



Draft
Statement of Accounts
2021/22

Chorley Borough Council

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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 2021/22 (The Code), which is based on International Financial reporting Standards.

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

Page 5 **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 10 **Narrative Report of the Chief Finance Officer** - The purpose of the narrative report is to give the reader an understanding of the most significant matters reported in the accounting statements, as well as a review of the Council's financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

Page 51 **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the Council and the Chief Finance Officer in relation to the Statement of Accounts.

Page 133 **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.

Independent auditor's report to the members of Chorley Borough Council

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Narrative Report of the Chief Financial Officer

Introduction

I am pleased to introduce the Statement of Accounts for the 2021/22 financial year for Chorley 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 2021/22 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.

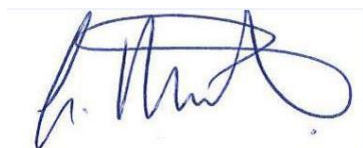
As the Covid pandemic continued beyond 2020/21, 2021/22 has again been a difficult year and has placed significant pressures on the services delivered. Through hard work and dedication, the staff at Chorley Council have responded to the demands placed upon them and have ensured that the Council has supported its residents and businesses whilst continuing to deliver its Corporate Strategy priorities.

Additional financial support from central government assisted the Council in meeting the financial impact arising from the pandemic, including funding provided to support the residents of the borough and funding paid via the Council to its local businesses.

The Council faces continued challenges; as we emerge from the global pandemic we face a cost of living crisis with steep rises in inflation, particularly energy costs, all exacerbated by the war in Ukraine and global supply chain issues. This is compounded by the Council's operating environment in which costs and demands on services are growing each year, with finite resources to respond. This climate brings uncertainty over future costs and funding for the authority, but I am confident, given the way in which our staff have responded to date, that the Council will continue to meet and manage these challenges into the future on behalf of all our local residents.

I hope you find this report and the Statement of Accounts useful in understanding the Council's financial position and performance for the year.

I'd also like to express my thanks for the hard work and dedication of staff across the whole of the Council who have worked to consolidate the financial stability of the Council and ensure the production of the Statement of Accounts in what are very unusual and difficult circumstances



Louise Mattinson ACA
Director of Finance/Section 151 Officer

Key Facts About Chorley

- Chorley Borough is located in Lancashire at the centre of the North West Region, with the M6, M61 and M65 motorways running through it. It has easy access to the West Coast Mainline and Manchester and Liverpool Airports. These good transport links make it an attractive area for people to live for people working across the North West. This is reflected in its steadily increasing population level;
- The latest available Office for National Statistics (ONS) figures estimate that the total population of the borough was estimated at 117,800 in 2022, with people mostly living in urban areas;
- The Borough of Chorley covers 205 square kilometres;
- The Borough of Chorley consists of 14 wards, represented by 42 elected councillors and a member of parliament. Following elections in May 2022, the Council is led by a majority Labour Party administration.

Party	No.
Conservative	13
Labour	29
TOTAL	42

Chorley Borough Council Corporate Strategy

The overall aim of the Medium Term Financial Strategy (MTFS) is to identify resources to meet the objectives, targets and measures contained in the Corporate Strategy. The Corporate Strategy vision and our strands of focus are set out below:

An ambitious council that does more to meet the needs of residents and the local area

Involving residents in improving their local area and equality of access for all

A strong local economy

Clean, safe and healthy homes and communities



The delivery of the Corporate Strategy is supported through a series of key projects and service level projects contained within the business plans. In each case, the resources

required to deliver the projects and plans were broadly developed through the business planning process, and resources identified during the budget planning process.

The Corporate Strategy for 2021/22 to 2023/24 was approved by Council on 16th November 2021. It includes 14 key corporate projects, with a particular focus on delivering some of the large scale, ambitious schemes that will have a significant impact on local outcomes. Key performance measures for each service have been set so that targets remain challenging and reflective of the Council's ambitions.

The following pages outline the Council's achievements in 2021/22 against the delivery of the Corporate Strategy and the key performance indicators up to the end of 2021/22 which were reported to the Executive Cabinet on 16 June 2022. The report can be found here – [link](#)

Involving residents in improving their local area and equality of access for all



The long-term outcomes for this priority are:

- Residents who take pride in where they live and their achievements,
- Residents who are all able to take an active part in their local and wider community,
- Easy access to high quality public services, both face to face and online.

Astley Hall Renovation

Astley Hall was reopened on 21 May 2022 following extensive renovations, including the restoration of the seventeenth century brick façade. Chorley residents are now able to return to the Hall and enjoy the new interpretation, conservation, and enhancements undertaken over the course of the renovation programme, allowing the Hall to take centre stage as a major focal point in both the local area and the region. The new visitor experience includes the removal of the traditional rope barriers and introduction of historical interpretations to better tell story of the Hall, its past residents, and the local area, providing an enhanced and immersive experience. The newly restored tapestries are a crowning feature of the visitor experience following their return from conservation specialists. The opening event included theatre performances and entertainment related to the different periods of history of the Hall. Focusing on the redesigning of the visitor experience utilising technology and marketing of the Hall's facilities, the project contributes to the long-term sustainability of the facility and ensure it remains a vital Council asset, with associated benefits for tourism, the local economy, and residents' pride in where they live.

Improving Digital Skills

A project to deliver actions to increase digital skills across the borough will be developed and delivery commenced in the first quarter of 2022/23. This project will build on previous digital initiatives delivered through the Covid Recovery Plan, to work with local partners to understand barriers to accessing support that will shape future digital inclusion workstreams, enabling the Council to better support non-digital cohorts in communities and reduce the impacts of exclusion and digital inequality. The work delivered as part of this project will include promoting existing provision as well as strengthening referral pathways to ensure those in need of support are aware of and can access the appropriate schemes. The project will further focus

on upskilling volunteers and providing access to digital devices in order to enhance digital training in the borough. Once delivered, this project will ensure more of our residents can access our online services, information, and resources, improving their ability to achieve personal outcomes that have wider health and prosperity impacts.

Tackling Climate Change

The Council continues to deliver against its ambitions to tackle climate change. A range of initiatives commenced in over the course of 2021/22 to be delivered over the next 12 months. Actions included the consultation on the Climate Change Strategy that was conducted between February and April 2022. Public sector decarbonisation funding was secured, amounting to £285k, with an additional £1.2m approved by members. Across the borough, the seasonal planting of mini meadows has been undertaken and tree planting has been undertaken at several sites across the borough as part of the open space enhancement work. Over the course of 2021/22, 32,538 trees were planted, bringing the total planted since November 2019 to 61,272. This project will significantly improve the environmental performance of the Council to ensure it can lead the way in tackling the Climate Emergency as a community leader by working with residents to develop and implement targeted climate related actions.

Performance of key projects



There are three key projects included in the 2021 Corporate Strategy under this priority and at the end of quarter four overall performance is excellent.

Two projects are rated as green, meaning they are progressing according to timescales and plan:

- Launch Astley Hall attraction and visitor experience,
- Lead activity to address climate change including tree planting.

One project has not started and is scheduled to commence in quarter one of 2022/23:

- Deliver actions to increase digital skills across the borough.

Performance of corporate strategy measures




At the end of quarter four, in line with the reporting cycle, three of the seven corporate performance indicators were reported under this priority.

Two indicators are performing on, or better than, target:

- % of the population with NVQ level 3 and above,
- Number of people who participate in a volunteering opportunity (as a result of an intervention by the Council).

One indicator is performing below target and outside the 5% threshold:

Indicator:		Target:	Performance:
	Number of people who have successfully completed basic digital skills training	400	182
Reason below target:	<p>There has been a lower number of digital skills training courses and classes being delivered by core providers in the area, such as Lancashire Adult Learning, compared to previous years. This has impacted all four quarters over 2021/22 leading to a lower than target final figure for the year.</p> <p>Despite this, the indicator has experienced a consistent upward trajectory compared to the numbers achieved in 2020/21 as training providers relaunch digital skills classes. This is following disruption caused by the pandemic, which meant training could not be delivered. For example, two people had completed digital skills training by quarter four 2020/21 compared to 182 by quarter four 2021/22.</p>		
Action required:	<p>The project to increase digital skills across the borough will be delivered over 2022/23 and will have a significant impact on the indicator. This project will seek to strengthen and promote the pathways into training with local partners, which will increase the number of those competing digital skills training. It will also seek to target those traditionally hard to reach groups through the use of local intelligence and partnership working to understand barriers to support.</p> <p>The project will appoint an external provider to deliver targeted one on one support, which will increase the availability of digital skills training and in turn increase the number of those participating.</p>		
Trend:	<p>The indicator has consistently seen an upward trend following disruption caused by the Covid-19 pandemic. The indicator has improved from the two reported in quarter four 2020/21 to 182 in quarter four 2021/22.</p> <p>The figure is below the 790 reported in quarter four 2019/20 and the 347 reported in quarter four 2018/19.</p>		

Clean, safe, and healthy homes and communities



The long-term outcomes for this priority are:

- Clean and safe streets,
- Reduced health inequalities,
- A wide range of quality recreational activities,
- High quality, affordable, and suitable housing,
- High quality play areas, parks, and open spaces in both urban and rural locations.

Affordable Housing

The project to deliver affordable housing in the borough made progress over the year, with the publication of the Registered Provider Framework in the fourth quarter. This framework aims to increase the availability of, and pathways to, affordable rental properties by limiting the number of Registered Providers of social housing operating outside the choice-based lettings system. The choice-based system allows prospective tenants to bid on properties through the centralised bidding system, ensuring that properties are allocated fairly, according to need and providing flexibility for local people in search of a home. All seven major Registered Providers in the borough have signed up to the framework. The framework also prevents future Registered Providers from operating outside the choice-based system by restricting access to affordable housing stock for social rents if they do not already own properties in the borough. The Council is also seeking to increase the number of affordable units available under its own provision and limits. As part of the project, further units are sought to be purchased to bolster the availability of affordable rental homes throughout the borough, which will be owned and managed by the Council.

Tatton Extra Care Facility

Tatton Gardens development continues to progress. The show flat has been completed, which will enable the facility to be showcased and marketed to prospective tenants. This is scheduled to open for viewings in the summer of 2022. When completed, the development will provide vital amenities for local residents, including improved health provision through a new GP surgery, pharmacy and assisted living accommodation and recreation ground improvements, supporting wellbeing outcomes and wider benefits such as community cohesion and reduced anti-social behaviour.

Improve play and community spaces across the borough

As part of the project to work with partners and residents to improve local play and community facilities across the borough, several consultations were undertaken, including the proposed schemes at Foxcote and Milestone Meadow play area with high levels of support for the proposals. Consultation is an essential part of enabling local people to influence and shape the proposals which allows the Council to ensure the aspects of the designs, landscaping and types of play equipment meets the needs of our diverse communities. Improvement works to the Cripplegate Lane Pond were completed, which involved the refurbishment of the pond and installation of knee railing, installation of a wildflower area, and planting an orchard, edible hedgerow and native wetland plants. Together, all of the improvements delivered through the project promote clean, safe and healthy communities in both rural and urban locations and ensure residents can access high quality park, play areas and open spaces.

Performance of key projects



There are three key projects included in the 2021 Corporate Strategy under this priority and at the end of the year, overall performance is good.

Two projects are rated as green, meaning they are progressing according to timescales and plan:

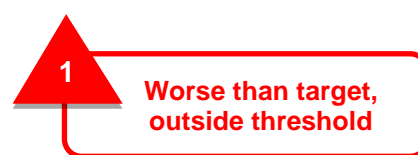
- Deliver affordable housing within the borough,
- Work with partners and residents to improve local play and community facilities across the borough.

One project is rated as amber, due to delays within the project's delivery:

- Open the Tatton Gardens Extra Care development and community facilities.

Project title:		Project status:
Open the Tatton Gardens Extra Care development and community facilities		Amber
Explanation:	<p>There are delays to the overall timescales of the project. These delays have been the result of a fire on site and further water ingress causing damage which has had to be remedied.</p> <p>The impact of a sub-contractor going into administration also has impacted overall timescales, as a new sub-contractor has had to be appointed which has taken time and delayed progress.</p>	
Action required:	<p>To mitigate the impact of the delays work has been progressed on areas that can move forward. This includes the creation of a show apartment for perspective tenants, which will enable the marketing of the development to commence as scheduled ahead of viewings in July 2022. The new sub-contractor has now also been employed and good progress is being made on delivering the mechanical, electrical, and plumbing engineering elements of the build.</p>	

Performance of corporate strategy measures




At the end of quarter four, in line with the reporting cycle, six of the nine corporate performance indicators were reported under this priority.

Five indicators are performing on or better than target:

- The number of visits to Council's leisure centres,
- Number of volunteer community groups supported to improve by the Council,
- Number of long-term empty properties within the borough,
- Percentage of household waste sent for reuse, recycling or composting,
- Number of improvements to parks, open spaces and playing pitches linked to strategy delivery.

One indicator is performing below target and outside the 5% threshold:

Indicator:		Target:	Performance:
	Number of affordable homes delivered	100	63
Reason below target:	The period of operation for the local plan is close to its expiration. Under the plan there are few allocated housing sites remaining for development for new affordable homes, therefore, reducing the number of affordable homes being delivered.		
Action required:	<p>The Central Lancashire Local Plan is being progressed with additional resources being injected to accelerate the process, which will deliver new supply of allocated housing sites and deliver affordable housing over the next local plan period.</p> <p>As part of the 2021 Corporate Strategy, the project to deliver more affordable housing in the borough will address some supply issues and the shortfall in provision, involving two elements:</p> <ul style="list-style-type: none"> • Firstly, working with Registered Providers to increase the number of social housing available through choice-based lettings, strengthening pathways to affordable homes. • Secondly, the Council will seek to purchase housing units to increase the provision of affordable rental properties. 		
Trend:	The figure has increase by 34% from the 47 reported in quarter four 2020/21. The indicator is performing lower than the figure of 202 reported in quarter four 2019/20 and 166 reported in quarter four 2018/19.		

A strong local economy



The long-term outcomes for this priority are:

- A vibrant town centre and villages,
- A strong and expanding business sector across the whole of the borough,
- Access to high quality employment and education opportunities across the borough.

Supporting Economic Development

Initial steps have been taken to refresh the Economic Development Strategy. The first stages of scoping and reviewing intelligence has been undertaken. The focus of the refreshed strategy will be to enable the Council and its partners to respond effectively to the impacts of the pandemic and the needs of business in the local area. The refreshed strategy will have a strong partnership focus, recognising that the biggest gains will be achieved if partners from a range of sectors work together towards common economic goals, and collaborate to share skills and expertise. The strategy will take into account the findings of the recent Economic Summit hosted by the Chorley and South Ribble Partnership in November 2021, which determined a number of specific priorities linked to employment and skills, land and assets, and sustainable business and will also reflect developing national, regional and sub regional policy including the Levelling Up White Paper and Greater Lancashire Plan.

Commencing in quarter one 2022/23, plans for supporting enterprise across the borough post Covid-19 will be developed, to focus efforts and resources to address the impact of the pandemic on Chorley businesses and jobs. This will include understanding the needs of businesses and emerging sectors across the borough alongside delivering interventions to encourage business growth and self-employment options for residents.

Improvements to the Town Centre

In working to improve the Town centre, condition surveys of Chapel Street and vacant town centre properties have been completed, the findings of which are currently being reviewed. The findings will support the development of an action plan, to tackle empty units as well as renovate the exterior of selected shop fronts and facades to ensure the town centre remains an attractive commercial hub for residents, visitors, and businesses alike. A schedule of public realm remedials and improvements has been agreed with Lancashire County Council, which will include improving the aesthetics of pedestrianised areas, removing potential trip hazards along the pavements, and installing bollards throughout the town centre.

Improvements to the Covered Market seating area have progressed with the commencement of designs for the '1498 @ The Markets' venue trader kitchen. Once completed, the venue will help to transform this area of the market to accommodate food and drink stalls, diversifying the space for residents and visitors to meet, greet, and eat.

Strawberry Meadows Development

The project to deliver Strawberry Meadows employment site has continued for completion in 2022/23 and across the site, landscaping has made significant progress and the roadways continue to be defined. The marketing of the facility is ongoing with offers received on the

majority of units, and negotiations in train with many of these. Once complete, Strawberry Meadows will provide essential commercial buildings to accommodate the ambitions of the business sector, supporting economic growth in the borough by promoting inward investment.

Performance of key projects



There are four key projects included in the 2021 Corporate Strategy under this priority and at the end of quarter four overall performance is excellent.

Three projects are rated as green, meaning they are progressing according to timescales and plan:

- Complete the town centre projects including market renovations,
- Deliver Strawberry Meadows employment site,
- Refresh the Economic Development Strategy.

One project has not started and is scheduled to commence in quarter one 2022/23:

- Provide support for enterprise across the borough post Covid.

Performance of corporate strategy measures



At the end of quarter four, in line with the reporting cycle, six of the seven corporate performance indicators were reported under this priority.


Three indicators are performing on or above target:


- Number of projected jobs created through Chorley Council support or intervention,
- The % of 16-17 year olds who are not in education, employment or training (NEET),
- Earnings by place of residence better than the North West average.

One indicator is performing worse than target but within the 5% threshold:

- Median workplace earnings in the borough better than the North West average.

Two indicators are performing worse than target and outside the 5% threshold:

Indicator:		Target:	Performance:
	Overall employment rate	80%	74.3%
Reason below target:	The employment rate is below the target of 80% and is slightly below the national average (74.8%) but higher than the regional average of (72.9%%). The rate has been steadily decreasing over the past two years from its peak of 87.9% for the period July 2017 to June 2018.		
Action required:	<p>A number of support measures are being undertaken as a result of the covid pandemic upon employment including Job Matching in partnership with Job Centre Plus and facilitating referrals to providers of the Kickstart scheme, which supports unemployed 16 to 24 year olds into work. We have created and shared guidance materials for local business on how to get involved in the Kickstart scheme independently, which will support the creation of jobs available on the programme.</p> <p>The Business Engagement team have been undertaking a number of ongoing activities throughout the year as part of its COVID-19 business recovery plan, including training and support webinars for sectors in distress and financial health checks for business impacted by COVID-19. This includes six webinars delivered over quarter four, which were attended by 99 people, with an additional six webinars scheduled to take place in quarter one on 2022/23. This includes social media sessions in order to support businesses to adapt to customer trends and maximise sales. This will support both the retention and creation of jobs by supporting business expansion.</p> <p>Additional Covid support grants to hospitality, leisure and other affected businesses have also been paid out.</p>		
Trend:	The indicator has consistently decreased, in line with national trends, from 87.8% in quarter four 2018/19, to 77.3% in quarter four 2019/20 and 74.6% in quarter four 2020/21.		

Indicator:		Target:	Performance:
	Growth in the business rate base (annual)	0.5%	0.1%
Reason below target:	There are several factors that have influenced the growth rate. This includes the impact of the pandemic, which has decreased the volume of new business being developed. In addition, there have been several buildings that have been taken out of commission and that in turn has reduced the number of rateable value premises.		
Action required:	<p>There are upcoming developments that will increase the number of rateable value premises and in turn the growth rate. This includes Strawberry Meadows, which will secure additional light industrial units for local business, as well as Tatton Gardens, which feature a café and pharmacy. These will be delivered over 2022/23.</p> <p>There are also revived plans that are still in the early stages of development to build at the former Botany Bay site, which will involve the</p>		

Indicator:		Target:	Performance:
▲	Growth in the business rate base (annual)	0.5%	0.1%
	creation of new business premises. This will also contribute to the increase in gross rateable value.		
Trend:	The indicator for annual business rate growth at quarter four 2019/20, stood at 0.7%, compared to that in quarter four 2018/19, of -0.13%.		

An ambitious council that does more to meet the needs of residents and the local area



The long-term outcomes for this priority are:

- A council that consults and engages with residents
- An ambitious council that continually strives to improve
- Cohesive communities in and around our rural and urban areas

Deliver Shared Services

The development of shared services has continued over the course of the year with a focus on the sharing of ICT and Customer Services to ensure greater resilience for both authorities, financially and in terms of the sharing of knowledge, resources and skills. This will ensure customers receive better value for money for their services. Activity has also included developing the roadmap for future shared services by appraising options and putting forward recommendations that reinforce capacity and skills in key priority areas, specifically property and estate management as well as economic development. The Shared Services Development Plan was published in January 2022 and delivery will commence from quarter one 2022/23.

Borough-wide Streetscene improvements and delivering the Green Agenda

The project to deliver street level improvements to ensure cleaner and greener streets and neighbours across the borough has achieved progress. The asset management software has now gone live across key services, including culvert inspections, pre-use checks on machinery and fleet vehicles, tree inspections, town centre and litter bins. This will improve the efficiency and responsiveness of service delivery through the utilisation of technology and help us meet potential increases in future service demand. Work to quantify the volume of waste that is collected by the Council is being conducted, which will be used to measure the effectiveness of waste collection and inform future service plans. The proposed procurement of a small

electric van fleet has been approved, with the specification drafted ahead of the commencement of the tender exercise in quarter one. A new quad bike has also been purchased and installed with a weed spraying kit to aid with weed treatment work. As part of the seasonal work, installation of the mini-meadows and wildlife corridors commenced in quarter, with ground preparation and sowing works.

