

Draft (unaudited)  
Statement of Accounts  
2022/23

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Chorley Borough Council

## Contents

Introduction to the Statement of Accounts .....	4
Independent auditor's report to the members of Chorley Borough Council .....	5
Narrative Report of the Chief Financial Officer .....	11
Statement of Responsibilities.....	40
Comprehensive Income and Expenditure Statement.....	41
Movement in Reserves Statement .....	42
Balance Sheet.....	43
Cash Flow Statement.....	44
Notes to the Main Financial Statements .....	45
1 EXPENDITURE AND FUNDING ANALYSIS – NOTE TO MAIN FINANCIAL STATEMENT.....	45
2 ACCOUNTING POLICIES.....	46
3 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED .....	57
4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES.....	57
5 ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY .....	59
6 MATERIAL ITEMS OF INCOME AND EXPENSE.....	60
7 EVENTS AFTER THE REPORTING PERIOD .....	60
8 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS .....	61
9 EXPENDITURE AND INCOME ANALYSED BY NATURE .....	63
10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS.....	64
11 TRANSFERS TO/FROM EARMARKED RESERVES.....	66
12 OTHER OPERATING EXPENDITURE .....	68
13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE .....	68
14 TAXATION AND NON-SPECIFIC GRANT INCOME & EXPENDITURE .....	69
15 PROPERTY PLANT AND EQUIPMENT .....	71
16 HERITAGE ASSETS .....	74
17 INVESTMENT PROPERTIES .....	75
18 INTANGIBLE ASSETS .....	76
19 FINANCIAL INSTRUMENTS.....	77
20 DEBTORS .....	82
21 CASH AND CASH EQUIVALENTS.....	82
22 SHORT TERM CREDITORS.....	82
23 PROVISIONS .....	83
24 USABLE RESERVES.....	83
25 UNUSABLE RESERVES.....	84
26 CASH FLOW STATEMENT – OPERATING ACTIVITIES.....	88

27	CASH FLOW STATEMENT – INVESTING ACTIVITIES .....	89
28	CASH FLOW STATEMENT – FINANCING ACTIVITIES .....	89
29	MEMBERS ALLOWANCES .....	90
30	OFFICERS REMUNERATION .....	91
31	TERMINATION BENEFITS .....	96
32	EXTERNAL AUDIT COSTS .....	96
33	GRANT INCOME.....	97
34	RELATED PARTIES.....	98
35	CAPITAL EXPENDITURE AND FINANCING.....	100
36	LEASES.....	100
37	DEFINED BENEFIT PENSION SCHEME .....	103
38	CONTINGENT LIABILITIES .....	109
39	CONTINGENT ASSETS.....	109
	Collection Fund Statement.....	110
	Group Accounts .....	113
	Group Comprehensive Income and Expenditure Statement.....	114
	Group Movement in Reserves Statement .....	115
	Group Balance Sheet.....	116
	Group Cash Flow Statement.....	117
	Group Account Notes .....	117
1	EXPENDITURE AND FUNDING ANALYSIS .....	117
2	EXPENDITURE AND INCOME ANALYSED BY NATURE .....	119
3	DEFINED BENEFIT PENSION SCHEME .....	119
	Annual Governance Statement (AGS).....	124
	Glossary of Terms.....	135

# 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 2022/23 (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 11     **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 use of resources over the financial year.
- Page 40     **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 124    **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 this 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 2022/23 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 2022/23 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.

The Council faces continued challenges as we emerge from the global pandemic, working to address the impact of high inflation, particularly in energy costs, and a cost of living crisis, 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 of 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 difficult circumstances

A handwritten signature in blue ink, appearing to read 'Louise Mattinson', enclosed in a thin blue rectangular border.

Louise Mattinson ACA  
Director of Finance/Section 151 Officer  
**Chorley Council**

## 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 figures available from the Office for National Statistics (ONS) estimate that the total population of the borough was estimated at 117,700 in 2022, with people mostly living in urban areas;
- The Borough of Chorley covers 205 km<sup>2</sup> (approximately 79 square miles);

## 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.

The Council works collaboratively with a wide range of partners to deliver its vision and corporate strategy and is committed to working across organisational boundaries to improve outcomes for local people and communities and to ensure that high-quality services are readily accessible to the people of the borough; during 2022/23, the Council continued to develop and expand its shared services arrangement with South Ribble Council to Property and Development and Pest Control.

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. The political composition of the Council at 31<sup>st</sup> March 2023 is;

Party	No.
Conservative	10
Labour	31
Independent	1
<b>TOTAL</b>	<b>42</b>

District councillors represent their communities and bring their views into the Council's decision-making process. Council meetings are publicised on the Council's website alongside agendas, reports and minutes. The meetings are open to members of the public to attend bringing decision-making closer to the public.

