates Pool see note 0.

4. Business rates details of charge

Business Rates are organised on a national basis. In 2005/2006 the Government introduced a Small Business Rate Relief Scheme. This results in there being two multipliers – one for small businesses at 48.0.6p in 2018/19 (46.6p in 2017/18) and one for larger businesses at 49.3p in 2018/19 (47.9p in 2017/18).

The Business Rates income for 2018/19, after reliefs and provisions, was £35.231m (£36.304m in 2017/18).

The rateable value for the Council's area at the end of the financial year 2018/19 was £88.204m (£87.752m in 2017/18).

Glossary of Terms

Accounting Policies

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

Accruals Basis

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

Agency Services

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

Appointed Auditors

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

Balances

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

Capital Adjustment Account

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

Capital Expenditure

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

Capital Financing Charges

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

Capital Financing Requirement (CFR)

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

Capital Receipts

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

Appendix A

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

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

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

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

Community Assets

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

Contingency

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

Contingent Liabilities or Assets

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

Council Tax

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

Council Tax Base

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

Council Tax Requirement

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

Creditors

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

Current Service Cost

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

Appendix A

Current Value

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

Curtailement

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

Debtors

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

Deferred Capital Receipts

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

Defined Benefit Scheme

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

Department for Communities and Local Government (DCLG)

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

Depreciation

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

Derecognition

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

Discounts

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

Earmarked Reserves

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

External Audit

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

Fair Value

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

Appendix A

Finance Lease

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

Financial Instruments

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

Financial Regulations

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

General Fund

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

Highways Network Asset

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

Housing Benefit

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

Impairment

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

Infrastructure Assets

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

Intangible Assets

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

International Financial Reporting Standard (IFRS)

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

Inventories

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

- Goods or other assets purchased for resale

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- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties

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

Joint Venture

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

Leasing Costs

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

Materiality

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

Medium Term Financial Strategy (MTFS)

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

Minimum Revenue Provision (MRP)

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

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

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

Net Book Value (NBV)

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

Net Realisable Value (NRV)

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

Operating Lease

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

Precept

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

Appendix A

Premiums

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

Prior Period Adjustments

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

Property, Plant and Equipment (PPE)

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

Provisions

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

Public Works Loan Board (PWLB)

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

Related Parties

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

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

Remeasurement of the Net Defined Benefit Liability

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

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

Reporting Standards

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

Regulation(s)

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

Reserves

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

Appendix A

Revaluation Reserve

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

Revenue Support Grant

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

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Royal Institution of Chartered Surveyors (RICS)

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

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

Service Reporting Code of Practice (SeRCOP)

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

Treasury Management

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

Treasury Management Strategy (TMS)

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

Voluntary Revenue Provision

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