Future Workplace Strategy

Delivery of the Future Workplace Strategy has moved forward in the last quarter of the year. Building surveys of the former White Hart building and the Town Hall were conducted. Following this, 'invitation to quote' tender documents were created ahead of the commencement of the procurement process for a Structural Engineer, Quantity Surveyor, Project Manager, and mechanical, electrical, and plumbing contractors, who will be vital in the delivery of the main redevelopment works. The project, once completed, will provide a working environment and model that is designed to best meet the needs of the organisation, employees, and customers through the redevelopment of the workspace environment and enhancement of technology.

Deliver sustainable public services

The project to join up public services by working with our partners through the Chorley and South Ribble partnership has made a positive start. This project seeks to build strong communities, improve outcomes for residents, reduce inequalities, enhance access to local services, and foster economic growth in collaboration with local partners. In quarter four, initial scoping sessions were hosted with partners to take forward the development of a data and intelligence solution. The aims of the data and intelligence solution will be to enhance the way information can be shared across partners to inform decision making and shaping of priorities. Advancing the economic strand of the partnerships workstream, a series of round table discussions have been commissioned for the economic and employment sector. This will support the Economic Strategy for Chorley and continue to build relationships with key employers and business sector leaders and inform the vision for local economic investment and support.

Performance of key projects



There are four key projects included in the 2021 Corporate Strategy under this priority and at the end of quarter four overall performance is good.

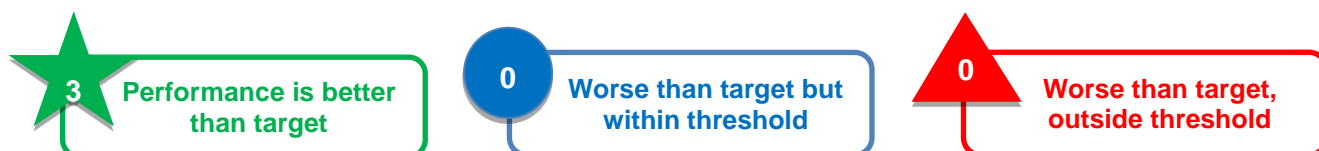
Three projects are rated as green, meaning they are progressing according to timescales and plan:

- Deliver the Future Workplace Strategy,
- Join up public services by working with our partners through the Chorley and South Ribble partnership.
- Deliver street level improvements to ensure cleaner and greener streets and neighbours across the borough.

One project has not started and is scheduled to commence in quarter one 2022/23:

- Deliver an even better customer experience and increase access to services for everyone

Performance of corporate strategy measures



At the end of quarter four, in line with the reporting cycle, three of the six corporate performance indicators were reported under this priority.

All three indicators are performing on or above target:

- Percentage of service requests received online,
- Percentage of customers dissatisfied with the service they received from the Council,
- Number of referrals to Social Prescribing service.

PERFORMANCE OF KEY SERVICE MEASURES

There are some important indicators that are not included within the Corporate Strategy but are measured locally as indicators of service performance. In line with the reporting cycle, six were reported at the end of the fourth quarter. The full outturn information for this is included at Appendix B: Performance of Key Service Delivery Measures in the Performance Monitoring report presented to Executive Cabinet on 16 June 2022 - [link](#)




Four of the key service measures are performing on or above target:

- % Council Tax collected,
- % major planning applications decided within 13 (16 for EIA) weeks or agreed time extension,
- % minor planning applications decided within 8 weeks or agreed time extension,
- Average working days per employee (FTE) per year lost through sickness absence.

One indicator is performing below target but within the 5% threshold:



- Time taken to process all new claims and change events for Housing Benefit and Council Tax Benefit.

One indicator is performing below target and outside the 5% threshold:

Indicator:		Target:	Performance:
	Town Centre Vacancy Rate	8%	10.6%
Reason below target:	<p>Whilst the figure currently remains below target, there have been a total of eight new business in the town centre, opening in quarter four of 2022/23. This includes a new hair and beauty salon, health and wellness centre, and restaurant.</p> <p>The marketplace has been active, with the opening of 13 units. Two new tenants have signed up into council properties along with another expanding into the unit on Market Street.</p>		
Action required:	<p>The council is currently accepting expressions of interest for six market cabins from three existing market traders expanding their businesses, and three new applicants.</p> <p>The positive action is to continue to promote Chorley as a good place to do business, investing in the market and Market Walk to keep a vibrant town centre.</p> <p>A number of council owned sites have leases commencing and further improvement is expected in the next quarter. This includes the former Clinton's card shop. In addition to this, 'To Let' signs are displayed in any vacant property advertising the letting agent details.</p>		
Trend:	<p>The figure is worse than the 10.3% reported in quarter four 2020/21 as well as the 9.3% recorded in quarter four 2019/20.</p> <p>However, it should be noted that town centre vacancy rates are better than the average national vacancy rate (14.1%) and regional vacancy rate (15.7%).</p>		

Performance of Corporate Strategy Key Measures 2021/22

The Corporate Strategy includes key measures to make it possible to monitor progress towards achieving priorities and long-term outcomes. The measures were selected to demonstrate the progress made in achieving the ambitions of the council.

-  **Performance is better than target**
-  **Worse than target but within threshold**
-  **Worse than target, outside threshold**

Indicator	Polarity	Target	Q4 2020/21	Q4 2021/22	Symbol	Trend
Involving residents in improving their local area and equality of access for all						
Number of people who have successfully completed basic digital skills training	Bigger is better	400	2	182	▲	Better than Q4 2020/21
% of the population with NVQ level 3 and above	Bigger is better	57%	58.1%	69.6%	★	Better than Q4 2020/21
Number of people who participate in a volunteering opportunity (as a result of an intervention by the Employment Service)	Bigger is better	75	New for 2021/22	142	★	N/A
Clean, safe, and healthy homes and communities						
The number of visits to Council's leisure centres	None	Baseline	0	378,482	N/A	Better than Q4 2020/21
Number of volunteer community groups supported to improve by the Council	Bigger is better	75	105	142	★	Better than Q4 2020/21
Number of affordable homes delivered	Bigger is better	100	47	63	▲	Better than Q4 2020/21
Number of long-term empty properties within the borough	Smaller is better	150	165	142	★	Better than Q4 2020/21
Percentage of household waste sent for reuse, recycling or composting (Quarter Three)	Bigger is better	42.8%	42.8% ¹	46.9% ²	★	Better than Q3 2020/21
Number of improvements to parks, open spaces and playing pitches linked to strategy delivery	Bigger is better	15	19	22	★	Better than Q4 2020/21
A strong local economy						
Overall employment rate	Bigger is better	80%	74.6%	74.3%	▲	Worse than Q4 2020/21
Number of projected jobs created through Chorley Council support or intervention	Bigger is better	200	366	202	★	Worse than Q4 2020/21
The % of 16-17 year olds who are not in education, employment or training (NEET)	Smaller is better	3.0%	3.5%	2.8%	★	Better than Q4 20/21
Growth in the business rate base (annual)	Bigger is better	0.5%	Not reported	0.1%	▲	N/A
Median workplace earnings in the borough	Bigger is better	£575.80	£498	£562.30	●	Better than Q4 20/21

Indicator	Polarity	Target	Q4 2020/21	Q4 2021/22	Symbol	Trend
better than the North West average						
Earnings by place of residence better than the North West average	Bigger is better	£578.00	New for 2021/22	£641.00	★	N/A
An ambitious council that does more to meet the needs of residents and the local area						
Percentage of service requests received online	Bigger is better	40%	52.74%	50.5%	★	Worse than Q4 2020/21
Percentage of customers dissatisfied with the service they received from the Council	Smaller is better	20%	15.79	14.94%	★	Better than Q4 2020/21
Number of referrals to Social Prescribing service	Bigger is better	500	548	1178	★	Better than Q4 2020/21

Strategic Risk Register

Strategic Risk Register Risk management is a cornerstone of good corporate governance and the Council has established a system of risk management which involves the creation of risk registers at a strategic level, service level and individual project levels. Compiling the Strategic Risk Register requires a collective effort involving Senior Leadership Team (SLT) to identify the key strategic risk issues facing the Council.

The Strategic Risk Register is stored and managed within the Council's risk management system GRACE. SLT are responsible for identifying, owning monitoring and mitigating strategic risk including ensuring that any actions against each risk are completed.

The GRACE system also contains separate risk registers for individual projects and service level risk registers owned and controlled by individual services managers and project managers. All strategic risks are now contained and embedded within the GRACE system have been reviewed to inform this latest position. Directors and service leads continue to own individual risks with actions being owned by the most relevant Senior Officer within the organisation. All risks are stored within the GRACE system and are scored on a 4x4 risk matrix as outlined below:

Major	4	4 Low	8 Medium	12 High	16 High
Serious	3	3 Low	6 Medium	9 Medium	12 High
Minor	2	2 Low	4 Low	6 Medium	8 Medium
Insignificant	1	1 Low	2 Low	3 Low	4 Low
		1	2	3	4
		Rarely – there is a slight possibility that the event will occur	Unlikely - there is a possibility that the event will occur or there is a history of occasional occurrence within the authority	Likely – There is a strong possibility that the event will occur or there is history or regular occurrence within the Authority	Highly likely -there is little doubt that the event will occur

The latest Corporate Risk Register was reported to Governance Committee on 3 August 2022, the full report can be found here [link](#), and provides members with an update on the 19 strategic risks to the council, including actions that are in progress, as well as new actions planned, to further mitigate the risks identified.

Many of the highest scoring risks focus on delivering Council priorities, including service delivery, large scale capital projects, new ways of working, and working with strategic partners to deliver outcomes. There are challenges facing the organisation in relation to budgetary pressures and financial uncertainty in relation to the current national economic context that we will have to continue to address to meet the demand for services and needs of residents. ICT and cyber security also remain a high risk to the council due to the potential impact on service delivery and reputational damage. There are strong control measures in place to mitigate these risks, including as part of the council's governance framework and budget setting and monitoring processes.

The highest scoring risks, with an inherent risk score of 16 and residual risk score of 12 are outlined below. Existing control measures and planned actions to help further mitigate risk are outlined within the summary table.

- R1- Failure to realise the value of large investments and achieve return on investments.
- R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery.
- R17- Incidents affecting ICT service delivery/ business continuity or even widespread damage, injury or risk to the public.
- R18- Cyber-attacks that impact business continuity and delivery.

Changes to risk scores

Since the previous review of the 19 risks included on the strategic risk register, 3 risks have decreased and 4 have increased, reflecting the changing environment in which the council operates and the changing risk levels as we emerge from the Covid-19 pandemic and face new challenges in relation to resourcing.

The risks which have decreased in score include:

- **R2- Failure to achieve desired outcomes through partnership working and deterioration in relationships.** The inherent risk score has been reduced from 16 (high) to 12 (high) based on closer working relationships between partners, including the Chorley and South Ribble Partnership, which means that whilst achieving outcomes is still dependent on strategic partners, the partnerships themselves are more robust.
- **R4- Failure to optimise opportunities for new ways of working** has been reduced from a residual risk of 8 (medium) to 6 (medium) to reflect how the council has adapted to more agile and flexible working as a result of the Covid-19 pandemic, including through the Digital and Workplace strategies. The council will have to ensure that it continues to monitor and identify opportunities for new ways of working which may emerge in the future.
- **R16- Failure to manage the recovery from Covid-19 effectively** has been reduced from an inherent risk of 12 (high) to 9 (medium) and residual risk from 12 (high) to 6 (medium.) This reflects the reduction in risk from the Covid-19 pandemic as measures have relaxed, and indications that the council has adapted well to new ways of working and service needs, for example, a refreshed Economic Development Strategy is being developed to reflect the changing needs of the borough. It is anticipated that this will move to business as usual management over the next year, as the recovery from Covid-19 is further embedded.

The risks which have increased in score are set out below:

- **R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery** has been increased in residual risk from 8 (medium) to 12 (high.) This reflects that whilst the council retains a strong financial position, there is an increased uncertainty in public sector costs and funding, due to the impact of increasing inflation and the cost of living crisis. New actions have been identified within the risk register to ensure that Chorley can continue to deliver on local service delivery including accessing schemes linked to the Levelling Up agenda.
- **R5- Lack of resources to deliver the Council's priorities due to public sector funding cuts or lack of staff capacity and skills.** The inherent risk score for R5 has been increased from 12 (high) to 16 (high) to reflect the national uncertainties in relation to costs and funding and the job market shortage which has an impact on successful recruitment and retention of skilled staff. Several new areas of work are being delivered to mitigate this risk, including a People Strategy being developed to support workforce capacity, succession planning and identifying skills gaps earlier.
- **R10- Failure to fully realise the benefits of new technology and related impact on driving organisational change** has been increased from 12 (high) to 16 (high) and residual risk from 6 (medium) to 9 (medium.) Whilst the council continues to aim

to maximise the benefits of all new technology, the ICT plan includes a large programme of work to be delivered, which provides the basis of infrastructure and technology to support the effective use of new technology. There has been limited ICT capacity to drive forward this plan with several roles within the service currently being recruited to but there is now a plan in place to move forward with delivery, which will be monitored and supported through the Programme Management Office.

- **R11- Reduction in staff satisfaction and morale** has been increased in inherent risk from 9 (medium) to 12 (high) to reflect national public sector trends in relation to workloads and fatigue from the Covid-19 pandemic, capacity pressures, and adapting to the momentum of organisational change over the last few years. Staff satisfaction and morale is being closely monitored through regular 'pulse surveys' which help to provide a snapshot of wellbeing across the council and identify areas for further development and improvement. The new People Strategy is also currently being developed and will look to support staff morale through measures such as a review and relaunch of staff awards and recognition and more opportunities for staff to engage socially. There is also more capacity in place to manage and monitor organisational change to support staff through

A summary of the risks for 2022 can be found below.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R1	Failure to realise the value of large investments and achieve return on investments	16	12	→	Risk level maintained. Current control measures in place include the budget setting process and monitoring, project and programme management, wholly owned company steering group, SMT programme board and Transformation Focus Group.	Further actions to mitigate risk include the delivery of the investment strategy and ongoing monitoring of investment projects through quarterly monitoring. A new action, as part of the budget planning process, is for Finance to work closely with services to revisit income models to ensure we are getting the best return on our investments we can.
R2	Failure to achieve desired outcomes through partnership working and deterioration in relationships	12	6	↓	The inherent risk score has been reduced from 16 (high) to 12 (high) based on closer working relationships between partners including the Chorley and South Ribble Partnership. This means that whilst achieving outcomes through strategic partnerships is still uncertain, the council's partnerships are more robust.	Planned actions to further reduce risk include the delivery of the corporate project 'join up public services by working with our partners' and a review of the Key Contract and Strategic Partnership Framework. Engaging in discussions and activity related to Levelling Up in Lancashire will also help us to deliver better outcomes through our partners.
R3	Budget challenges in key public and third sector partners having a negative impact on local level service delivery	16	12	↑	The residual risk has been increased from 8 (medium) to 12 (high) to reflect that whilst the council retains a strong financial position there is an increased uncertainty in funding, including for our key public and third sector partners, due to the impact of inflation and the cost of living crisis. Current measures in place include the MTFs, Transformation Strategy, and	Additional actions have been identified to further mitigate risk including the delivery of the refreshed transformation programme and engaging in discussions in Lancashire around Levelling Up to ensure Chorley benefits from available funding.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					partnerships with key public sector partners.	
R4	Not adapting to new ways of working- Failure to optimise opportunities for new ways of working	12	6	↓	The residual risk has been reduced from 8 (medium) to 6 (medium) to reflect the work that has been carried out during the pandemic to support agile working. This has included the ongoing work through the ICT programme and Digital Strategy, and approval of the Workplace Strategy to set out a vision and action plan for future ways of working. Covid-19 has helped to develop a change in culture across the organisation to support agile and flexible working.	Actions to further mitigate risk include the delivery of the Workplace Strategy including accommodation review and the ICT plan which will help to ensure that the right infrastructure and technology is in place to support new, hybrid, ways of working, such as through the roll-out of new mobile ICT equipment.
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (financial & staff capacity) or lack of staff capacity and skills (including as a result of issues in relation to recruitment and retention)	16	9	↑	The inherent risk of lack of resources to deliver the council's priorities has been increased from 12 (high) to 16 (high) to reflect the impact of recruitment and retention on the staffing resources available to the council. This reflects wider public and private sector trends and changes to the job market as a result of the Covid-19 pandemic. Current control measures in place include the corporate strategy and service level business plans to assess levels of resource needed and deliver income generation or efficiency	Actions identified to further mitigate the risk include a focus on business growth and income generation through the review of the commercial programme and development of an income generation strategy, the People Strategy to support workforce capacity and skills gaps and SMT to continue monitoring any potential financial impact in relation to the Ukraine Crisis, Cost of Living and inflation. A new action has been identified for the review of management capacity, which will help to ensure that there is the right level of capacity at the head of service level.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					projects, the MTFS and budget setting process to identify current and new resources, and resilience from shared services arrangements and the OD strategy to identify skills gaps.	<p>The new People Strategy will also support recruitment, retention and staff development through:</p> <ul style="list-style-type: none"> - delivery of a review of recruitment and onboarding to ensure this is as efficient as possible - consistent graduate and apprentice process to grow our own - annual development day to give staff more time for developing their skills - annual workforce review to provide information on any current or upcoming skills gaps
R6	Failure to react to changing service demand including any change in demand due to the recovery from COVID-19 and internal skill gaps to address this	8	6	→	Risk level maintained. Current measures in place to mitigate risk include use of system data to assess service demands, self-service, and the ICT and Digital Strategy to help manage demand more effectively through new technology.	<p>A new action has been identified to reflect emerging service demand in relation to Ukraine and the cost of living crisis including adapting community support (such as a sponsor support network) and monitoring of any council requirements (such as administration of grants or rebates.)</p> <p>To ensure that the right skills are in place across the organisation to meet service demand, a new People Strategy is in the process of being developed to identify workforce capacity and skill gaps.</p>
R7	Reduction in satisfaction with the Council	6	6	→	The resident survey 2021 shows increased resident satisfaction with the council, however there is still a need to	A further action to be delivered is additional investment in priority areas, to be identified through the annual budget process.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					<p>proactively manage the risk to maintain the current risk level.</p> <p>Current control measures include methods of measuring customer satisfaction including the resident survey, customer satisfaction survey and corporate health dashboard. Tangible improvements projects in the corporate strategy, customer focus and delivery of communications, campaigns and events are also in place to help support high satisfaction with the council.</p>	
R8	Failure to sustain our performance	12	6	→	<p>Current risk level maintained to reflect that whilst performance remains strong across the council, growing service demand and changes to Government policy creates the risk of challenges to resources which may impact on performance.</p> <p>Current control measures in place to ensure that performance is monitored and sustained include the performance management framework which includes regular reporting of corporate strategy projects and indicators, the Project and Performance Leads Network to ensure that the framework is embedded with high quality data and reporting,</p>	A new action has been identified for further work to develop the performance and project management systems which will help to support robust reporting and early identification of key issues.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					benchmarking exercises, and the business planning process to identify relevant service level indicators.	
R9	Failure to adapt to external legislative and policy change affecting service delivery	8	6	→	Risk level maintained. To minimise the risk of not responding to external legislative and policy change, control measures are in place including training and development, professional subscriptions in relevant service areas, SMT to monitor and policy and legislative changes in their areas, and the BREXIT risk register.	A new action has been identified in relation to continuing to engage in plans aligned to Levelling Up and monitor the implications for Chorley.
R10	Failure to maximise new technology- Failure to fully realise the benefits of new technology and related impact on driving organisational change. This includes the failure of staff to take up new technological changes.	16	9	↑	Inherent risk increased from 12 to 16 and residual risk from 6 to 9 to reflect that whilst the council continues to work to maximise the benefits of new technology, the delivery of the ICT plan, which will help to ensure that the right infrastructure and technology is in place to support the effective use of new technology, has dependencies across the organisation and that there is currently limited ICT capacity which could impact on the implementation of the plan. This will be monitored through the Programme Management Office and recruitment is currently ongoing to address gaps in ICT capacity.	Actions to be delivered include a refresh of the Streetscene Modernisation Strategy, implementation of the accommodation review and delivery of the transformation programme. The delivery of the ICT plan will also help to mitigate risk.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					Current measures in place to mitigate risk include the Transformation Strategy, Digital Strategy and Workplace Strategy.	
R11	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	↑	The inherent risk has been increased from 9 (medium) to 12 (high) to reflect the issues in relation to capacity, adapting to organisational changes and the ongoing impact of the Covid-19 pandemic and workforce fatigue. This reflects wider trends across the public sector.	<p>Actions in place to mitigate this risk include regular pulse surveys and continued staff engagement have helped to identify specific areas for development with action plans in place.</p> <p>Further actions to be delivered include the refresh of the Organisational Development strategy, which will be a new People Strategy aligned to the staff survey results 2021, and also the delivery of the refreshed internal communications strategy. New actions have been identified in relation to the delivery of the People Strategy including an interactive staff experience and review and relaunch of staff rewards and recognition.</p>
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public	8	4	→	Risk level maintained. Current measures in place to control the risk of incidents affecting service delivery include the business continuity plan, emergency plan, command and control structure and national, regional and local security plans.	A new action has been identified for SMT to monitor the impact of the Ukraine crisis on business continuity in relation to areas such as supply chains and security.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R13	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making	9	4	→	Risk level maintained. Current control measures in place include governance arrangements, planning policies, the corporate strategy to include tangible improvement projects and communications and engagement. Other existing measures include ways to monitor and act on any issues that might impact on the Council's reputation such as the residents survey, performance monitoring and monitoring of social media. The Key Contracts and Partnership Framework and monitoring has also been included as a control measure to reflect arrangements for assessing risk to service delivery through strategic partners including the Leisure Company and Waste Contract.	Planned actions include a refreshed Customer Strategy including customer care standards in line with the Shared Customer Service to help ensure high customer satisfaction is maintained.
R14	Failure to build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	6	2	→	Risk level maintained. Some of the current control measures in place to mitigate this risk include meetings with the Leader/ Leader of the Opposition, attendance at political group meetings to address key issues, all party Leaders meetings, corporate strategy engagement with political parties and member development.	

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R15	Failure of Shared Service arrangements	12	8	→	Risk level maintained. Current control measures in place include effective governance arrangements and monitoring through the Shared Services Joint Committee to report on progress and performance against the shared service teams. Additional senior management capacity is now also in place to support change management. Service development plans are scheduled to be delivered for each shared service to set out the transformation of the teams to a single operating model, and will help to ensure the successful implementation of ICT and Customer shared services.	A new action has been identified for a reviewed approach for phase 3 of shared services, which will use lessons learned to minimise impact on service delivery and support successful shared services.
R16	Failure to manage the recovery from COVID-19 effectively	9	6	↓	Reduction in inherent risk from 12 (high) to 9 (medium) and residual risk from 12 (high) to 6 (medium) to reflect reduced risk as Covid-19 measures have relaxed and the council has adapted to new ways of working and the current control measures in place to mitigate risk including the BCMT management, effective governance arrangements and the business planning process. These processes will all help to manage the recovery from the Covid-19 pandemic effectively to	New corporate strategy projects have been identified to support the recovery from the Covid-19 pandemic including providing support for enterprise across the borough and a refresh of the council's economic strategy.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					reflect the changes to service delivery required by the pandemic. Whilst there is still a small risk to performance due to the impact of Covid-19, for example income generation and town centre vacancy rates, performance in these areas is now improving which suggests that the council is recovering well from the pandemic.	
R17	Incidents affecting ICT service delivery/ business continuity or even widespread damage, injury or risk to the public	16	12	→	Risk level maintained. Current measures in place to mitigate risk include business continuity plans, emergency plans and staff awareness of ICT risks/ threats.	A new action has been identified in relation to the ICT plan which will help to ensure that the right technology and infrastructure is in place to support ICT security and business continuity.
R18	Cyber-attacks that impact business continuity and delivery	16	12	→	Risk level maintained. Measures currently in place to mitigate risk include information security policies and procedures and staff awareness and training including reporting of any issues. A cyber risk report will be produced to further analyse the current position of the council in relation to this risk.	A new action has been identified in relation to the ICT plan which will help to ensure that the right technology and infrastructure is in place to support ICT cyber security alongside mandatory Information Security Framework training for all staff.

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
R19	Failure to optimise new options for income generation	12	8	→	Risk level maintained. Current control measures in place include the corporate strategy to reflect projects that provide opportunities for income generation.	The delivery of the Medium Term Financial Strategy and Transformation Strategy and Programme will also help to mitigate this risk by ensuring that frameworks are in place to identify, monitor and deliver options for income generation.

The Structure of the Council

Chorley Borough Council is part of a two-tier system in Lancashire that consists of a County Council, two Unitary Councils and 12 District Councils. Chorley Borough Council works collaboratively with a wide range of partners to deliver its vision of the Council being:

A proactive community leader, supporting the borough and all its residents, whether in rural or urban areas, to reach their full potential through working in partnership to deliver services that achieve the best outcomes for local people and protect vulnerable people

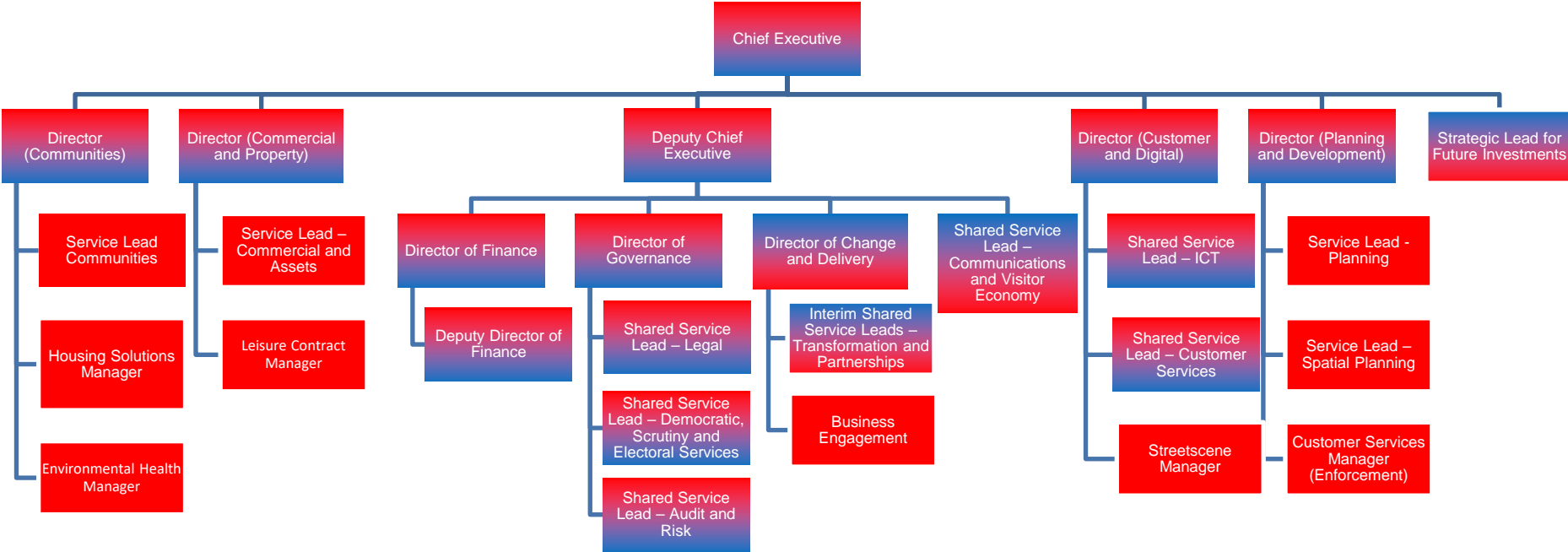
Shared Senior Management Team

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

The Senior Management Team meets weekly and is responsible for developing, identifying resources, delivering and reviewing the delivery of the Council's corporate priorities.

Posts which solely work for Chorley Council are shaded red below, whilst those posts which are shared with South Ribble Borough Council are shown as a blend of red and blue.

Leadership and Management Structure – Chorley Council



The following key has been used:

	South Ribble
	Chorley
	Shared

Financial Performance in 2021/22

Despite the financial challenges outlined above, the financial standing of the Council is robust, with sound budget setting and monitoring practices. The Council's 2021/22 Revenue Budget, Capital Programme, MTFS and Treasury Management Strategy were approved at Council on 23 February 2021. Thereafter, budget monitoring reports were submitted at quarterly intervals to the Executive Cabinet. The reports are available on the Council's website.

In 2021/22, the Council set a balanced annual budget of £14.496m.

The draft outturn report for 2021/22, approved by Cabinet on 16 June 2022, showed a forecast net surplus of £0.224m. The report can be found here - [link](#) (Appendix 1 – [link](#) , Appendix 2 – [link](#) , Appendix 3 – [link](#) , Appendix 4 – [link](#))

The outturn position is summarised in the table below:

Directorate	Original Budget £'000	Current Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Commercial & Property	1,011	988	1,457	469
Communities	1,994	1,943	1,786	(157)
Customer & Digital	5,994	5,865	5,770	(95)
Planning & Development	660	843	822	(21)
Policy & Governance	4,441	4,503	4,421	(82)
Major Projects	(3,203)	(3,203)	(3,192)	11
Financing and Other Budgets	3,599	3,749	3,454	(295)
Covid-19 / COMF - funding received to meet the operational costs of the council's response to the pandemic	-	-	(44)	(44)
Funding Requirement	14,496	14,688	14,474	(214)
Funding	Original Budget £'000	Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Council Tax	(7,336)	(7,336)	(7,336)	-
Business Rates	(5,007)	(5,007)	(5,007)	-
New Homes Bonus	(1,490)	(1,490)	(1,490)	-
Government Grants	(519)	(519)	(519)	-
Reserves	(139)	(331)	(341)	(10)
Other	(5)	(5)	(5)	-
Total Funding	(14,496)	(14,688)	(14,698)	(10)
Net Outturn	-	-	(224)	(224)

It was approved to utilise the underspend as follows:

- a. Transfer of £150k to the Planning Appeals reserve to fund future expenditure, such as legal costs, in this area;
- b. Transfer of £74k to general fund reserves.

The outturn position will be considered as part of future updates 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 grants including the revenue support grant and, in the future, the anticipated withdrawal of New Homes Bonus. This has been in part replaced by an increase in locally retained business rates as the Council, as part of the Lancashire Business Rate Pooling arrangement, benefits annually by approximately £0.950m per annum through this pooling.

There is risk and uncertainty in relation to future years funding, not only because it is directly linked to growth in the borough, but also because it will be impacted by the pending outcome of Central Government's Fair Funding review and any potential reset to the business rates retention system. The implementation of these has been delayed now for several years, firstly due to government's focus on Brexit and then due to the Covid-19 pandemic. Whilst uncertainty remains regarding the implementation of the business rates baseline reset, which may have a major impact on the council's future income from business rates, it has been assumed in the budget that the Council will retain its benefit from membership of the Lancashire Business Rates Pool going forward; the associated funding has been assumed as a proxy for any future funding adjustments when further Government announcements are made. Along with all other assumptions in the MTFS, this will be kept under review.

In light of this, and the fact that Council Tax is the major source of funding for local services, it is essential that all councils monitor their collection rates and raise as much income as possible. Any under recovery of income can have a significant impact on the ability of a Council to fund its service delivery. Chorley Council continues to perform well in this area, despite the effect of Covid-19 on businesses and residents, with collection rates of 97.16% for council tax and 96.75% for business rates in 2021/22. These collection rates have held up despite the impact of Covid, however in light of the cost of living crisis and the impact of rising inflation, these will be monitored closely as part of the Council's performance management framework during 2022/23.

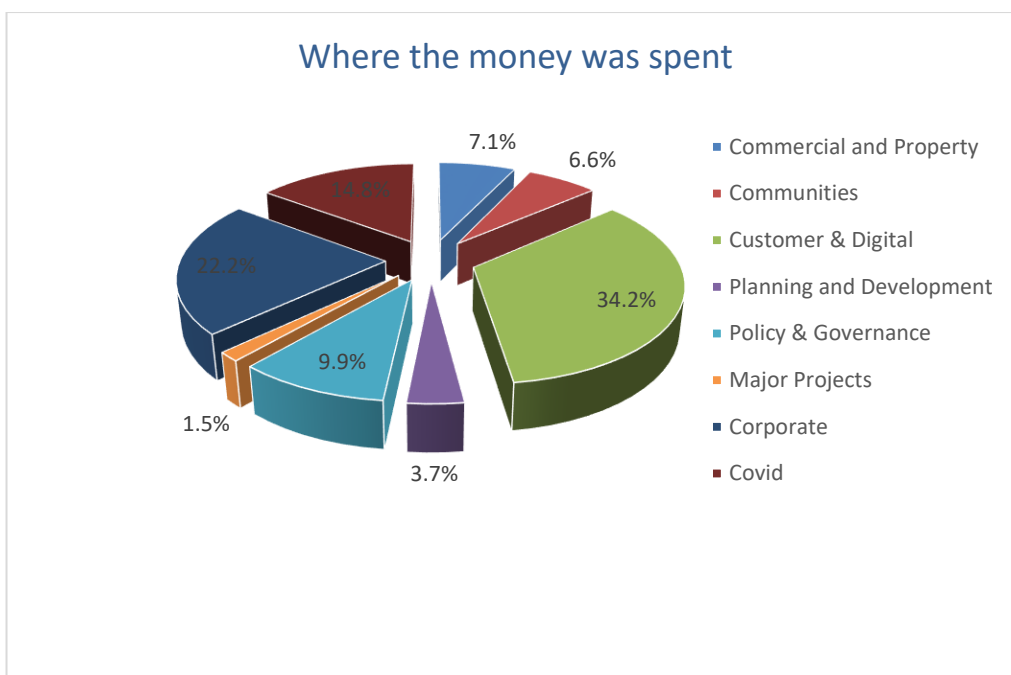
Total reserves for the Council were £15.945m by the end of 2021/22 of which £4.140m is held in a general reserve. The remaining reserves are earmarked for specific programmes of work or costs that are known to the Council. Monitoring of reserves will continue to ensure they remain appropriate and reflect 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. In addition, the Council has set aside £0.300m of Covid-19 specific reserves to enable the Council to recover from the impact of the pandemic in 2022/23 onwards.

The following table shows the reconciliation between the outturn position shown above and the movement for the year shown in the Expenditure and Funding Analysis (EFA), which forms Note 1 to the Statement of Accounts:

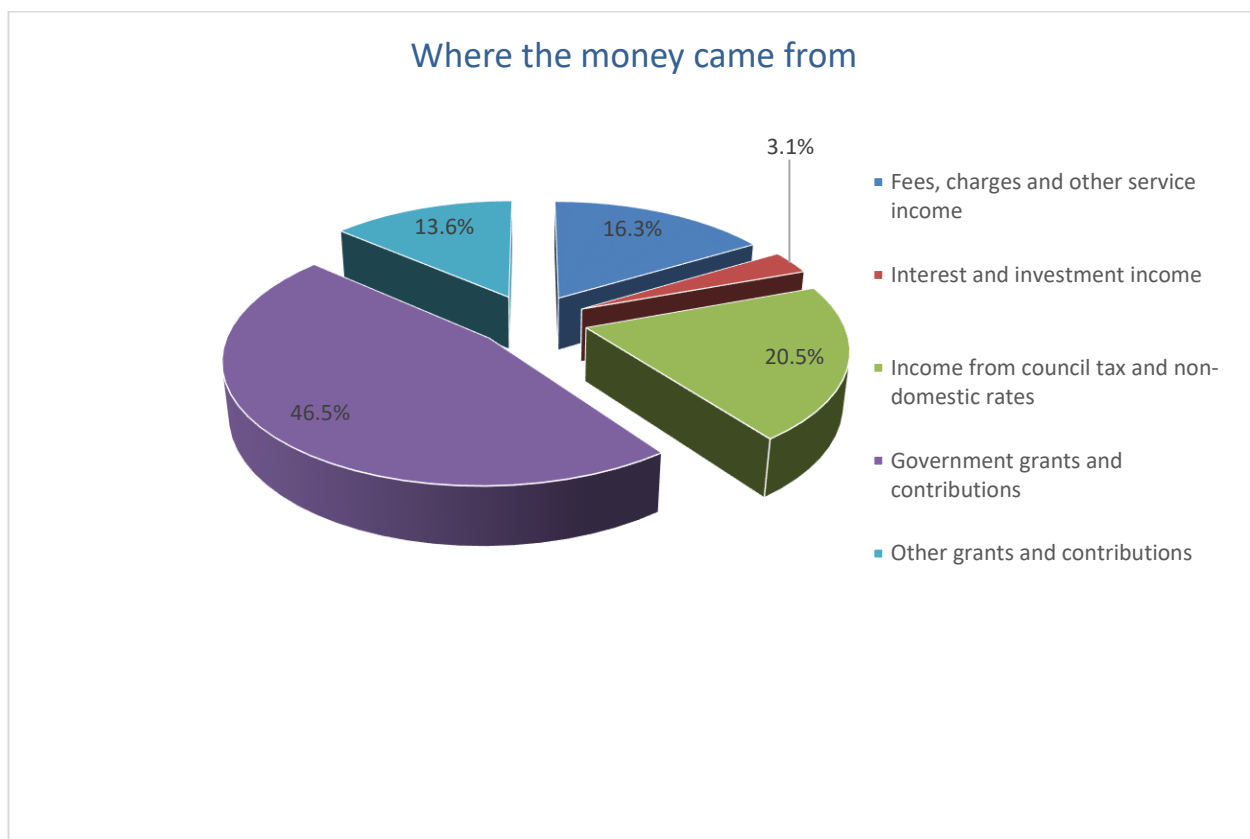
General Fund Reserves as at 31 March 2022	£'000
Amounts as per Outturn Report Appendix 3	
Earmarked Reserves	8,900
General Reserve	4,131
	13,031
Final Transfers to/from Business Rates Grants	2,968
Exceptional Payments Reserve	
Transfer of balance of Covid-19 Council Tax Hardship Fund to fund reliefs granted in 2021/22	(54)
Amount as per Expenditure & Funding Analysis	15,945

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

The gross expenditure for the Council is detailed in the Comprehensive Income and Expenditure Statement. In 2021/22 it consisted of:



The gross income for the Council is disclosed in the Comprehensive Income and Expenditure Statement. It consisted of:



Capital Programme 2021/22

In February 2022 the Council approved a 3-year capital strategy of £27.585m. This programme delivers a number of key projects to the benefit of the residents of Chorley:

- A strong local economy (£11.051m) - including completion of the Strawberry Meadows development, works to the public realm in the Town Centre and works on the council's own properties; the Town Hall and the former White Hart.
- An ambitious council that does more to meet the needs of residents and the local areas (£1.570m) – including works on Chorley Health centre, projects to deliver the green agenda, and advances to drive forward the IT transformation project including procurement and roll-out of ICT mobile devices, the move to a Citrix operating environment, new CCTV and also software and Cloud based system upgrades.
- Clean, safe and healthy homes and communities (£14.475m) – including completion of the Tatton Extra Care Scheme, improvements to our leisure centres, improvements to play, recreation and opens spaces and the purchase of further properties to support refugees.
- Involving residents in improving their local area and equality of access for all (£0.489m) – completion of the restoration works at Astley Hall and developments at the Westway playing fields and sports campus.

The capital programme budget for 2021/22 approved by Council in February 2021 was £38.1m. With approved slippage from 2021/21, along with other changes to the programme during the year, the final budget was £28.6m.

The draft outturn position of the 2021/22 capital programme is set out in the following table and outlined further in Appendix B of the outturn report approved by Executive Cabinet on 16 June 2022. The report and appendices can be found here – [link](#) , with supporting appendices (Appendix A – [link](#) and Appendix B – [link](#))

Capital Programme Outturn 2021/22

2021/22 Capital Programme

Scheme Name	Original Budget 2021/22	Revised Budget 2021/22	Slippage and reprofiling of budget (to 22/23)/from 22/23	Outturn 2021/22
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A strong local economy

Strawberry Meadows	7,268	9,810	(3,608)	6,202
Asset improvements	674	444	(172)	272
Buckshaw Village Rail Station	696	-		-
Strawberry Fields Digital Office Park	-	102	(35)	67
Market Walk	485	554	(60)	494
Council accommodation	1,800	89	(66)	23
Public Realm Town Centre	4,300	580	(58)	522
A strong local economy	15,223	11,579	(3,999)	7,580

An ambitious council that does more to meet the needs of residents and the local area

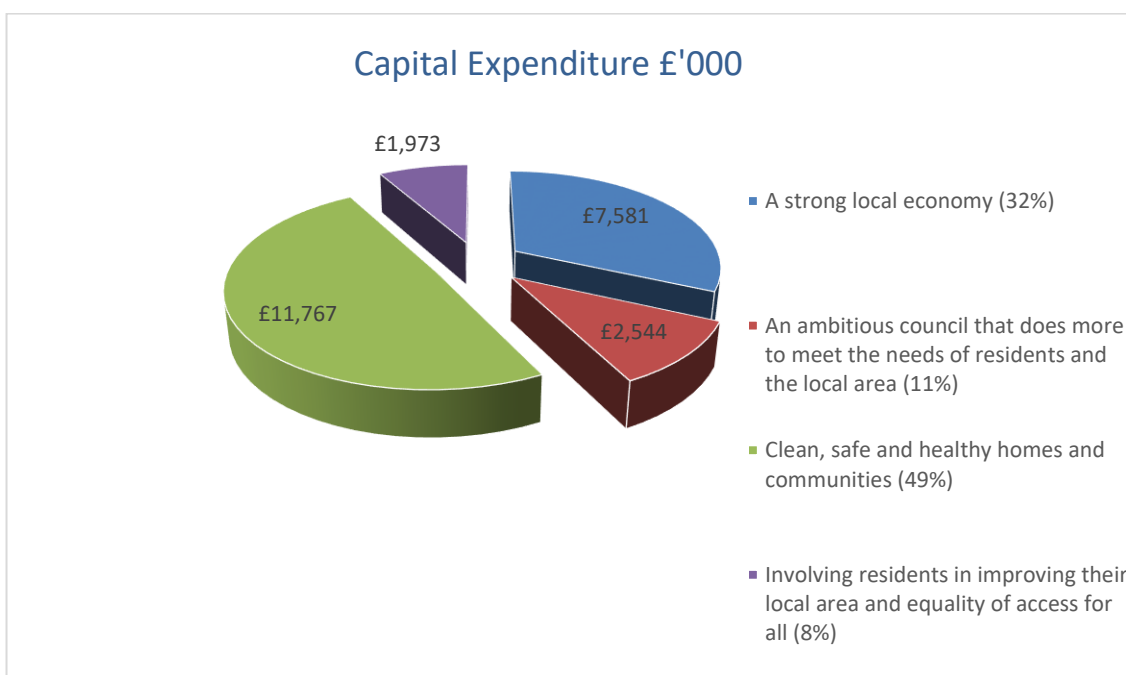
Includes - Whittle Health Hub and delivery of the green agenda	2,497	2,805	(261)	2,544
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Clean, safe and healthy homes and communities

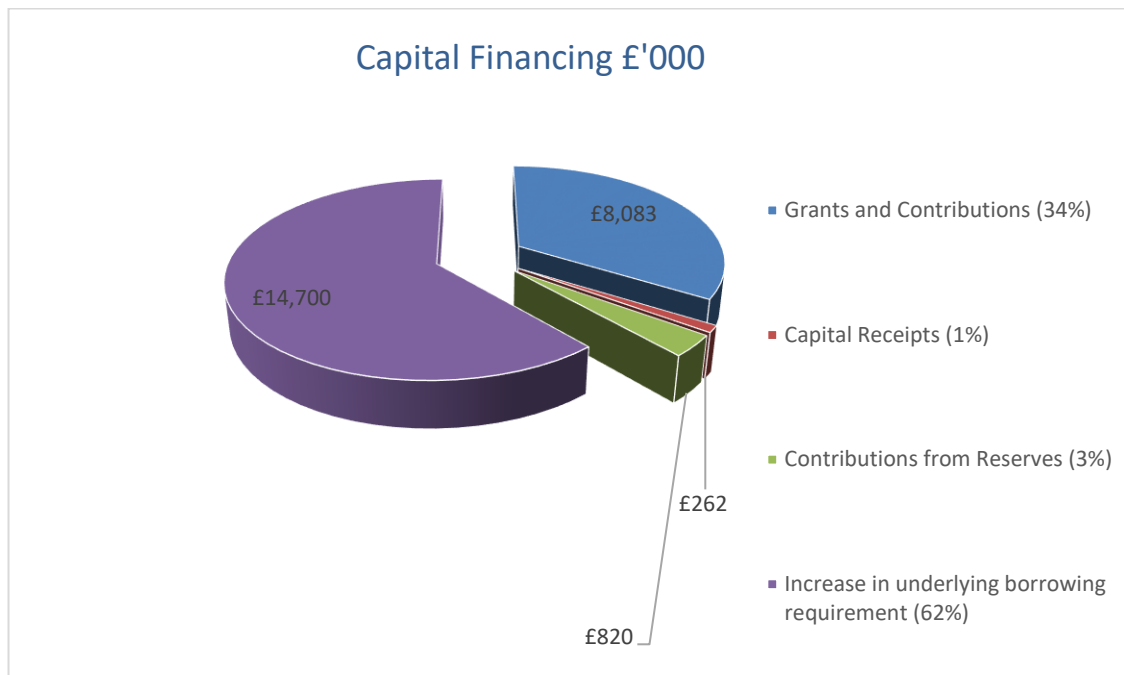
Chorley Adaptation Grant (formerly DFG)	925	795	(15)	780
Duxbury Park site	450	450	(8)	442
Land for tree planting	-	250	(250)	-
Leisure Centre improvements	2,250	100	(46)	54

Play recreation and open space projects	2,222	503	(100)	404
Properties for refugees	-	130	(130)	-
Affordable Housing	-	879	(5)	873
Tatton	13,999	9,000	215	9,215
Clean, safe and healthy homes and communities	19,846	12,107	(339)	11,768
Involving residents in improving their local area and equality of access for all				-
Astley Hall	550	996	(132)	864
Bank Hall restoration	-	112	(112)	--
Westway playing Field Sports Campus	-	1,004	105	1,109
Involving residents in improving their local area and equality of access for all	550	2,112	(139)	1,973
Total	38,116	28,603	(4,738)	23,865

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



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



Reserves and Balances

The Council's Medium Term Financial Strategy specifies that general balances should be maintained at or above £4.0m. This was achieved during 2021/22 and stands at £4.140m at the year end.

Total earmarked reserves for specific purposes were £11.805m as at 31 March 2022. A full list of these earmarked reserves, together with a description of the purpose of each, can be found at Note 11 to the statement of accounts.

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

Treasury Management

The treasury operations of the Council are conducted in accordance with its annual Treasury Strategy. This 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 2021/22 were:

- Investments were short-term, in call accounts and money market funds. The maximum period permitted by the Council's Treasury Strategy for term deposits in banks and building societies is one year.
- Investment returns dropped to historically exceptionally low levels from late March 2020 onwards and remained there throughout 2020/21. Whilst the Bank of England base rate increased from 0.10% to 0.75% throughout 2021/22, this did not translate to higher investment yields with an average yield of just 0.09% being achieved.
- An additional loan (PWL) of £10 million (50 years at 2.02%) was taken out in March 2022 to fund the Capital Programme
- Cash and cash equivalents (Note 21) were £9.460m at the end of the year, which was slightly higher than at the end of 2020/21 (£9.276m).

- 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 (CFR). During the year the CFR increased from £89.271m to £98.349m. Further detail of the financing of capital expenditure is shown in Note 35.

Note 19 Financial Instruments presents details of treasury operations, and the management of risk.

Pension Fund Liability

The pension fund deficit has reduced during the year, by £11.842m, from £55.820m to £43.978m. 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 2019 which reported a funding level of just over 100%, the result of the Lancashire County Pension Fund being one of the most successful Local Authority funds in the country. The Council has a deficit recovery plan in place with the Administering Authority to maintain a 100% funding level by making additional Deficit Recovery Contributions over a 16 year period. The next valuation will be as at 31 March 2022 and is currently underway.

This deficit figure is 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.

Coronavirus Pandemic

In March 2020, the whole of the UK was affected by the pandemic and central government issued various instruction and guidance to combat this. Like all Councils, Chorley Council took action to protect itself and staff and the community.

The impact of the restrictions were felt throughout 2020/21 and 2021/22. The financial implications have been reported quarterly to members within the revenue and capital budget monitoring papers. To date the funding from Government has met the increased costs and loss of income that the Council has experienced during the pandemic, and earmarked reserves are held of £0.300 million to support the recovery in 2022/23 and beyond.

Outlook for the Future

All local authorities are facing financial challenges; this has been recognised and changes to the funding mechanisms was expected through the Government's Fair Funding Review which was due to be issued for implementation back in the autumn of 2019. This was postponed firstly due to BREXIT and then as a result of the Covid-19 pandemic and to date remains outstanding. As such financial planning over the medium to long term is laden with assumptions.

In February 2022, the Council updated its MTFs to reflect the Council's new corporate priorities, and changes in funding and expenditure. Gaps between the budget required and the likely funding available were approved by Full Council, based on prudent economic growth and Council Tax increases to achieve a balanced three year Medium Term Financial Strategy. There are however savings that will be required over the next couple of years due to the anticipated impact of changes in government grant funding. The Council continues to develop and refine its Transformation Plan to close the budget gap through the delivery of savings and/or generation of additional income. The MTFs is kept under constant review in order to take account of changes in demand and/or funding that may impact on the financial position going forward.

Efficiencies identified and reported in previous years will continue to be progressed and options for the delivery of more efficiency savings and investment returns are being developed. The Council is also developing robust arrangements to ensure that plans for efficiencies are realistic and deliverable over agreed timescales. Updates are provided to Cabinet at regular intervals and the Council is developing the delivery of the Transformation Strategy.

The Council is in a potentially high growth area for housing and business. As such it needs to manage this growth to ensure that the Council services and the wider infrastructure are reshaped accordingly.

The Council continues to deliver its ambitious capital programme 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 is on both front line service delivery and back office support such that the Council has the resilience for growth from within existing resources.

Going Concern

Chorley Council's MTFs outlines the strategies it will pursue to meet current and future funding shortfalls. A balanced budget for 2022/23 has been approved 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. As such, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Receipt of Further Information

If you would like to receive any further information about these accounts, please contact Chorley Borough Council on 01257 515151.

Statement of Responsibilities

This statement defines the responsibility of the Council and the Responsible Financial Officer in respect of the Authority'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 Authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for preparing 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 2021/22 (the Code).

In preparing this Statement of Accounts, he has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- complied with the local authority Code.

He has also:

- kept proper accounting records which are up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2022 and its Income and Expenditure for the year ended 31 March 2022.



Louise Mattinson
Director of Finance and Section 151 Officer
Date 12 August 2022

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 Expenditure and Funding Analysis and the Movement in Reserves Statement.

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,826	(1,382)	2,444	Commercial and Property	4,322	(1,693)	2,629
3,340	(1,355)	1,985	Communities	4,019	(2,316)	1,703
21,200	(19,997)	1,203	Customer & Digital	20,847	(19,975)	872
1,740	(1,036)	704	Planning and Development	2,264	(1,296)	968
5,649	(1,335)	4,314	Policy & Governance	6,021	(1,752)	4,269
388	(253)	135	Major Projects	936	(413)	523
11,379	(4,824)	6,555	Corporate	13,521	(9,228)	4,293
3,331	(5,247)	(1,916)	Covid	9,019	(10,219)	(1,200)
50,853	(35,429)	15,424	Cost of Services	60,949	(46,892)	14,057
600	0	600	Other operating expenditure (note 12)	606	0	606
8,868	(4,263)	4,605	Financing and investment income and expenditure (note 13)	5,046	(4,124)	922
6,845	(28,318)	(21,473)	Taxation and non-specific grant income (note 14)	6,723	(25,844)	(19,121)
		(844)	(Surplus)/deficit on provision of services			(3,536)
		(623)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(5,846)
		11,999	Re-measurement of the net defined benefit liability (note 37d)			(14,575)
		11,376				(20,421)
		10,532				(23,957)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

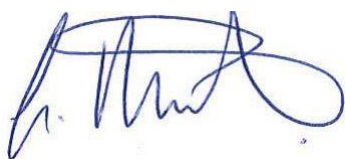
	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020	(10,762)	(973)	(13,223)	(24,958)	(171)	(25,129)
<u>Movements in 2020/21</u>						
Total Comprehensive Income & Expenditure	(844)	0	0	(844)	11,376	10,532
Adjustments between accounting basis & funding basis (note 10)	(5,382)	84	(729)	(6,027)	6,027	0
(Increase) / Decrease in year	(6,226)	84	(729)	(6,871)	17,403	10,532
Balance at 31 March 2021	(16,988)	(889)	(13,952)	(31,829)	17,232	(14,597)
<u>Movements in 2021/22</u>						
Total Comprehensive Income & Expenditure	(3,536)	0	0	(3,536)	(20,421)	(23,957)
Adjustments between accounting basis & funding basis (note 10)	4,579	165	3,589	8,333	(8,333)	0
(Increase) / Decrease in year	1,043	165	3,589	4,797	(28,754)	(23,957)
Balance at 31 March 2022	(15,945)	(724)	(10,363)	(27,032)	(11,522)	(38,554)

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 2021 £'000		Notes	31 March 2022 £'000
96,589	Property, Plant & Equipment	15	119,734
2,530	Heritage Assets	16	3,395
32,783	Investment Property	17	32,782
36	Intangible Assets	18	24
5,323	Long-Term Debtors	19	4,939
137,261	Long-Term Assets		160,874
13,157	Short-Term Debtors	20	8,864
9,276	Cash and Cash Equivalents	21	9,460
22,433	Current Assets		18,324
(2,182)	Short-Term Borrowing	19	(2,215)
(23,768)	Short-Term Creditors	22	(22,345)
(1,222)	Provisions	23	(1,317)
(27,172)	Current Liabilities		(25,877)
(1,438)	Long-Term Creditors	19	(1,481)
(60,264)	Long-Term Borrowing	19	(68,341)
(55,561)	Other Long-Term Liabilities – pensions	37	(43,978)
(16)	Other Long-Term Liabilities – other		(16)
(646)	Grant Receipts in Advance - Capital	33	(951)
(117,925)	Long Term Liabilities		(114,767)
14,597	Net Assets		38,554
31,829	Usable Reserves	MiRS, 24	27,032
(17,232)	Unusable Reserves	25	11,522
14,597	Total Reserves		38,554

The unaudited accounts were issued on 12 August 2022.



Louise Mattinson
 Director of Finance
 Date: 12 August 2022

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2020/21 £'000		2021/22 £'000
844	Net surplus or (deficit) on the provision of services	3,536
23,032	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)	7,481
(6,709)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 26b)	(4,590)
17,167	Net cash flows from Operating Activities (Note 26)	6,427
(2,264)	Investing Activities (Note 27)	(19,181)
(14,560)	Financing Activities (Note 28)	12,938
343	Net increase or (decrease) in cash and cash equivalents	184
8,933	Cash and cash equivalents at the beginning of the reporting period	9,276
9,276	Cash and cash equivalents at the end of the reporting period (Note 21)	9,460

Cash and Cash Equivalents at the beginning and end of the 2021/22 reporting period have been defined to be net of the bank overdraft.

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 cast, cross-cast, or exactly match to the Core Financial Statements or other tables, due to rounding differences.

1 EXPENDITURE AND FUNDING ANALYSIS – NOTE TO MAIN FINANCIAL STATEMENT

The Expenditure and Funding Analysis, which is a note to the Main 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.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	Directorate	£'000	£'000	£'000
1,436	1,008	2,444	Commercial and Property	3,226	(597)	2,629
1,600	385	1,985	Communities	1,500	203	1,703
1,009	194	1,203	Customer & Digital	690	183	873
638	66	704	Planning and Development	822	146	968
3,797	517	4,314	Policy & Governance	4,065	204	4,269
123	12	135	Major Projects	491	32	523
3,478	3,077	6,555	Corporate	(312)	4,605	4,293
(1,924)	8	(1,916)	Covid	(1,203)	3	(1,200)
10,157	5,267	15,424	Net Cost of Service	9,279	4,779	14,058
(16,383)	115	(16,268)	Other Income and Expenditure	(8,236)	(9,358)	(17,594)
(6,226)	5,382	(844)	(Surplus)/Deficit in year	1,043	(4,579)	(3,536)
(10,762)			Opening General Fund Balance at 1 April	(16,988)		
(6,226)			Add (Surplus)/Less Deficit on General Fund Balance in Year	1,043		
(16,988)			Closing General Fund Balance at 31 March	(15,945)		

2 ACCOUNTING POLICIES

These notes explain the policies used to ensure the Council's financial position is fairly presented.

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy 2021/22 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.

2.2 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 if balances are material.
- 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.

2.3 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.

2.4 Charges to Revenue for Non-Current Assets

To record the cost of holding non-current assets during the year, services, and support services are debited with depreciation charges, revaluation and impairment losses in excess of accumulated revaluation gains, and amortisation charges in respect of intangible assets.

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

2.5 Council Tax and Non-Domestic Rates

Billing authorities such as Chorley 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.

2.6 Contingent Assets and Liabilities

A contingent asset or liability arises where an event has taken place that gives the Authority a possible asset or obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within its control. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the core financial statements. Contingent assets are disclosed in a note where it is probable that there will be an inflow of economic benefits or service potential.

2.7 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.

2.8 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 by an officer 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.

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

Post-employment benefits

Employees are members of the Local Government Pension Scheme which provides defined benefits to members. Full details of transactions are given in Note 37. 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.

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

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

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

Service cost comprising:

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

Re-measurement comprising:

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

Contributions paid to the pension fund:

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

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

Discretionary Benefits

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

2.9 Events after the Reporting Period

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

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

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

2.10 Financial Instruments

Financial Liabilities

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

Gains or losses on premature redemption are charged to the Comprehensive Income and Expenditure Statement unless they are the result of a restructure that involves the modification or exchange of existing instruments, in which case they are added to the amortised cost and charged over the life of the modified or exchanged loan. Where charged to the Comprehensive Income and Expenditure Statement, regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

Financial Assets

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

The council 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.

2.11 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.

2.12 Government Grants and Other Contributions

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

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

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

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

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

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.

2.13 Heritage Assets

Heritage assets are assets held principally for their contribution to culture and knowledge.

Astley Hall

The house was built in the mid-seventeenth century, and extended in 1825. It was given to Chorley Council in 1922 as a memorial following the First World War. It houses a collection of paintings and furniture and has accredited museum status awarded by the Arts Council. The house is valued using the depreciated cost method of valuation. Following a detailed condition survey in 2010/11, its value was reduced to a nominal £1 to reflect the substantial repair liability. A major repair and renovation scheme commenced on the hall in 2020/21, with £300k being spent during that financial year and a further £864k in 2021/22. At 31 March 2022, works were at an advanced stage, but further of up to £500k remained to be incurred in 2022/23. The works are now complete and the Hall reopened at the end of May 2022. A full valuation will be carried out in 2022/23.

Other Heritage Assets

The council's other heritage assets are all reported in the Balance Sheet at insurance valuation. The assets are as follows:

- Civic Regalia
- Astley Hall furniture and art collection
- Astley Park Entrance
- Benjamin Disraeli Statue

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment for Heritage Assets, for example where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

Where the Council disposes of heritage assets, the proceeds of these items are accounted for in accordance with the authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

2.14 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 will bring benefits to the Council for more than one financial year. Internally generated assets are capitalised where it is demonstrable that the Council will generate future economic benefits.

The cost is amortised over the economic life to reflect the pattern of consumption, the first year of charge being that in which the expenditure is incurred. 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.

2.15 Investment Properties

Investment properties are those held solely to earn rentals or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

They are measured initially at cost and subsequently at fair value. They are not depreciated but are re-valued annually by a RICS-qualified valuer. 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).

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

2.16 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.

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

The Authority as lessee

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.

2.17 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.

2.18 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.

2.19 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.

2.20 Property Plant and Equipment (PPE)

All expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, 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. The Authority does 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.
- Surplus assets have a current value measurement base of fair value, which is estimated at highest and best use from a market participant's perspective.
- 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 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, assets under construction, and assets without a determinable finite useful life (such as freehold land and certain community assets) are not depreciated.

Other property is depreciated over its useful life on a straight line basis. Depreciation is based on the opening value of assets, weighted for part-year acquisitions or disposals if appropriate. Components are separately depreciated if:

- The total value of the host asset (excluding land) exceeds £0.5m 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)	5-70
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 value depreciation charge and the historic cost depreciation charge, from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

All assets are reviewed annually for impairment. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised for the shortfall. Impairment losses are charged against revaluation gains 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 fair value less costs to sell. If assets subsequently fail to meet the criteria to be classified as Assets Held for Sale, they revert and 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, disposals 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

2.21 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 directly to the provision.

2.22 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.

2.23 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.

2.24 Value Added Tax

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

2.25 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 2021/22 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 2021/22 and 2022/23 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

- IFRS 16 Leases
 - Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.
- None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Fair Values

When measuring the fair value of a non-financial asset, the council uses judgement to ascertain a market participant's ability to generate economic benefits by using the asset in its highest and best

use or by selling it to another market participant that would use the asset in its highest and best use. It also uses judgements regarding inputs to valuation techniques, particularly whether they are applicable and relevant to the assets or liabilities, either directly or indirectly, being valued.

Business Rates Appeals

With business rates, ratepayers who consider the rateable values of their properties to be too high can lodge an appeal with the Valuation Office to have it reviewed. Any resulting reduction in bills can be backdated, perhaps over several years. This creates an uncertainty, because it means that the amount of income for the year from business rates, which has been included by the council in this Statement of Accounts, may later be reduced. Given that the gross income (before reliefs) in each financial year is over £30m and that the provision is required to cover several years, even a relatively low percentage allowance produces a material amount, so the council must acknowledge this in its Statement.

Given that the uncertainties involved, i.e. the numbers of future appeals, their value and how far they will be backdated are all unknown, the question arises as to whether this should be treated as a provision or as a contingent liability. It is considered that it should be recognised as a provision, rather than as a contingent liability, because it meets the definition of a provision under IAS 37, in that there is:

- (1) a present obligation arising from a past event;
- (2) payment is probable;
- (3) the amount can be estimated reliably.

In respect of (1), the 'present obligation' can (under IAS 37) be either legal or constructive. For appeals already lodged the present obligation would be legal. However, for appeals not yet lodged, the present obligation is constructive, on the basis that the past practice of the council, in processing liability adjustments and associated refunds, creates a valid expectation on the part of the business rates payer that refunds will be granted in the future, as a result of equivalent liability adjustments. The past event is the raising of the business rates charge.

In respect of (2), there is a probability of payment, although there is a chance that refunds may not be payable, if individual businesses no longer exist. However, the number of such credits written off is very low. Any credits that are written off require liability adjustment (effectively re-raising the debt for refunds that are not payable). As such they are included in the data that feeds into the provision calculation.

In respect of (3), because of the nature of the revised appeals process introduced from April 2017 onwards, there are particular issues in estimating the potential value of appeals against valuations effective from that time onwards. The pattern of liability movements resulting from successful appeals across the years from 2010/11 to 2016/17 have been reviewed, together with information on the numbers and potential values of cases at the 'Check' and 'Challenge' stages of the process for 2017 list appeals. These, together with comments by the Valuation Office that the approach adopted for the 2017 revaluation was the same as for earlier valuations and a review of the approaches adopted by other authorities, supports the view that the level of provision made by the council at the end of 2021/22 is of an appropriate level.

The need for local authorities to consider making a business rates appeals provision developed as a result of the change to 'Business Rates Retention' within the local government finance system from 2013/14 onwards. Prior to this, the impact of appeals was absorbed within the amounts paid by the council into the then national business rates pool. The relevant CIPFA guidance clarified the view on whether authorities should include an element for refunds on appeals not yet lodged. It quoted IAS 37, paragraph 39 which deals with situations involving large populations where the obligation is estimated by weighting all possible outcomes by their associated probabilities. It is considered that the appeals provision methodology adopted by the council is entirely consistent with this 'expected value' methodology.

5 ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

Item	Uncertainty	Effect if actual results differ
Pensions liability and assets	<p>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.</p> <p>The scheme holds a varied portfolio of assets, details of which are shown at Note 37i. The valuations shown in this Statement are those assessed as at 31 March 2021 and again these are provided by a firm of consulting actuaries.</p>	<p>Sensitivity to the factors contributing to this estimate is shown in Note 37j. Small changes have major impacts on the pension deficit. At 31 March 2022, a 1% increase in the council's pensions obligations would increase the net liability by £1.711m, while a 1% increase in the scheme's assets would reduce the net liability by £1.272m.</p> <p>The council anticipates that it will spend £1.850m on current pension contributions in 2022/23 (see Note 37h). A 1% upward variation on this would produce an increased cost of £19k.</p>
Asset valuations	<p>Note 15 shows that Property, Plant & Equipment (PPE) assets valued at £98.824m (£96.043m of Operational Land and Buildings, £2.027m of Community Assets and 0.214m of Surplus Assets) are carried at either current value or depreciated replacement cost value.</p> <p>Note 17 shows that Investment Properties valued at £32.783m 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>All PPE assets which had a valuation date of earlier than 31st March 2018 were subject to assessment by Management on the grounds that the value may have changed materially. The council also revalued four PPE assets which have valuation amounts which are individually significant to the overall total. These were the Market Walk Shopping Centre (valued at £18.500m at 31 March 2022, Market Walk Extension (£10.500m), Strawberry Fields</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 CIES. Every 10% fall in the total value of the council's investment properties would result in a £3.278m charge to the CIES.</p> <p>Likewise, a 10% fall in the value of other assets valued at current value would produce a variation of £9.882m. How much, if any, of this would be chargeable to</p>

	<p>Digital Office Park (£4.500m) and Primrose Gardens Retirement Village (£6.835m)</p> <p>All assets classed as Investment Properties were subject to review. These include Logistics House, a major warehousing and distribution facility purchased in 2019/20, which was valued at £31.500m at 31 March 2022.</p>	<p>the CIES would depend on the individual assets affected and whether or not there were associated balances in the Revaluation Reserve.</p>
Provisions	<p>A provision of £1.303m has been recognised for the best estimate of the council's share of the amount that businesses have been overcharged business rates up to 31 March 2022. The estimate in respect of appeals against the rating lists prior to that for 2017 has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date. In respect of the 2017 list, there have, as yet, been only a very limited number of appeals at a national level and so the appropriate level of provision is more difficult to gauge. The council's provision has been set at 4% of the net rates payable for each year. Benchmarking information indicates that this is a little higher than the average for councils of this size and type. See Note 23.</p>	<p>If the value of successful appeals exceeded the provision there would be a reduction in the local share of business rates income available to fund the Authority's services. Similarly, an increase in the provision to cover such appeals would be a charge to the Collection Fund which would also reduce the local share of business rates income available to fund the Authority's services. A 1% increase in the provision would result in an additional charge to the Collection Fund of £0.032m, of which this Authority's share of the cost would be 40% or £0.013m.</p>
Fair value measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities are disclosed in Notes 2, 17 and 19.</p>	<p>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.</p>

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 £0.966m (2020/21 £1.015m). This equates to 1.9% (2020/21 1.9%) of the council's gross service expenditure for the preceding financial year and matches the threshold stated by the council's auditor in their Audit Plan, although the actual audit materiality level that will be applied for 2021/22 remains subject to confirmation.

7 EVENTS AFTER THE REPORTING PERIOD

The unaudited Statement of Accounts was authorised for issue by the Section 151 Officer on 22 August 2022. 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 2022, 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.

8 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis, which forms Note 1 to the accounts, can be found on page 56.

This note provides a reconciliation of the main adjustments to the Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

2021/22	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Statutory Adjustments	Other Adjustments (Note D)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Commercial and Property Communities	900	171	(1)	1,070	(1,667)	(597)
Customer & Digital	11	192	0	203	0	203
Planning and Development	0	180	(7)	173	10	183
Policy & Governance	0	155	(9)	146	0	146
Major Projects	0	127	(12)	115	89	204
Corporate	0	32	0	32	0	32
Covid	4,022	553	(9)	4,566	39	4,605
	0	0	3	3	0	3
Cost of Services	4,933	1,410	(35)	6,308	(1,529)	4,779
Other Income and Expenditure from the Expenditure and Funding Analysis	(10,253)	1,149	(1,783)	(10,887)	1,529	(9,358)
deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,320)	2,559	(1,818)	(4,579)	0	(4,579)

2020/21	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Statutory Adjustments	Other Adjustments (Note D)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000	£'000	£'000
Commercial and Property	946	60	2	1,008	0	1,008
Communities	307	66	12	385	0	385
Customer & Digital	0	71	13	84	110	194
Planning and Development	0	60	6	66	0	66
Policy & Governance	303	116	4	423	94	517
Major Projects	0	11	1	12	0	12
Corporate	2,307	326	6	2,639	438	3,077
Covid	0	6	2	8	0	8
Cost of Services	3,863	716	46	4,625	642	5,267
Other Income and Expenditure from the Expenditure and Funding Analysis	(5,182)	967	4,972	757	(642)	115
deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,319)	1,683	5,018	5,382	0	5,382

Note A Adjustments for Capital Purposes

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

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

Note B Net Change for Pension Adjustments

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

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

Note C Other Statutory Adjustments

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

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

Note D Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement. These are:

- For financing and investment income and expenditure, adjustments in respect of charges for the provision for non-collection of outstanding debts.

9 EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows

	2020/21 £'000	2021/22 £'000
Expenditure/Income		
Expenditure		
Employee benefits expenses	13,305	14,704
Other service expenses	34,590	42,018
Depreciation, amortisation, impairment	3,858	4,481
Interest payments	4,907	4,913
Precepts, tariffs and levies	7,324	7,305
Loss on the disposal of assets	(100)	(97)
Changes in the fair values of investment properties	3,282	0
Total expenditure	67,166	73,324
Income		
Fees, charges and other service income	(10,354)	(12,507)
Interest and investment income	(2,534)	(2,396)
Changes in the fair values of investment properties	0	0
Income from council tax and non-domestic rates	(12,808)	(15,735)
Government grants and contributions	(37,351)	(35,737)
Other grants and contributions	(4,963)	(10,485)
Gain on the disposal of assets	0	0
Total income	(68,010)	(76,860)
Surplus or Deficit on the Provision of Services	(844)	(3,536)

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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2021/22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25d)	(2,560)	0	0	2,560
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	1,783	0	0	(1,783)
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	35	0	0	(35)
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)	64	0	0	(64)
Total Adjustments to Revenue Resources	(678)	0	0	678
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	97	(97)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	1,435	0	0	(1,435)
Additional provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	4,188	0	0	(4,188)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	820	0	0	(820)
Total Adjustments between Revenue and Capital Resources	6,540	(97)	0	(6,443)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	262	0	(262)
Application of capital grants to finance capital expenditure (MiRS)	(1,283)	0	3,589	(2,306)
Total Capital Resources	(1,283)	262	3,589	(2,568)
Total Adjustments	4,579	165	3,589	(8,333)

2020/21	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25d)	(1,684)	0	0	1,684
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	0	0	0	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25e)	(4,972)	0	0	4,972
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	(46)	0	0	46
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)	(2,200)	0	0	2,200
Total Adjustments to Revenue Resources	(8,902)	0	0	8,902
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	120	(120)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 26b)	1,713	0	0	(1,713)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 26b)	958	0	0	(958)
Total Adjustments between Revenue and Capital Resources	2,791	(120)	0	(2,671)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	204	0	(204)
Application of capital grants to finance capital expenditure (MiRS)	729	0	(729)	0
Total Capital Resources	729	204	(729)	(204)
Total Adjustments	(5,382)	84	(729)	6,027

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

General Fund Balance

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

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.

11 TRANSFERS TO/FROM EARMARKED RESERVES

The movements in reserves during the year were as follows

Type of Earmarked Reserve	Balance 1 April 2020 £'000	Transfers		Balance 31 March 2021 £'000	Transfers		Balance 31 March 2022 £'000
		Out £'000	(In) £'000		Out £'000	(In) £'000	
Rephasing of planned expenditure	(898)	183	(162)	(877)	243	(118)	(752)
Rephasing of New Investment Projects	(909)	212	0	(697)	95	(460)	(1,062)
Grants reserved for specific expenditure	(298)	106	0	(192)	8	0	(184)
Financing of capital expenditure	(1,911)	946	(870)	(1,835)	910	(1,362)	(2,287)
Planning purposes including appeals	(346)	110	(184)	(420)	140	(150)	(430)
Restructuring of services	(250)	0	0	(250)	0	0	(250)
Retail Investment	(46)	29	(112)	(129)	31	0	(98)
Apprenticeships and Graduates	(62)	41	0	(21)	17	(200)	(204)
Resource equalisation	(1,622)	0	(711)	(2,333)	0	(69)	(2,402)
Maintenance of Council buildings	(400)	73	0	(327)	222	0	(105)
Maintenance of Grounds	(34)	0	(10)	(44)	0	0	(44)
Elections	(31)	0	(70)	(101)	0	0	(101)
Covid-19 funding	0	0	(901)	(901)	601	(207)	(507)
Business Rates grants exceptional payments	0	0	(4,923)	(4,923)	4,383	(2,948)	(3,488)
Other	45	106	(32)	119	57	(67)	109
Total Earmarked Reserves	(6,762)	1,806	(7,975)	(12,931)	6,707	(5,581)	(11,805)
General Reserve	(4,000)	0	(57)	(4,057)	0	(83)	(4,140)
Total General Fund Reserves	(10,762)	1,806	(8,032)	(16,988)	6,707	(5,664)	(15,945)

Purpose of Earmarked Reserves

- **Rephasing of planned expenditure** – there are a number of directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet started. These reserves will ensure that such initiatives can be completed. They include ICT projects and infrastructure £78k, slippage from 2021/22 and earlier years £477k, Shared Services implementation £12k, transformation challenge and public service reform £48k and neighbourhood working £45k. Plus various other minor reserves for future expenditure
- **Rephasing Investment Projects** – there are a number of specific investment packages included in the Council's annual revenue budget aimed at delivering corporate priorities. As delivery on these schemes will be made over more than one year, these reserves enable unspent balances to be carried forward to future years. They include investment budgets carried forward to 2022/23 £680k and an investment fund for realising income generation £381k.
- **Grants reserved for specific expenditure** – this represents income from government grants received which have no conditions attached or where no expenditure has yet been incurred.
- **Financing of capital expenditure** – Funding has been set aside for significant ICT expenditure as hybrid working becomes prevalent (£820k). In addition there is also work set aside for renovations at Strawberry Fields and Market Walk £485k. There are funds set aside for the Green Agenda £721k to be spent over the coming years.
- **Planning purposes including appeals** – this reserve has been established to mitigate future costs of planning appeals and the funding of the local plan.
- **Restructuring of services** – this reserve is provided to support the one-off staffing cost implications of service transformation programmes.
- **Retail Investment** – this reserve represents the council's investment in the borough through the Retail Grants Programme which provides specific funding for local businesses in the form of refurbishment grants and business rate subsidy.
- **Apprenticeships and Graduates** – this reserve provides funding for apprenticeships and graduates across the organisation in the coming years.
- **Resource equalisation** – this represents the Business Rates Retention reserve £1,415k and income equalisation reserves for Market Walk (£536k) and Logistics House (£450k). These are established to minimise the risk of fluctuations in future income levels from Business Rates and from the council owned shopping precinct and warehousing and distribution facility.
- **Maintenance of Council buildings** – this reserve has been established to provide funding for future asset improvement works in relation to the council owned Market Walk retail precinct and other Council properties.
- **Maintenance of Grounds** - this reserve provides for future investment in the council's parks and open spaces.

- **Elections** – this has been established to equalise the costs of holding local elections over the Council’s four year election cycle.
- **Covid-19 funding** – this contains two elements – one a £300k reserve to support recovery in the borough following Covid 19 and a further £207k of NHS funding to support ongoing health activities.
- **Business Rates grants exceptional payments** - in 2021/22, the continuing Government support measures in respect of the Covid 19 pandemic again resulted in a surplus in grant income for Business Rates Reliefs and a corresponding shortfall in Business Rates income, although at a lower level than for 2020/21. As was done in 2020/21, this additional grant income has been transferred to a reserve, to be applied to cover deficits allocated to the council in future years. In addition, a transfer of £4.383m was made from the reserve to cover the share of the 2020/21 deficit borne by the council in 2021/22 (there was no corresponding transfer in 2020/21).
- **Other** – this represents other balances set aside in reserves including for Mayoral Charities and Astley Hall Art Works.

12 OTHER OPERATING EXPENDITURE

2020/21 £'000		2021/22 £'000
699	Parish council precepts	703
20	(Gains)/losses on disposal of non-current assets	0
(21)	Capital receipts from the sale of previously transferred housing stock	(53)
(98)	Other capital receipts	(44)
600	Total	606

13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020/21 £'000		2021/22 £'000
1,430	Interest payable and similar charges	1,402
967	Net interest on the net defined benefit liability (asset)	1,149
(36)	Interest receivable and similar income	(33)
1,582	Income and Expenditure in relation to investment properties and changes in their fair value	(1,729)
662	Allowance for impairment of outstanding debts	133
4,605	Total	922

14 TAXATION AND NON-SPECIFIC GRANT INCOME & EXPENDITURE

2020/21 £'000		2021/22 £'000
(7,849)	Council tax income	(8,083)
1,665	Non-domestic rates income and expenditure	(1,050)
(8,952)	Non ring-fenced government grants	(5,408)
0	Covid-19 additional relief fund (CARF)	(666)
(589)	Covid-19 support grants	(201)
(5,748)	Capital grants and contributions	(3,713)
(21,473)	Total	(19,121)

14(a) Impact of Covid-19 pandemic on income from business rates and non-ringfenced government grants

During 2021/22 the council received a range of additional government grants, falling into three main categories:

- Grants to compensate the council for payments made of support grants to local businesses, under schemes established by the government.
- Grants to directly support the council and its activities, both to compensate for reduced income and to support additional expenditure.
- Additional amounts of Section 31 grant to compensate for the loss of business rates income resulting from supplementary statutory business rates reliefs, specifically expanded retail discount and nursery discount.

In 2021/22, the same pattern continued, but the overall amounts involved were significantly lower.

In respect of the first, in making these payments, the council was effectively acting as an agent, distributing the grants on behalf of the government and was fully reimbursed for the cost. The grants and the associate expenditure are therefore accounted for separately and are excluded from the council's accounts (see also Note 33).

In respect of the second, the figure of £201k shown above relates principally to grants received to compensate the council for generally lower collection rates for council tax and business rates.

In respect of the third, the amount of additional grant received was £2.607m, being £1.941m for expanded retail and nursery reliefs, plus £0.666m for CARF (see table). The reverse side of this is a corresponding reduction in net income from business rates, which although significantly higher than in 2020/21 (reflecting the scaled down level of support to businesses), remains well below its pre-pandemic levels. As was the case for 2020/21, the overall financial impact on the council is broadly neutral, with transfers to and from reserves being made to even out the effects of the timing of the actual cash flows for each type of income.

14(b) LANCASHIRE BUSINESS RATES POOL

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

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

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

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

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

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

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

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

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

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

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

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

15 PROPERTY PLANT AND EQUIPMENT

	Other Land & Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation							
At 1 April 2021	85,094	5,634	760	4,682	473	6,572	103,215
Additions	1,641	395	31	267	-	19,434	21,767
Revaluation increases/(decreases) recognised in the revaluation reserve	4,664	-	-	13	0	-	4,677
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(2,411)	-	-	-	-	-	(2,411)
De-recognition - disposals	-	-	-	-	-	-	-
Assets reclassified (to)/from	7,884	-	-	-	-	(7,884)	-
Other movements in cost or valuation	(47)	-	-	-	-	-	(47)
At 31 March 2022	96,824	6,029	791	4,962	473	18,123	127,202
Depreciation and Impairment							
At 1 April 2021	(1,042)	(3,698)	(426)	(1,460)	-	-	(6,626)
Depreciation charge	(1,415)	(433)	(30)	(204)	-	-	(2,081)
Depreciation written out to the revaluation reserve	1,106	-	-	63	-	-	1,169
Depreciation written out to the surplus/deficit on the provision of services	23	-	-	-	-	-	23
Impairment losses/(reversals) recognised in the revaluation reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	-	-	-	-	-	-	-
De-recognition - disposals	-	0	-	-	-	-	0
Assets reclassified (to)/from	-	-	-	-	-	-	-
Other movements in depreciation and impairment	47	-	-	-	-	-	47
At 31 March 2022	(1,282)	(4,131)	(455)	(1,601)	-	-	(7,469)
Net Book Value							
At 1 April 2021	84,052	1,936	334	3,222	473	6,572	96,589
Cumulative movements	11,491	(38)	2	139	0	11,550	23,144
At 31 March 2022	95,543	1,897	336	3,361	473	18,123	119,733

The valuations are carried out with a valuation date of 31st March 2022.

The comparative figures for 2020/21 are as follows:

	Other Land & Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation							
At 1 April 2020	85,384	6,109	748	4,617	473	979	98,310
Additions	1,502	385	12	61	-	5,593	7,553
Revaluation increases/(decreases) recognised in the revaluation reserve	408	-	-	-	-	-	408
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(2,200)	-	-	4	-	-	(2,196)
De-recognition - disposals	-	(97)	-	-	-	-	(97)
De-recognition - other	-	(763)	-	-	-	-	(763)
Assets reclassified (to)/from	-	-	-	-	-	-	-
At 31 March 2021	85,094	5,634	760	4,682	473	6,572	103,215
Depreciation and Impairment							
At 1 April 2020	(657)	(4,030)	(397)	(1,251)	-	-	(6,335)
Depreciation charge	(1,480)	(509)	(29)	(209)	-	-	(2,227)
Depreciation written out to the revaluation reserve	361	-	-	-	-	-	361
Depreciation written out to the surplus/deficit on the provision of services	1,045	-	-	-	-	-	1,045
Impairment losses/(reversals) recognised in the revaluation reserve	(146)	-	-	-	-	-	(146)
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	(165)	1	-	-	-	-	(164)
De-recognition - disposals	-	77	-	-	-	-	77
De-recognition - other	-	763	-	-	-	-	763
Assets reclassified (to)/from	-	-	-	-	-	-	-
At 31 March 2021	(1,042)	(3,698)	(426)	(1,460)	0	0	(6,626)
Net Book Value							
At 1 April 2020	85,094	5,634	760	4,682	473	6,572	103,215
Cumulative movements	(1,042)	(3,698)	(426)	(1,460)	0	0	(6,626)
At 31 March 2021	84,052	1,936	334	3,222	473	6,572	96,589

Fixed Assets Valuations

During 2021/22 the valuations were carried out by Lea Hough RICS-qualified Surveyors. The basis of valuation is set out in the Accounting Policies note.

	Other Land & Buildings £'000	Vehicles, Plant, Furniture and Equipment £'000	Infrastructure £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	241	6,029	791	2,935	259	18,123	28,378
Valued at current value as at:							
31 March 2022	66,846	-	-	626	214	-	67,686
31 March 2021	13,334	-	-	200	-	-	13,533
31 March 2020	11,784	-	-	1,170	-	-	12,954
31 March 2019	4,326	-	-	5	-	-	4,331
31 March 2018	294	-	-	26	-	-	320
Total cost or valuation	96,824	6,029	791	4,962	473	18,123	127,202

The Authority has considered whether the carrying value of PPE assets that have not been revalued in the year is materially different to fair value. In revaluing assets during 2021/22, the Council's Surveyor has considered the effect any significant movement in the value of revalued assets on the remaining assets not scheduled for revaluation, and has confirmed that no further adjustments are required.

Capital Commitments

At 31 March 2022, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £7.999m. The major commitments are:

- Tatton Extra Care Scheme – **£4.423m.**
- Alker Lane development - **£2.889m.**
- Astley Hall renovation and conservation - **£0.292m.**

Impairment Losses

There were no impairment losses or reversals of previous impairments in 2021/22.

Material Items of Expenditure

During 2021/22 the authority made additions to PPE assets of £22.632m, which compares to a £7.553m. This is mainly due to an increase in expenditure on assets under construction.

16 HERITAGE ASSETS

Cost or Valuation	2020/21 £'000	2021/22 £'000
As at 1 April	2,530	2,530
Additions	301	864
Donations	0	0
Revaluations recognised in Revaluation Reserve	0	0
Disposals	0	0
Revaluations recognised in CI&ES	(301)	0
As at 31 March	2,530	3,394

HERITAGE ASSETS – FIVE YEAR SUMMARY OF TRANSACTIONS

There were two disposals and no acquisitions during the five years 2017/18 to 2021/22. An asset already held by the authority was recognised as a donated heritage asset during 2017/18 and revalued accordingly.

HERITAGE ASSETS – FURTHER INFORMATION

The assets included within Heritage assets are as follows:

Civic Regalia

This mainly consists of mayoral badges, chains of office, and other regalia used in civic activities. It was last re-valued in 2016.

Astley Hall

The house was built in the mid-seventeenth century, and extended in 1825. It was given to Chorley Council in 1922 as a memorial following the First World War. It houses a collection of paintings and furniture and has accredited museum status awarded by the Arts Council. The house is valued using the depreciated cost method of valuation. Following a detailed condition survey in 2010/11, its value was reduced to a nominal £1 to reflect the substantial repair liability. A major repair and renovation scheme commenced on the hall in 2020/21, with £300k being spent during that financial year and a further £864k in 2021/22. At 31 March 2022, works were at an advanced stage, but further of up to £500k remained to be incurred in 2022/23. The works are now complete and the Hall reopened at the end of May 2022.

Astley Hall furniture and art collection

A large part of the collection was gifted to the Council with the house, but it has been added to buy gifts and purchases in the following years. The collection consists of numerous minor works of art and furniture. It is included in the statement of accounts at the 2019 insurance value of £1.840m.

Astley Park Entrance

Astley Park was given, along with the Hall, to Chorley Council in 1922 in memory of those who died in the Great War. After this transfer the arch, formerly of nearby Gillibrand Hall, was rebuilt as the main entrance, which it still serves as today. Close to the main gates and arch is a former drinking fountain, inscribed with the words "Erected by Ann Pollard AD 1861". It was included in the statement of accounts at the 2019 insurance value of £0.587m.

Benjamin Disraeli Statue

The statue was formerly situated on a rooftop on the corner of Chapel Street and Cleveland Street on the building once known as Beaconsfield Buildings. The statue was erected in 1886, after his death in 1881, by the Primrose League who met in the room below. The statue was taken down and restored following problems with the roof and due to the prohibitive cost of returning it to its original position was donated to the council and is now located in the Walled Garden in Astley Park.

Preservation and management

The Council has a ten-year plan for the use and maintenance of the hall and contents, with periodic structural surveys being undertaken. Within this framework, during 2020/21, a major scheme for the refurbishment of the hall commenced in 2020/21 and was completed in May 2022. Additions and disposal of the collection is managed in accordance with The Acquisitions and Disposal Policy.

17 INVESTMENT PROPERTIES

The following items of income have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2020/21 £'000	2021/22 £'000
Rental Income from Logistics House	(1,661)	(1,661)
Rental Income from other investment properties	(67)	(68)
Direct operating expenses arising from investment property	28	0
Net gain/(loss)	(1,700)	(1,729)

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. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The assets are comprehensively re-valued every year. The following table summarises the movement in the fair value of these properties over the past years. In 2021/22 the asset values were unchanged and there was no in-year expenditure.

	2020/21 £'000	2021/22 £'000
Fair value at the start of the year	35,677	32,783
Additions	388	0
Disposals	0	0
Net gain/(loss) from fair value adjustments	(3,282)	0
Transfers: (To)/From Property, Plant and Equipment	0	0
Value at year-end	32,783	32,783

Fair Value Hierarchy

All the Council's investment property portfolio has been assessed as Level 2 for valuation purposes.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels during the year.

Valuation techniques used to determine Level 2 fair values for investment properties

The fair value for the investment properties has been measured using the market approach. The approach is described at paras B5 to B7 of IFRS 13; it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The inputs to this technique constitute **Level 2 inputs** in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

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 the 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 set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

18 INTANGIBLE ASSETS

The Authority accounts for its computer software as intangible assets, to the extent that the software is not an integral part of a particular IT system 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. Useful lives assigned to the major software suites used by the Authority are:

Asset Description	Amortisation Period
Website	3 years
Thin client implementation	7 years
Revenues & Benefits software	7 years

Amortisation is on a straight line basis. In 2021/22 the amortisation charge of £0.014m was charged principally to the Customer & Digital directorate.

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

	2020/21 £'000	2021/22 £'000
Balance at the start of the year		
Gross carrying amount	1,238	1,238
Accumulated amortisation	(1,188)	(1,202)
Net carrying amount at year start	50	36
Movements in the year		
Additions in year	0	0
Disposals in year	0	0
Amortisation in year	(14)	(12)
Amortisation in respect of disposals	0	0
Net carrying amount at the year-end	36	24

There are no significant contractual commitments, and no individual intangible assets the amortisation of which is materially significant to the Council.

19 FINANCIAL INSTRUMENTS

19a Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Financial Assets				
<i>Carried at Amortised Cost</i>				
Cash & cash equivalents (note 21) net of bank overdraft	0	0	9,276	9,460
Debtors	5,323	4,939	2,851	3,859
Total Debtors	5,323	4,939	12,127	13,319
Financial Liabilities				
<i>Carried at Amortised Cost</i>				
Borrowing - Principal	(60,264)	(68,341)	(1,894)	(1,925)
Borrowing – Accrued Interest	0	0	(288)	(292)
Creditors	(1,438)	(1,481)	(4,783)	(3,926)
Total Creditors	(61,702)	(69,822)	(6,965)	(6,143)
<i>Memo: Items that are not Financial Instruments</i>				
<i>Debtors</i>	0	0	10,306	5,005
<i>Creditors</i>	0	0	(18,985)	(18,419)

The figure shown for Long Term Debtors includes amounts in respect of rent free periods granted and payments made to incoming tenants in the Market Walk and Market Walk Extension commercial units. At 31 March 2022, the total outstanding in respect of such payments was £4.577m (31 March 2021 £4.959m). These sums will be recovered from the rental income payable over the lifetime of the tenancies.

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

19b Income, Expense, Gains and Losses

The amounts charged in the Comprehensive Income and Expenditure Statement are as follows:

	2020/21			2021/22		
	Financial Liabilities at Amortised Cost	Financial Assets Loans & Receivables	Total	Financial Liabilities at Amortised Cost	Financial Assets Loans & Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expenses	1,431	0	1,431	1,401	0	1,401
Impairment Increase/ (Reduction)	3,282	0	3,282	0	0	0
	4,713	0	4,713	1,401	0	1,401
Interest income	0	(36)	(36)	0	(33)	(33)
Total income	0	(36)	(36)	0	(33)	(33)
Net (gain)/loss for the year			4,677			1,368

The amounts shown for Impairment increases/(reductions) relate to movements in the Fair Value of Investment Properties. There were no such movements in 2021/22 (see Note 17).

19c Fair Values of Assets and Liabilities

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), using the following assumptions:

- For loans from the Public Works Loans Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the table sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, PWLB prevailing market 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.

The fair values calculated are as follows:

Financial Liabilities	2020/21		2021/22	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB Debt	(62,446)	(63,780)	(70,558)	(66,290)
Short Term Borrowing	0	0	0	0
Short Term Creditors	(4,783)	(4,783)	(3,926)	(3,926)
Long Term Creditors	(1,438)	(1,438)	(1,481)	(1,481)
Total Liabilities	(68,667)	(70,001)	(75,965)	(71,697)

The fair value of the liabilities is less than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £66.290m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at the new borrowing rates from the PWLB.

The Authority has also calculated an exit price fair value for PWLB loans of £77.494m, which is calculated using early repayment discount rates. The Authority has no contractual obligation to pay these penalty costs and would not incur any additional cost if the loans run to their planned maturity date.

Financial Assets	2020/21		2021/22	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	9,276	9,276	9,460	9,460
Short Term Debtors	2,851	2,851	3,859	3,859
Long Term Debtors	5,323	5,396	4,939	5,012
Total Assets	17,450	17,523	18,258	18,331

Short Term debtors and creditors are carried at cost as this is a fair approximation of their value.

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 – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in interest rates.

Overall procedures for managing risk

The authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by the financial accounts team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum creditworthiness criteria, provided by the council's treasury advisor Link Asset Services. The creditworthiness service combines the credit ratings from all three ratings agencies (Fitch, Moody's and Standard & Poors) in a sophisticated modelling process. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category.

The key areas of the Investment Strategy are as follows:

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

Sundry Debtors

Assessment of the expected credit loss on the outstanding balance of short-term debtors is made using a provision matrix based on the age of the outstanding debt and previous experience of recovery rates. At 31 March 2022, the outstanding gross amount was £6.251m (£5.152m at 31 March 2021) and the maximum exposure to credit loss was assessed as £2.392m (£2.301m at 31 March 2021).

Loss allowances on Debtors has been assessed using past due information and calculates losses based on lifetime credit losses for all debtors more than 30 days past due. Debtors are assessed individually where information on the likelihood of collection exists; otherwise debtors are collectively assessed for credit risk as one group. No collateral is held as security.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow requirements, and access to the Public Works Loans Board and money markets for longer term funds. The Council is required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure.

Interest rates on its borrowings at 31 March 2022 vary between 1.32% and 4.34%, and the maturity analysis of its borrowing is as follows:

	31 March 2021 £'000	31 March 2022 £'000
Less than 1 year	2,182	2,216
Between 1 and 2 years	1,924	1,839
Between 2 and 5 years	5,364	5,328
More than 5 years	52,976	61,175
Total	62,446	70,558

Market risk

Interest rate risk – The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings and short-term investments are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings and investments do not impact on the Comprehensive Income and Expenditure Statement. To mitigate risk the Council's annual Treasury Strategy reviews interest rate forecasts and fixes prudential indicators for fixed and variable interest rate exposure.

If all 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
Loss - Increase in interest payable on variable rate borrowings	0
Gain - Increase in interest receivable on variable rate investments	(93)
Gain - Impact on Comprehensive Income and Expenditure Statement	(93)
Gain - Decrease in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure Statement)	(9,322)

Price risk – The Council has no exposure to this risk, having no available for sale assets.

Foreign Exchange Risk – The Council has no material exposure to the risk of currency movements.

20 DEBTORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Receivables	7,738	6,585
Prepayments	588	345
Other Receivables*	7,928	4,844
Gross Carrying Amount	16,254	11,774
Less Bad Debt Provisions	(3,097)	(2,909)
Net Carrying Amount	13,157	8,865

21 CASH AND CASH EQUIVALENTS

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

	31 March 2021 £'000	31 March 2022 £'000
Cash held by the Authority	167	186
Bank current and call accounts	9,136	9,516
Bank overdraft	(27)	(242)
Total Cash and Cash Equivalents	9,276	9,460

22 SHORT TERM CREDITORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Payables	(4,351)	(5,197)
Other Payables	(19,417)	(17,148)
Total	(23,768)	(22,345)

23 PROVISIONS

The movements in provisions during the year were as follows.

	Balance 1			Balance 31
	April 2021	Used	Added	March 2022
	£'000	£'000	£'000	£'000
Municipal Mutual Insurance	(14)	0	0	(14)
Business rates appeals	(1,208)	441	(536)	(1,303)
Total	(1,222)	441	(536)	(1,317)

Municipal Mutual – This Company was the Council’s insurer prior to it becoming insolvent in 1993. Under a Scheme of Arrangement the Council shares a liability with other Councils to pay back a part of settlements received if the insurer’s ongoing liabilities exceed its assets.

Business Rates Appeals – Due to the localisation of Business Rates, which became effective from the 1st April 2013, the council now bears part of the risk for future appeals against rateable valuations of business premises. Therefore, the council has set aside a provision for any potential liabilities as a result of appeals. At the end of 2021-22, the council is responsible for a 40% share of this liability along with the Department of Levelling Up, Housing and Communities (50%), Lancashire County Council (10%) 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 2022 is £3.256m (£3.018m at 31 March 2021). The council has made a provision for 40% of this figure totalling £1.303m (£1.208m at 31 March 2021). 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 53). The purpose of General Fund Earmarked Reserves is detailed in Note 11 page 77).

	31 March 2021	31 March 2022
	£'000	£'000
General Fund Working Balance	(4,057)	(4,140)
General Fund Earmarked Reserves	(12,931)	(11,805)
Total General Fund Balance	(16,988)	(15,945)
Capital Receipts Reserve	(889)	(724)
S106 Contributions from developers	(9,000)	(5,493)
Community Infrastructure Levy (CIL)	(4,935)	(4,748)
Other Capital Grants and Contributions	(17)	(122)
Total Capital Grants and Contributions Unapplied	(13,952)	(10,363)
Total Usable Reserves at year-end	(31,829)	(27,032)

25 UNUSABLE RESERVES

	31 March 2021 £'000	31 March 2022 £'000
Revaluation Reserve (Note 25a)	(16,083)	(21,727)
Capital Adjustment Account (Note 25b)	(27,504)	(36,780)
Deferred Capital Receipts Reserve (Note 25c)	(289)	(289)
Pensions Reserve (Note 25d)	56,444	44,428
Collection Fund Adjustment Account (Note 25e)	4,428	2,645
Accumulated Absences Account (Note 25f)	236	201
Total Unusable Reserves at year-end	17,232	(11,522)

25a Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve holds only gains accumulated since 1 April 2007. Gains prior to that date were consolidated into the Capital Adjustment Account.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(15,710)	(16,083)
Upward revaluation of assets	(1,592)	(6,123)
Difference between fair value and historic cost depreciation	251	201
Downward revaluation and impairment not charged to the Comprehensive Income & Expenditure Statement	968	278
Balance at 31 March	(16,083)	(21,727)

25b Capital Adjustment Account

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(26,580)	(27,504)
<u>Reversal of items relating to capital expenditure debited or credited to the CI&ES</u>		
Charges for depreciation & impairment of non-current assets	2,227	2,081
Revaluation losses on Property, Plant and Equipment	1,618	2,388
Amortisation of intangible assets	14	12
Revenue expenditure funded from capital under statute	847	1,233
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	20	0
	4,726	5,714
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Difference between fair value and historic cost depreciation	(251)	(201)
	(251)	(201)
<i>Net written out amount of the cost of non-current assets consumed in the year</i>	4,475	5,513
<u>Capital financing applied in the year</u>		
Use of Capital Receipts Reserve to finance new capital expenditure	(204)	(262)
Capital grants & contributions credited to the CI&ES that have been applied to capital financing	(1,742)	(5,778)
Application of grants to capital financing from Capital Grants Unapplied	(4,064)	(2,305)
Statutory & voluntary provision for the repayment of debt	(1,713)	(5,623)
Capital expenditure charged to the General Fund Balance	(958)	(821)
	(8,681)	(14,789)
Movements in the market value of Investment Properties debited or credited to the CI&ES	3,282	0
Balance at 31 March	(27,504)	(36,780)

This 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.

25c Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(289)	(289)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
Balance at 31 March	(289)	(289)

25d Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2020/21 £'000	2021/22 £'000
Balance at 1 April	42,761	56,444
Remeasurement of the net defined benefit liability	11,999	(14,575)
Reversal of charges posted to the Comprehensive Income & Expenditure Statement	3,694	4,579
Employers contributions and direct payments to pensioners payable in the year	(2,010)	(2,020)
Balance at 31 March	56,444	44,428

25e Collection Fund Adjustment Account

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	(544)	4,428
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	4,972	(1,783)
Balance at 31 March	4,428	2,645

25f Accumulated Absences Account

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

	2020/21 £'000	2021/22 £'000
Balance at 1 April	191	236
Settlement or cancellation of accrual made at the end of the preceding year	(191)	(236)
Amounts accrued at the end of the current year	236	201
Amount by which officer remuneration charged to the CI&ES on accruals basis differs from remuneration chargeable in year in accordance with statutory requirements	45	(35)
Balance at 31 March	236	201

26 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2020/21 £'000	2021/22 £'000
Interest received	36	33
Interest paid	(1,431)	(1,401)
	(1,395)	(1,368)

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

Note 26a: Non-cash movements	2020/21 £'000	2021/22 £'000
Depreciation	2,227	2,082
Impairment and downward valuations	1,616	2,388
Amortisation	14	12
Increase/(decrease) in creditors	22,840	(4,359)
(Increase)/decrease in debtors	(7,123)	4,271
Movement in pension liability	801	2,992
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	20	0
Other non-cash items charged to the net surplus or deficit on the provision of services	2,637	95
	23,032	7,481

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

Note 26b: Investing and financing activities	2020/21 £'000	2021/22 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(119)	(97)
Any other items for which the cash effects are investing or financing cash flows	(6,590)	(4,493)
	(6,709)	(4,590)

27 CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

	2020/21 £'000	2021/22 £'000
Purchase of property, plant & equipment, investment property, heritage assets and intangible assets.	(8,445)	(24,155)
Other payments for investing activities	(668)	384
Proceeds from the sale of assets.	119	97
Other receipts from investing activities	6,730	4,493
Net cash flows from investing activities	(2,264)	(19,181)

28 CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

	2020/21 £'000	2021/22 £'000
Cash receipts from short- and long-term borrowing	0	10,000
Other Receipts from Financing Activities	(11)	5
Repayment of Short and Long Term Borrowing	(6,366)	(1,895)
Other receipts from financing activities	(8,183)	4,828
Net cash flows from financing activities	(14,560)	12,938

Reconciliation of Liabilities arising from Financing Activities

	1 April 2020 £'000	Financing cash flows		Other non- cash changes £'000	31 March 2021 £'000
		Acquisition £'000	Repayment £'000		
Long-term borrowing	60,264	10,000		(1,923)	68,341
Short-term borrowing	2,182	0	(1,895)	1,928	2,215
Total borrowing	62,446	10,000	(1,895)	5	70,556
Creditors - Council Tax & NNDR due to Preceptors & Central Government	(5,243)	4,828			(415)
Total	57,203	14,828	(1,895)	5	70,141

29 MEMBERS ALLOWANCES

	2020/21 £'000	2021/22 £'000
Allowances	309	303
Expenses	0	1
Total	309	304

30 OFFICERS REMUNERATION

Remuneration of Senior Employees was as follows:

2021/22 Remuneration										
	Note	Salary	Expenses / Allowances	Compensation for Loss of Offi	Benefits in Kind	Pension Contribution	Total Remuneration	Charges to SRBC (50%)	Charges from SRBC (50%)	Net Cost to CBC
Post Title		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	A	0	0	0	0	0	0	0	74	74
Deputy Chief Executive	B	104	0	0	0	17	121	(61)	0	61
Director (Customer & Digital)	C	92	0	0	0	15	107	(54)	0	54
Director (Commercial & Property)	D	81	0	0	0	13	94	(47)	0	47
Director (Communities)	E	0	0	0	0	0	0	0	46	46
Director (Governance)	F	0	0	0	0	0	0	0	46	46
Director (Finance & s151 Officer)	G	78	0	0	0	13	91	(46)	0	46
Director (Planning & Development)	H	0	0	0	0	0	0	0	45	45

Note A: The Chief Executive is a shared post with South Ribble Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.

Note B: The Deputy Chief Executive is a shared post with South Ribble Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.

Note C: The Director (Customer & Digital) is a shared post with South Ribble Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.

Note D: The Director (Commercial & Property) is a shared post with South Ribble Borough Council; the postholder is employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.

Note E: The Director (Communities) is a shared post with South Ribble Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.

Note F: The Director (Governance) is a shared post with South Ribble Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.

Note G: The Director (Finance & s151 Officer) is a shared post with South Ribble Borough Council; the postholder was appointed on 26th April 2021 and is employed by Chorley Borough Council; South Ribble Borough Council have been charged 50% of the cost of the post. Prior to 26th April 2021, the s151 Officer role was undertaken by the Deputy Director of Finance on an interim basis with costs shared equally between South Ribble and Chorley Borough Councils.

Note H: The Director (Planning & Development) is a shared post with South Ribble Borough Council; the postholder is employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post.

The comparative information for the preceding year is as follows:

Senior Employees Post Title	Year	Salary £'000	Expenses Allowance £'000	Benefits in Kind £'000	Compensation for loss of Office £'000	Total Remuneration (excl. Pension contributions) £'000	Pension Contribution £'000	Total Remuneration (incl. Pension contributions) £'000
Chief Executive (a)	2020/21	84	0	0	35	119	14	133
Deputy Chief Executive (b)	2020/21	103	0	2	0	105	17	122
Director (Customer and Digital) (c)	2020/21	83	0	0	0	83	14	97
Director (Commercial and Property) (d)	2020/21	77	0	0	0	77	13	89
Deputy Director of Finance (S151 Officer) (e)	2020/21	77	0	1	0	78	13	91
Director of Governance (f)	2020/21	13	0	1	0	13	2	15

Note a: The Chief Executive left the Authority on 27th March 2021. For the duration of the financial year the postholder took on the additional role of Interim Chief Executive at South Ribble Borough Council (Head of Paid Service). His time was divided equally between the two councils and an additional payment was received in respect of the additional duties. South Ribble Borough Council have been charged 50% of the cost of the post for the duration that the interim arrangements were in place and the figures above are net of this contribution. From 5th April 2021 he will be employed

by South Ribble Borough Council as Chief Executive for both councils and 50% of the costs will be recharged to Chorley Borough Council. Salary and allowances includes an ex-gratia payment of £40k, which is 50% funded by South Ribble Borough Council.

Note b: The post is shared with South Ribble Borough Council and has been for the duration of the financial year. The postholder is formally employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.

Note c: The post has been shared with South Ribble Borough Council with effect from the 1st January 2021 following the expansion of shared services between the two councils. The postholder is formally employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post from this date.

Note d: The post was re-designated from Director of Commercial Services as Director (Commercial and Property) following the expansion of shared services between Chorley and South Ribble Borough Councils. The post has been shared with South Ribble Borough Council with effect from the 1st January 2021. The postholder is formally employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post from this date.

Note e: The postholder has held responsibility for the role of Section 151 Officer (Chief Financial Officer) for the duration of the financial year whilst the post of Director of Finance has been vacant. Additional payments were received in respect of the additional duties. This is a shared post with South Ribble Borough Council, the postholder is formally employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post.

Note f: The post was transferred to South Ribble Borough Council with effect from 1st June 2020 following the expansion of shared services between the two councils. For the period of April – May 2020 the post was shared with South Ribble Borough Council however the postholder was formally employed by Chorley Borough Council and South Ribble have been charged 50% of the cost of the post for that period. From 1st June 2020 formal employment transferred to South Ribble Borough Council who have then charged Chorley Borough Council 50% of the cost of the post, a total of £50k, for the remainder of the financial year. The post has responsibility as the Monitoring Officer.

Note g: Following the expansion of shared services with South Ribble Borough Council a new shared management structure was implemented. In addition to the posts detailed above there are two additional posts: Director (Communities) and Director (Planning and Development) that report directly to the Chief Executive. In both cases the postholders are formally employed by South Ribble Borough Council and Chorley Council are charged 50% of the cost of the posts. For the 2020-21 financial year those charges totalled £12.3k for the Director (Communities) and £12.3k for the Director (Planning and Development).

Other employees receiving more than £50,000 remuneration, excluding pension contributions, were as follows:

Remuneration Band	2020/21 Number of Employees	2021/22 Number of Employees
£50,000 - £54,999	3	8
£55,000 - £59,999	1	4
£60,000 - £64,999	4	2
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	-
£140,000 - £144,999	-	-
£145,000 - £149,999	-	-
£150,000 - £154,999	-	-
£155,000 - £159,999	-	-
£160,000 - £164,999	-	-

31 TERMINATION BENEFITS

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Packages banded by cost	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band £'000	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	0	0	2	12	2	12	20	45
£20,001 - £40,000	0	0	0	2	0	2	0	51
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	2	0	2	0	149	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	1	0	1	0	118
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
£300,001 - £350,000	0	0	0	0	0	0	0	0
Total	0	0	4	15	4	15	170	213

32 EXTERNAL AUDIT COSTS

The fees due from the Council to the external auditors for works carried out relating to the year of account 2021/22 were as follows.

	2020/21 £'000	2021/22 £'000
Fees for statutory inspection and audit	59	63
Fees for the certification of grant claims and returns	19	9
Total	78	72

33 GRANT INCOME

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

	2020/21 £'000	2021/22 £'000
<u>Credited to Taxation and Non-Specific Grant Income</u>		
<u>(TNSGI) (Note 14)</u>		
New Homes Bonus grant	(2,346)	(1,490)
Covid-19 Funding Grants (CARF)	0	(666)
Covid-19 Funding Grants (Other)	(589)	(201)
Section 31 Grants - Business Rates Reliefs	(6,541)	(3,306)
Other revenue grants	(65)	(612)
Capital Contributions – S106 Contributions*	(2,816)	2,509
Capital Contributions – Community Infrastructure Levy	(1,100)	(1,226)
Capital other grants and contributions	(2,054)	(4,996)
Total	(15,511)	(9,988)
<u>Credited to Services</u>		
Grants – benefits related	(19,399)	(18,678)
Covid-19 Funding Grants	(5,062)	(10,194)
Grants – other	(1,225)	(1,502)
Contribution – County Council reimbursement	(223)	(224)
Contributions – other	(895)	(1,254)
S106 monies transferred from TNSGI*	0	(4,188)
Total	(26,804)	(36,040)

* In 2021/22, amounts totalling £4.188m, previously recognised in Taxation and Non-Specific Grant income were transferred to Cost of Service. Overall, income from S106 Contributions in 2021/22 was £1.679m.

In addition to the above amounts, a further £6.959m was paid to the council, by the government, and distributed to local businesses in the form of restart grants (£5.246m), support in respect of the impacts of the omicron variant (£0.785m) and local restrictions grants (£0.662m). In addition, test and trace payments of £0.266m were paid out. Given that the eligibility criteria for these grants were determined by the government and that the council has been fully reimbursed for the amounts paid out, the council has effectively acted as an intermediary and distribution point for the grants, rather than at its own discretion. In these circumstances, the council is deemed to be an agent acting on behalf of the grant funder, rather than in its own right, so the expenditure and related grant income is accounted for separately to the council's own Statement of Accounts.

The decrease in Section 31 Grants to compensate for Business Rate Reliefs, from £6.541m in 2020/21 to £3.306m in 2021/22, reflects the reduced level of additional retail discounts and nursery reliefs granted in response to the Covid-19 pandemic in 2021/22. See Note 14 for further details.

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income, because they have conditions attached that could require the monies to be returned to the giver. The balance of such grants is at the end of the year is shown separately on

the balance sheet as Grant Receipts in Advance – Capital. At the end of 2021/22 (and also at the end of 2020/21), there were no individual material amounts. The totals were as follows:

Grant Receipts in Advance - Capital	2020/21 £'000	2021/22 £'000
Various grants and contributions	(646)	(951)
Total	(646)	(951)

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 general operations of the council as it provides the statutory framework within which the Authority 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**

Members have direct control over the council's financial and operating policies. Elected members are required to complete a Notice of Registerable Interests and notify the council of any changes within 28 days. Declarations of interests in items relating to the personal interest of partners, relatives, or friends, are also recorded in the minutes of the meeting and the member will leave the meeting. Declarations are open to public inspection.

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

- Members are also appointed to represent the Council on various external organisations some of which receive financial assistance from the Council. Significant payments to such organisations are discussed under "Entities Controlled or Significantly Influenced by the Authority". In other cases, the amounts paid were immaterial, and were properly approved.

- **Officers**

Officers are appointed by the Council to boards or committees of various organisations to act on behalf of the Council in their official capacities.

All officers are also required to declare any relevant interests in a register of interest, gifts and hospitality.

In 2021/22 one senior officer made the following additional declarations: a family relationship with a senior officer in one of the Council's major precepting authorities. Although there are significant transactions between the two parties in relation to business rates and council tax, the administration of these is strictly defined by a statutory framework.

There were no other significant transactions with organisations in which Council officers had declared interests.

- **Chorley Youth Zone**

Chorley Youth Zone opened on 5th May 2018 and is owned and operated as the Chorley Youth Zone Charitable Trust (CYZCT) with Chorley Council as landowner leasing the land to CYZCT over a 125-year lease at a peppercorn rate.

Chorley Council makes a £120k annual revenue contribution to the trust to support its operations. The council has also commissioned services from the Youth Zone at a total of £209k during the 2021-22 financial year. Chris Sinnott, Deputy Chief Executive at Chorley and South Ribble Borough Councils is one of 9 directors to CYZCT and therefore does not have a controlling interest.

- **Chorley Community Housing Ltd (CCH)**

In 2006/07 the Council's housing stock was transferred to CCH.

The Association was formed in March 2007 and immediately joined the Adactus Group Structure as a subsidiary of Adactus Housing Group Limited.

In 2018 the Adactus Group merged with the New Charter Group and created the Jigsaw Homes Group Limited.

The Council receives a proportion of the receipts from the preserved right to buy sales of dwellings to former Chorley council tenants (see note 39 Contingent Assets). In 2021/22 this totalled £0.053m (2020/21 £0.021m).

An outstanding CCH debtor as of 31st March 2022 amounts to £53,122.79.

- **Partnerships, Companies and Trusts**

Shared Services Partnership – In January 2009 this partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils; originally for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils.

The partnership has since been expanded to include a shared Management Team, including Chief Executive as well as the legal, HR, democratic services, communications and visitor economy and transformation and partnerships functions. The agreement between the two councils has been updated to reflect the new arrangements.

A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Councils' functions of providing these services.

In 2021/22 gross expenditure of £7.828m (2020/21 £5.344m) was incurred on the shared services – reflecting the continued expansion of the Shared Service approach. Costs were fully funded by recharges between the two Councils.

As at 31st March 2022, there are outstanding creditor / debtor balances of £722k and £524k respectively.

- **Entities Controlled or Significantly Influenced by the Authority**

Chorley and South Ribble Shopmobility

Payment of subsidy of £17k was made to Chorley & South Ribble Shopmobility to supply Shopmobility services for the community of Chorley and District with wheelchairs and Mobility Scooters for the year 2021/22 (£15k 2020/21).

Chorley & South Ribble Shopmobility typically receive £25k to £30k of income per annum and therefore Chorley Council's contribution represents a significant proportion of this income. The council has one councillor who is a trustee of the charity, there are eight trustees in total.

35 CAPITAL EXPENDITURE AND FINANCING

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

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2020/21 £'000	2021/22 £'000
Opening Capital Financing Requirement	88,865	89,271
Capital investment		
Property, Plant and Equipment (Note 15)	7,552	21,768
Heritage Assets (Note 16)	301	864
Investment Properties (Note 17)	388	0
Intangible Assets (Note 18)	0	0
Revenue Expenditure Funded from Capital under Statute	847	1,233
Sources of finance		
Capital Receipts	(204)	(262)
Government Grants and Other Contributions	(5,806)	(8,082)
Sums set aside from revenue		
Revenue Financing (Note 25b)	(958)	(820)
Minimum Revenue Provision – statutory (Note 25b)	(1,713)	(5,623)
Closing Capital Financing Requirement	89,271	98,349
Explanation of movements in year		
Increase in prudential borrowing	2,119	14,700
Provision made for debt repayment	(1,713)	(5,623)
Increase/(Decrease) in Capital Financing Requirement	406	9,077

A combination of the planned timing of particular schemes and the ending of pandemic related restrictions, which delayed works in 2020/21, has meant that both the level of capital spending and the increase in the council's underlying borrowing requirement have been significantly higher in 2021/22, compared to the previous year. Investment in the council's assets during the year nonetheless totalled £22.632m, with the most significant projects within this being the Tatton development site (£9.214m), the Alker Lane development (£6.202m), the Whittle Surgery Health Hub (£2.354m) and the Westway Sports Campus (£1.108m).

The council utilised £8.082m of capital grants and developer contributions in 2021/22 (£5.806m in 2020/21). This was principally for the funding of the four major schemes identified above.

36 LEASES

36a Authority as lessee

Finance leases

The Council has no finance leases

Operating leases

The Authority operates plant, vehicles and office equipment under operating leases. There are also lease arrangements embedded in the refuse contract. The future minimum payments, and sub-lease minimum receipts, are as follows:

	31 March 2021		31 March 2022	
	Payments £'000	Receipts £'000	Payments £'000	Receipts £'000
Not later than 1 year	368	0	357	0
Later than 1 year, not later than 5	1,189	0	936	0
Later than 5 years	666	0	444	0
Minimum lease payments	2,223	0	1,736	0

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

	2020/21 £'000	2021/22 £'000
Minimum lease payments	431	415
Sub-lease payments receivable	(10)	0
Total payable rentals	421	415

36b Authority as Lessor

Finance leases

The Council has leased two properties, each for periods of 125 years.

The authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2021 £'000	31 March 2022 £'000
Finance lease debtor (present value of minimum lease payments)		
• Current	0	0
• Non-Current	289	289
Unearned finance income	2,092	2,069
Gross investment in the lease	2,381	2,357

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 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Not later than 1 year	24	24	24	24
Later than 1 yr. not later than 5	95	95	95	95
Later than 5 years	2,263	2,239	2,263	2,239
Total	2,381	2,358	2,381	2,358

No allowance for uncollectible amounts is deemed necessary. No contingent rents were received by the authority.

Operating leases

The Council lets offices, industrial units and sites, and units in the Market Walk Shopping Centre and Extension. The future minimum lease payments receivable are:

	31 March 2021 £'000	31 March 2022 £'000
Not later than one year	4,102	4,771
Later than one year and not later than five years	13,651	13,960
Later than five years	57,618	53,935
Total receivable rentals	75,371	72,666

No contingent rents were received by the authority.

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 2019, showed there was a surplus of £12m against the Fund’s solvency funding target. An alternative way of expressing the position is that the Fund’s assets were sufficient to cover just over 100% of its liabilities – this percentage is known as the solvency funding level of the Fund

At the previous valuation at 31 March 2016 the shortfall was £690m, equivalent to a solvency funding level of 90%.

Employers are paying additional contributions over 16 years to meet the shortfall. For the three-year valuation period beginning 1st April 2020 the Council opted to pre-pay the new future service rate as a single amounts for 2020/21 and 2021/22 in April of each year, before reverting to monthly payments for 2022/23. The Council also opted to pay the full three-year deficit recovery payment for the period 2020/21 – 2022/23 as a single lump sum in April 2020. The prepayments were made in return for a small overall discount. At 31 March 2022, the remaining amount prepaid for the deficit recovery sum was £450k (£883k at 31 March 2021).

The latest valuation, which will be effective as at 31st March 2022 and determine contribution rates for 2023/24 and the two following years, is currently underway.

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 note 37j.

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:

	2020/21 £'000	2021/22 £'000
<u>Comprehensive Income & Expenditure Statement</u>		
Cost of Services:		
Administration	49	50
Current service cost	2,569	3,371
Past service cost	0	0
Settlement and curtailment	109	9
Net interest on the net defined benefit liability:		
Interest costs	3,465	3,512
Expected return on scheme assets	(2,498)	(2,363)
Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service	3,694	4,579
<u>Other post-employment benefit charged to the Comprehensive Income & Expenditure Statement</u>		
Re-measurement of the net defined benefit liability:		
Return on plan assets, excluding amount included in interest expense	(8,855)	(13,729)
Actuarial experience gains & losses	(3,217)	451
Actuarial gains & losses from changes in demographic assumptions	0	(1,297)
Actuarial gains & losses from changes in financial assumptions	24,071	0
Total re-measurements recognised in Other Comprehensive Income	11,999	(14,575)
Total post-employment benefit charged to the Comprehensive Income & Expenditure Statement	15,693	(9,996)
<u>Movement in Reserves Statement</u>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services	(3,694)	(4,579)
Actual employer contributions to the scheme	2,010	2,020

37e Pensions 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	
	2020/21	2021/22
	£'000	£'000
Present value of the defined benefit obligation	(169,487)	(171,157)
Fair value of plan assets	113,667	127,179
Net liability arising from defined benefit obligation	(55,820)	(43,978)

37f Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Scheme Assets	
	Local Government Pension	
	2020/21	2021/22
	£'000	£'000
Opening fair value of scheme assets	103,169	113,667
Interest income	2,498	2,363
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	8,855	13,729
Employer contributions	2,923	1,587
Employee contributions	541	547
Benefits paid	(4,270)	(4,923)
Other	(49)	209
Closing fair value of scheme assets	113,667	127,179

37g Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Scheme Liabilities Local Government Pension	
	2020/21 £'000	2021/22 £'000
Opening Balance at 1 April	(146,219)	(169,487)
Current service cost	(2,569)	(3,371)
Interest cost	(3,465)	(3,512)
Contributions by scheme participants	(541)	(547)
Re-measurement gains and (losses)		
Changes in demographic assumptions	0	0
Changes in financial assumptions	(24,071)	1,297
Experience (gain) or loss	3,217	(451)
Other	0	0
Benefits paid	4,270	4,923
Curtailment	(109)	(9)
Past service costs	0	0
Closing Balance at 31 March	(169,487)	(171,157)

37h 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 level of 100% over 19 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out as at 31 March 2019 with the next valuation due as at 31 March 2022.

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

The authority will pay £1.850m expected contributions to the scheme in 2022/23.

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

37i Local Government Pension Scheme assets comprised

	Fair value of scheme			
	2020/21	Percentage total of asset	2021/22	Percentage total of asset
	£'000	%	£'000	%
Cash				
Cash and cash equivalents	0	0.00%		0.00%
Cash Accounts	2,785	2.47%	3,507	2.76%
Net Current Assets	(294)	-0.26%	379	0.30%
	2,491	1.10%	3,886	3.06%
Bonds				
UK corporate	0	0.00%	519	0.41%
Overseas corporate	0	0.00%	467	0.37%
Government	0	0.00%		0.00%
Overseas Fixed Interest	0	0.00%		0.00%
Sub-total bonds	0	2.50%	986	0.78%
Property				
Offices	50	0.04%	59	0.05%
Retail Warehouse	0	0.00%	0	0.00%
Shops	111	0.10%	112	0.09%
Commercial	1,772	1.57%	1,849	1.45%
Sub-total property	1,933	1.40%	2,020	1.59%
Private equity				
UK	0	0.00%	2,797	2.20%
Overseas *	9,049	8.02%	7,625	6.00%
Sub-total private equity	9,049	8.00%	10,422	8.20%
Other				
Infrastructure	13,526	11.99%	14,408	11.32%
Indirect Property Funds	14,130	12.53%	11,028	8.67%
Credit funds	15,076	13.37%	16,927	13.31%
Equities	0	13.37%	151	0.12%
Pooled Fixed Income	3,759	3.33%	5,499	4.32%
UK Pooled Equity Funds	1,153	1.02%	1,191	0.94%
Overseas Pooled Equity Funds	51,667	45.82%	60,661	47.69%
Sub-total alternatives	99,311	87.00%	109,865	86.37%
	112,784	100.00%	127,179	100.00%

37j 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 Mercers, 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 2019.

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

	Local Government Pension Scheme	
	2020/21	2021/22
Mortality assumptions		
<i>Longevity at 65 for current pensioners</i>		
Men	22.4 yrs	22.3
Women	25.1 yrs	25
<i>Longevity at 65 for future pensioners</i>		
Men	23.9 yrs	23.7
Women	26.9 yrs	26.8
Rate of inflation (CPI)	2.70%	3.40%
Rate of increase in salaries	4.20%	4.90%
Rate of increase in pensions	2.80%	3.50%
Rate for discounting scheme liabilities	2.10%	2.80%

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)	5,160
Rate of inflation (increase of 0.1% p.a.)	2,881
Salary inflation (increase of 0.1% p.a.)	269
Rate for discounting scheme liabilities (increase of 0.1%)	(2,832)
Change in 2020/21 investment returns (increase of 1.0%)	(1,262)

38 CONTINGENT LIABILITIES

On transferring its housing stock in 2006/07, the Council gave warranties to Chorley Community Housing Limited against certain environmental risks. The Council's liability is restricted to a maximum loss of £18m arising over a period of 18 years. It has paid a single premium to insure against claims of up to £15m for a period of 10 years, and has covered the remaining 8 years by payment of additional annual premiums. At 31 March 2022 there are three years of the liability period outstanding.

39 CONTINGENT ASSETS

The Council is entitled to a share of the proceeds from the sale of dwellings transferred to Chorley Community Housing. This agreement has a one further year to run. The amount receivable will depend on the numbers sold and cannot be predicted.

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).

2020/21		Collection Fund	2021/22	
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000
		INCOME		
	70,728	Council Tax Receivable		75,211
13,674		Business Rates Receivable	19,697	
13,674	70,728	Total Income	19,697	75,211
		EXPENDITURE		
		Apportionment of previous year's estimated Surplus/(Deficit)		
(28)		Central Government	(5,856)	
(62)	94	Chorley Council (Note 14)	(4,383)	5
(20)	605	Lancashire County Council	(945)	34
(2)	31	Lancashire Combined Fire Authority	(109)	2
	91	Police & Crime Commissioner for Lancashire		5
(112)	821		(11,293)	46
		Precepts, Demands and Shares		
12,328		Central Government	12,863	
9,862	7,886	Chorley Council (Note 14)	10,290	8,040
2,219	52,426	Lancashire County Council	2,315	54,572
247	2,653	Lancashire Combined Fire Authority	257	2,708
	7,916	Police & Crime Commissioner for Lancashire		8,486
24,656	70,881		25,725	73,806
24,544	71,702	Total Expenditure	14,432	73,852
		Transfers From General Fund		
	(808)	Discretionary Discounts		(47)
		Charges to Collection Fund		
13	198	Write offs of uncollectable amounts	120	94
816	800	Increase/(Decrease) in Bad Debt Provision	(101)	972
64		Increase/(Decrease) in Provision for Appeals	237	
129		Cost of Collection	131	
253		Transitional Protection Payments	180	
1,275	190	Total Charges to Collection Fund	567	1,019
(12,145)	(1,164)	Surplus/(Deficit) arising during the year	4,698	340
		Collection Fund Balance		
727	1,227	Balance brought forward at 1 April	(11,418)	63
(12,145)	(1,164)	Surplus/(Deficit) for the year	4,698	340
(11,418)	63	Balance carried forward at 31 March	(6,720)	403
		Allocated to		
(4,433)	6	Chorley Council - Collection Fund Adjustment Account	(2,688)	43
(5,919)		Central Government	(3,360)	
(956)	46	Lancashire County Council	(605)	299
(110)	2	Lancashire Combined Fire Authority	(67)	14
	9	Police & Crime Commissioner for Lancashire		47
(11,418)	63	Surplus/(Deficit) at 31 March	(6,720)	403

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.

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 or creditor position between the billing authority and each major preceptor.

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 2021/22 was calculated as follows:

Band	Dwellings	Dwellings adj. for discounts & exemptions	Proportion of Band D Charge	Band D Equivalent
A (disabled)	0	17.00	5/9	9.44
A	15,042	12,639.62	6/9	8,426.46
B	11,953	10,510.25	7/9	8,174.64
C	9,617	8,684.25	8/9	7,719.33
D	6,887	6,366.75	9/9	6,366.75
E	5,272	4,980.00	11/9	6,086.67
F	2,255	2,144.25	13/9	3,097.25
G	962	919.00	15/9	1,531.67
H	69	50.25	18/9	100.50
Total	52,057	46,311.37		41,512.71
Less adjustments for anticipated losses on collection				(570.70)
Add adjustment for new properties/technical changes to discounts				276.69
Less local Council Tax Support Scheme discounts				(3,742.50)
Band D Equivalent Number of Properties				37,476.20

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 an average Band D charge (excluding Parish Precepts) of £1,950.67 for 2021/22 (£1,874.57 for 2020/21). The other valuation bands are proportionate to this.

ACCOUNTING FOR BUSINESS RATES (NNDR)

From 2013/14, NNDR income, debtor and creditor balances, provisions, arrears and prepayments have been apportioned between the Council, Government, Lancashire County Council, and Lancashire Combined Fire Authority, as a result of the implementation of Business Rates Retention.

The deficit apportioned in 2021/22 was £11.293m, being the estimated deficit for 2020/21 included on the council's NNDR1 form, as completed in January 2021. The amount that can be distributed in 2021/22 is restricted to this figure. The actual outturn position at the end of 2020/21 was a deficit of £11.418m, leaving a balance of £125k for distribution in 2022/23.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income to be £1.050m (compared to net expenditure in 2020/21 of £1.665m). This is reconciled to Chorley Council's share of Business Rates Income in the Collection Fund statement in the following table:

2020/21 £'000		2021/22 £'000
9,862	Chorley Council share of Business Rates	10,290
(6,503)	Tariff payable to Lancashire Business Rates Pool	(6,506)
(121)	Levy payable to Lancashire Business Rates Pool	(96)
(5,310)	Chorley Council share of surplus or (deficit) for year (transferred to Collection Fund Adjustment Account - Note 25e)	1,745
407	Chorley Council share of previous year's surplus or (deficit)	(4,383)
(1,665)	NNDR net income per Note 14	1,050

This council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate, meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government. For more information on the Lancashire Business Rates Pool see Note 14. For 2021/22, the Pool was based on 50% local retention of income, of which 40% was attributed to this council, 9% to Lancashire County Council and 1% to the Lancashire Fire and Rescue Authority. The same proportions applied in 2020/21.

The additional reliefs introduced by the government in response to the Covid-19 pandemic, which extended into 2021/22, although at a lower level than for 2020/21, do not affect the amount of business rates income receivable by the council for 2021/22, because this was fixed by the NNDR1 return completed in January 2021. They have, however, continued to have a significant effect on the council's share of the surplus/deficit at the end of the year, producing the deficit of over £2.638m (£4.383m - £1.745m) shown above. In terms of actual income to the council, this deficit is offset by additional government grants. For more detail of this, see Note 14 on page 80.

NNDR DETAILS OF CHARGE

Business Rates are organised on a national basis. In 2005/06 the Government introduced a Small Business Rate Relief Scheme. This results in there being two multipliers in England – one for small businesses at 49.9p in 2021/22 (49.9p in 2020/21); and one for larger businesses at 51.2p in 2021/22 (51.2p in 2020/21).

The Business Rates Income after reliefs was £19.441m for 2021/22 (£12.780m for 2020/21).

The rateable value for the Council's area at the end of the financial year 2021/22 was £67.676m (£67.601m in 2020/21).

Group Accounts

INTRODUCTION

The authority is required to adhere to proper accounting practices comprised primarily of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS), International Accounting Standards and statutory guidance issued under section 12 of the Local Government Act 2003.

An authority with interests in subsidiaries, associates and/or joint ventures is required to prepare Group Accounts in addition to their single entity financial statements unless these interests are not considered to be material.

Group Accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries, plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.

Chorley Leisure Limited is a company with charitable purposes, limited by shares and is wholly owned by Chorley Council. The company commenced trading on 1 August 2021. Its objectives include;

- management of the council's leisure centres;
- to enable the advancement and support of education and culture;
- to provide or assist in the provision of facilities for recreation or other leisure time occupations;
- to promote and preserve good health through community participation in healthy recreation;

The company is overseen by a Board of Directors which consists of three Chorley Council officers, one of whom is designated the Managing Director of the Company.

The Council maintains control of the company's activities through the scrutiny of the Leisure Strategic Partnership Board, which regularly reviews the financial and operational performance of the company. Chorley Leisure Limited produce accounts with a year-end date of 31 March. The accounts for the period from 1 August 2021 to 31 March 2022 have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounts are filed at Companies House in accordance with the Companies Act 2006.

ACCOUNTING POLICIES

The notes which follow the main statements detail any variations from the accounting policies used by the authority and should be read in conjunction with the relevant notes to authority's accounts. The consolidation has been done on a merger basis as Chorley Leisure Limited is wholly owned by the Council.

Group Comprehensive Income and Expenditure Statement

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

2020/21				2021/22		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
3,826	(1,382)	2,444	Commercial and Property	4,322	(1,693)	2,629
3,340	(1,355)	1,985	Communities	4,019	(2,316)	1,703
21,200	(19,997)	1,203	Customer and Digital	20,847	(19,975)	872
1,740	(1,036)	704	Planning and Development	2,264	(1,296)	968
5,649	(1,335)	4,314	Policy and Governance	6,021	(1,752)	4,269
388	(253)	135	Major Projects	1,991	(1,100)	891
11,379	(4,824)	6,555	Corporate	13,521	(9,228)	4,293
3,331	(5,247)	(1,916)	Covid	8,894	(10,219)	(1,325)
50,853	(35,429)	15,424	Cost of Services	61,879	(47,579)	14,300
		600	Other Operating Expenditure			606
		4,605	Financing and Investment			921
		(21,473)	Income and expenditure Taxation and non-specific grant income			(19,121)
		(844)	(Surplus)/Deficit on provision of services			(3,294)
		(623)	(Surplus)/Deficit on revaluation of Property Plan and Equipment Assets			(5,846)
		11,999	Re-measurement of the net defined benefit liability			(14,654)
		11,376				(20,500)
		10,532				(23,794)

Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020	(10,762)	(973)	(13,223)	(24,958)	(171)	(25,129)
<u>Movements in 2020/21</u>						
Total Comprehensive Income and Expenditure	(844)	0	0	(844)	11,376	10,532
Adjustments between accounting basis & funding basis	(5,382)	84	(729)	(6,027)	6,027	0
(Increase)/decrease in year	(6,226)	84	(729)	(6,871)	17,403	10,532
Balance at 31 March 2021	(16,988)	(889)	(13,952)	(31,829)	17,232	(14,597)
<u>Movements in 2021/22</u>						
Total Comprehensive Income and Expenditure	(3,294)	0	0	(3,294)	(20,500)	(23,794)
Adjustments between accounting basis & funding basis	4,579	165	3,589	8,333	(8,333)	0
(Increase)/decrease in year	1,285	165	3,589	5,039	(28,833)	(23,794)
Balance at 31 March 2022	(15,703)	(724)	(10,363)	(26,790)	(11,601)	(38,391)

Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories, usable and unusable. Usable reserves are those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line Adjustments between accounting basis and funding basis under regulations.

31 March 2021 £'000		Notes	31 March 2022 £'000
96,589	Property, Plant & Equipment	15	119,734
2,530	Heritage Assets	16	3,395
32,783	Investment Property	17	32,782
36	Intangible Assets	18	24
5,323	Long-Term Debtors	19	4,939
137,261	Long-Term Assets		160,874
13,157	Short-Term Debtors	20	8,660
9,276	Cash and Cash Equivalents	21	9,618
22,433	Current Assets		18,278
(2,182)	Short-Term Borrowing	19	(2,215)
(23,768)	Short-Term Creditors	22	(22,311)
(1,222)	Provisions	23	(1,317)
(27,172)	Current Liabilities		(25,843)
(1,438)	Long-Term Creditors	19	(1,481)
(60,264)	Long-Term Borrowing	19	(68,341)
(55,561)	Other Long-Term Liabilities - pensions	37	(44,129)
(16)	Other Long-Term Liabilities - other		(16)
(646)	Grant Receipts in Advance - capital	33	(951)
(117,925)	Long-Term Liabilities		(114,918)
14,597	Net Assets		38,391
31,829	Usable Reserves	24 (MiRS)	26,790
(17,232)	Unusable Reserves	25	11,601
14,597	Total Reserves		38,391



Louise Mattinson
 Director of Finance and Section 151 Officer
 12th August 2022

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

The cash flows in respect of Chorley Leisure Limited have been consolidated within a cash flow statement for the group. All Chorley Leisure Limited's cash flows in 2021/22 arose from operating activities. There were no investing or financing activities

2020/21 £'000		2021/22 £'000
844	Net surplus or (deficit) on the provision of services	3,294
23,032	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,881
(6,709)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(4,590)
17,167	Net cash flows from Operating Activities	6,585
(2,264)	Investing Activities	(19,181)
(14,560)	Financing Activities	12,938
343	Net increase or (decrease) in cash and cash equivalents	342
8,933	Cash and cash equivalents at the beginning of the reporting period	9,276
9,276	Cash and cash equivalents at the beginning of the end of the reporting period	9,618

Group Account Notes

INTRODUCTION

The following notes have been prepared on an exception basis with only those items which have materially changed from the Council's Statement of Accounts being included. For all other items, reference should be made to the Council's Comprehensive Income and Expenditure Statement on page 52 and Balance Sheet on page 54 and the appropriate note.

1 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how expenditure is allocated for decision making purposes between the council's committees. Income and expenditure accounted for under

generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	Directorate	£'000	£'000	£'000
1,436	1,008	2,444	Commercial and Property	3,226	(597)	2,629
1,600	385	1,985	Communities	1,500	203	1,703
1,009	194	1,203	Customer and Digital Planning and Development	690	183	873
638	66	704	Policy and Governance	822	146	968
3,797	517	4,314	Major Projects	4,065	204	4,269
123	12	135	Corporate	859	32	891
3,478	3,077	6,555	Covid	(312)	4,605	4,293
(1,924)	8	(1,916)		(1,328)	3	(1,325)
10,157	5,267	15,424	Net Cost of Service	9,522	4,779	14,301
(16,383)	115	(16,268)	Other Income and Expenditure	(8,237)	(9,358)	(17,595)
(6,226)	5,382	(844)	(Surplus)/Deficit in year	1,285	(4,579)	(3,294)
(10,762)			Opening General Fund Balance at 1 April	(16,988)		
(6,226)			Add (Surplus)/Less Deficit on General Fund Balance in Year	1,285		
(16,988)			Closing General Fund Balance at 31 March	(15,703)		

2 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2020/21 £'000	2021/22 £'000
Expenditure/Income		
Expenditure		
Employee benefits expenses	13,305	15,699
Other service Expenses	34,590	42,712
Depreciation, amortisation, impairment	3,858	4,481
Interest payments	4,907	4,913
Precepts, tariffs and levies	7,324	7,305
Loss on the disposal of assets	(100)	(97)
Changes in the fair values of investment properties	3,282	0
Total Expenditure	67,166	75,013
Income		
Fees, charges and other service income	(10,354)	(13,903)
Interest and investment income	(2,534)	(2,397)
Changes in the fair values of investment properties	0	0
Income for council tax and non-domestic rates	(12,808)	(15,735)
Government grants and contributions	(37,351)	(35,787)
Other grants and contributions	(4,963)	(10,485)
Gain on the disposal of assets	0	0
Total income	(68,010)	(78,307)
Surplus or Deficit on the Provision of Services	(844)	(3,294)

Annual Governance Statement (AGS)

The AGS for 2021/22 was approved by Governance Committee on 1 June 2022 and appears below.

CHORLEY COUNCIL

ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

The residents of the Borough of Chorley expect the Council to conduct our business in a lawful and transparent way. In particular the Council have a duty to safeguard public money and account for it in an economic, efficient and effective way.

We have a continuing duty to review and improve how we discharge our functions focussing on the priorities of economy, efficiency and effectiveness.

To do this, the Council have put in place arrangements for the governance of its affairs. These arrangements assess the effectiveness of the exercise of its functions, and consider how well we manage risk.

We have approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website. This statement explains how the Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

2. The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which control and direct the Council. It provides how we account to, engage with and lead the community. It enables us to monitor the achievement of our strategic objectives and to consider whether our objectives have led to the delivery of appropriate, cost effective services for that community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. This enables us to manage risk efficiently, effectively and economically.

The governance framework has been in place at Chorley Council for the year ended 31 March 2022 and up to the date of approval of the annual report and statement of accounts.

3. The governance framework

Our Governance Framework is based on the CIPFA/SOLACE Framework¹. It promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council. It is important to note that a robust governance framework only has value if it is complied with and contains sufficient controls to ensure this.

The adopted Local Code of Corporate Governance incorporates and demonstrates how the 7 principles detailed by the CIPFA/SOLACE Framework, and set out below, are complied with.

¹ The CIPFA / SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers) framework "Delivering Good Governance in Local Government".

Good governance means:-

- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- ensuring openness and comprehensive stakeholder engagement
- defining outcomes in terms of sustainable economic, social and environmental benefits
- determining the interventions necessary to optimise the achievement of the intended outcomes
- developing the council's capacity, including the capability of its leadership and the individuals within it
- managing risks and performance through robust internal control and strong public financial management
- implementing good practices in transparency, reporting, and audit to deliver effective accountability

Our Local Code was reviewed and updated this year and approved by Governance Committee on 16 March 2022.

Impact of Covid on the Council's governance arrangements

Covid continued to impact on the delivery of council business in the year 21/22 however the changes implemented in the previous year had become more embedded and there were no new changes to the governance environment required in that time.

4. Review of effectiveness

Chorley Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report and also by comments made by the external auditors and other review agencies and inspectorates.

The following paragraphs describe the processes that have been applied in maintaining and reviewing the effectiveness of the Council's governance framework:

Corporate Governance Group / Officer arrangements

In developing this Annual Governance Statement, the council's senior officers have worked collectively to understand and assess the effectiveness of the implementation of the council's governance framework. This work has been overseen by a Corporate Governance Group comprising:

- Chief Executive
- Deputy Chief Executive
- Director of Governance (Monitoring Officer)
- Director of Finance S151 Officer
- Shared Service Lead (Transformation and Partnerships)
- Shared Service Lead Audit and Risk

The Corporate Governance Group (CGG) have worked with the council's Senior Management Team who have individually produced and collectively reviewed service assurance statements which assess compliance with and understanding of the council's governance framework. This assessment has supported the production of this document.

It is also important to note the ongoing role that a council's senior officers have in ensuring that good governance is enacted in the working of the organisation.

A terms of reference for the CGG have been developed which will further enhance the governance monitoring and reporting arrangements.

Management Team / Leadership Team

In this period the Council progressed the shared services agenda with South Ribble Council and all director posts are now shared across both authorities and a number of new shared service lead posts have been appointed to. In addition a new Director of Change and Delivery post has been established to assist in strategic delivery.

The council's Senior Management Team is made up of the Chief Executive, Deputy Chief Executive and Directors, as well as the Shared Service Lead for Communications and Visitor Economy who attends as an observer. The team meets weekly. They consider the strategic direction of the council, supporting effective organisational management and support for the delivery of the council's agreed priorities. In addition, the senior management team meet on a quarterly basis as a programme board to consider the progress made in delivering the council's corporate plan, address any issues and manage risk.

A shared Senior Leadership Team has also been established. This meets monthly and its membership includes all Assistant Directors and Service Leads in addition to the SMT members. This meeting focusses on overseeing internal communications, organisational development and transformation. In addition, the meeting receives reports on service performance and HR issues.

Programme Board

A corporate programme board meets quarterly to review and monitor the performance of the Corporate Strategy projects and performance measures ahead of reporting to Cabinet. The board is made up of the Senior Management Team as those accountable for overall programme delivery and ensuring compliance with the Performance Management Framework. The board receive an update report highlighting issues, concerns and risks by exception. The board will discuss issues and identify solutions before cascading directions back to project managers and teams.

Monitoring Officer

As the Council's Monitoring Officer, the Director of Governance has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Monitoring Officer will report and recommend to Council any proposed amendment to the Constitution, which falls outside the Monitoring Officers delegated powers, for adoption.

Scrutiny Committee

The Council has an Overview and Scrutiny Committee which can challenge a decision which has been made by the Executive Cabinet or a statutory committee but not yet implemented, to enable them to consider whether the decision is appropriate.

Governance Committee

The Council has appointed a Governance Committee whose terms of reference comply with the CIPFA guidelines. These extend to monitoring the Council's governance, risk management and internal control framework and include reviewing the adequacy of the governance framework.

Standards Sub-Committee

The Council has appointed a Standards Sub-Committee of the Governance Committee whose terms of reference comply with the prevailing national guidance on standards and codes of conduct for members.

Internal Audit

Strong Internal Audit and Risk Management disciplines are embedded and the Shared Audit and Risk Service maintains excellent working relationships with Senior Management, the Governance Committee and the Council's External Auditors to provide an integrated approach to the provision of assurance within the Council.

The Public Sector Internal Audit Standards require the Head of Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance. The Annual Internal Audit report contains the following opinion from the Head of Internal Audit:

Based on the work undertaken and evidence available to Internal Audit including other sources of assurance, it is considered that the overall adequacy and effectiveness of the Council's governance, risk management and control processes are **adequate**

Due to the expansion of shared services, the Council has strengthened its governance and risk management arrangements. The past 12-18 months have seen the introduction or the improvement of a range of corporate processes to provide a robust governance framework. The Council must now work to ensure that the processes are fully embraced across the whole authority so that the governance framework becomes fully embedded in all Council activities.

External Audit

The Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework and system of internal control by the Authority, the executive, Governance Committee, Overview and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Identified Governance Issues

In the previous year the following themes were identified as requiring action and improvement:

Table A

Themes	Improvement Required	
Induction/Recruitment	To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety. Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development	Complete
Corporate Information Source for Officers (The Loop)	To improve the user experience for employees and ensure essential information is easy to access. The following improvements to The Loop should be considered: <ul style="list-style-type: none"> • Defined area on The Loop for all core policies. • Service areas to review information they have published on the Loop and to remove outdated material. • Create a manager zone within The Loop to ensure all essential guidance and resources for managerial responsibilities are easily sourced. 	Substantially complete
Risk Management	Ensure risk management is embedded throughout the organisation and within all Council activities.	Ongoing
GDPR - RoPA	A full review will be undertaken to ensure that the register is up to date with data responsibilities correctly defined, and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.	Carried forward
Key Corporate Policies	Adopt a standardised version control format for all policies and strategies. Review and update key policies and	Carried forward

strategies and ensure that the latest version is available on The Loop and the Council's website where appropriate.

Value for Money	Adopt an organisation wide Transformation Strategy & Programme incorporating a value for money elements to deliver efficient services through service reviews and shared services.	Complete
Inventories	Directors will ensure that inventories are compiled and maintained in accordance with the Councils guidance notes for service unit fixed assets registers.	Complete
Transparency Act	Publish up to date information and include all mandatory criteria.	Complete

The Council have identified the following improvements which will strengthen our corporate governance arrangements:

Table B

Theme	Areas for improvement	Suggested improvement
Process/ System	Failure to identify, monitor and report of fraud risks facing the Authority	To develop the Council's approach to fraud following the assessment of the Council's arrangements against Fighting Fraud and Corruption Locally 2020-2025
	Failure to have a system in place to ensure key corporate policies are regularly reviewed, version controlled and remain up to date and accurate.	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation
	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.
	Risk Management	A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.
	Cyber Security, use of ICT equipment and system access	Once approved, awareness of the contents of the Shared Information

		<p>Security Framework should be raised using all communication methods.</p> <p>A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the council.</p> <p>Align where appropriate all IT forms and processes across the shared council environment.</p>
Staff development	Equality	Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website
	<p>Organisational Development</p> <p>OD Strategy to be developed (May 22) Mandatory training modules to be completed in full</p>	<p>OD to ensure monitoring reports are issued to Directors on a regular basis. This is to include monitoring of compliance with new HR policies and processes.</p> <p>All Directors to ensure all mandatory training is completed within the agreed timescales.</p>
Corporate	Constitution	Constitution to be reviewed and updated where applicable.
	Business continuity	<p>To put forward a business case for the future management of business continuity to standardize and align process across the two authorities.</p> <p>To establish a forward plan of testing to ensure plans are robust, encompass all council activity and are fit for purpose.</p>
	GDPR	Review data use and retention policies and compliance with RoPA and data destruction policies.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Handwritten signature of A. W. Bradley in cursive script.

Cllr. A. Bradley
Leader of the Council

Handwritten signature of G Hall in cursive script.

G Hall
Chief Executive

Glossary of Terms

Accounting Policies

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

Accruals Basis

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

Agency Services

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

Appointed Auditors

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

Balances

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

Capital Adjustment Account

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

Capital Expenditure

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

Capital Financing Charges

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

Capital Financing Requirement (CFR)

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

Capital Receipts

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

Carrying Amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

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

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

Collection Fund

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

Community Assets

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

Contingency

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

Contingent Liabilities or Assets

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

Council Tax

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

Council Tax Base

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

Council Tax Requirement

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

Creditors

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

Current Service Cost

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

Current Value

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

Curtailment

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

Debtors

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

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of 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.

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 Chorley 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
- 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 Chorley Borough Council this usually covers a three year timeframe.

Minimum Revenue Provision (MRP)

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

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

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

Net Book Value (NBV)

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

Net Realisable Value (NRV)

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

Operating Lease

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

Precept

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

Premiums

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

Prior Period Adjustments

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

Property, Plant and Equipment (PPE)

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

Provisions

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

Public Works Loan Board (PWLB)

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

Related Parties

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

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

Remeasurement of the Net Defined Benefit Liability

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

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

Reporting Standards

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

Regulation(s)

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

Reserves

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

Revaluation Reserve

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

Revenue Support Grant

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

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

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

Royal Institution of Chartered Surveyors (RICS)

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

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

Service Reporting Code of Practice (SeRCOP)

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

Treasury Management

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

Treasury Management Strategy (TMS)

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

Voluntary Revenue Provision

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