### Shared Senior Management Team

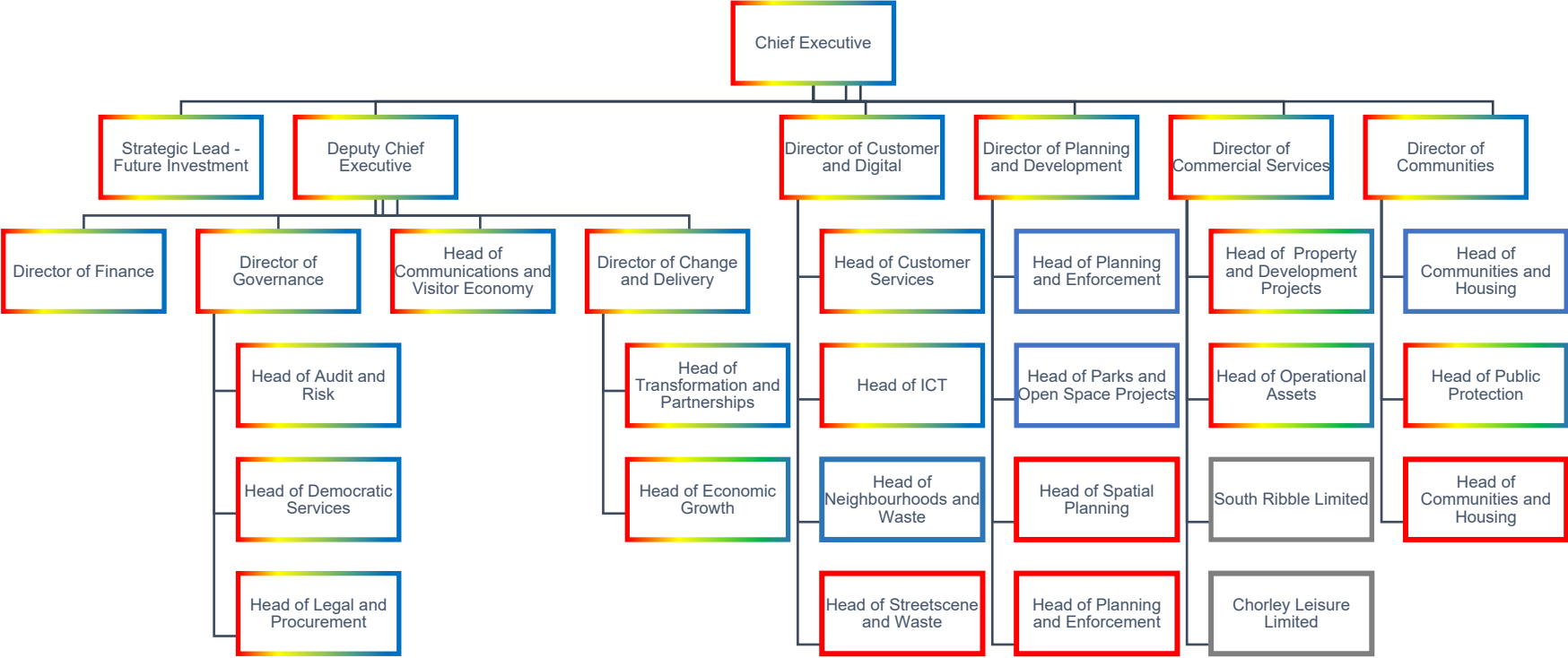
The Senior Management Team is shared across Chorley and South Ribble Borough Councils and consists of the Chief Executive, a Deputy Chief Executive and Directors as shown below.

The Senior Management Team meets weekly and is responsible for developing, implementing and monitoring the delivery of the Council's corporate priorities, and for ensuring resources are available for this.

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.

Following the insourcing of Chorley Council's leisure services in October 2020, the Council established a wholly owned leisure company to manage the running of its leisure services on the Council's behalf. The leisure staff moved to Chorley Leisure Ltd on 1<sup>st</sup> August 2021 and are employed by the company; during the first seven months of 2022/23 they were managed by the Director of Commercial Services, until November 2022 when line management moved to the Director of Governance.

# Leadership and Management Structure – Chorley Council



**Key**



Our staff are the most important resource we have to help us to achieve our goals. The Council (CBC), including its subsidiary Chorley Leisure Ltd (CLL), and staff employed by the Council who work in the shared service arrangement with South Ribble Council, employs 638 staff in full time, part time and casual contracts. A breakdown of our workforce by age and gender is set out in the table below:

#### No. of Employees by Age and Gender.

	CBC		Shared Services		CLL		Total	
	Male	Female	Male	Female	Male	Female	Male	Female
<b>Under 20</b>	21	19	0	0	16	11	37	30
<b>21-30</b>	26	35	12	17	11	16	49	68
<b>31-40</b>	47	39	10	11	2	5	59	55
<b>41-50</b>	35	54	3	16	1	7	39	77
<b>51-60</b>	57	60	13	27	0	4	70	91
<b>61+</b>	25	25	2	4	4	3	31	32
<b>Total</b>	<b>211</b>	<b>232</b>	<b>40</b>	<b>75</b>	<b>34</b>	<b>46</b>	<b>285</b>	<b>353</b>

#### Corporate Strategy and Performance in 2022/23

The Corporate Strategy for delivery in 2022/23 was approved at Council in November 2021, refreshing the delivery programme and performance measures.

The four priorities identified in the strategy are:

- Involving residents in improving their local area and equality of access for all;
- Clean, safe and healthy homes and communities;
- A strong local economy;
- An ambitious council that does more to meet the needs of residents and the local area.

Activity and resources are targeted towards 14 priority projects which are delivered over a period of 12-18 months and measured using a suite of performance indicators.

The Council has made good progress during the year, although it is important to understand that some of these Corporate Strategy projects run across multiple years, therefore for some objectives the work completed to date has been at a strategic planning and consultation level.

The Corporate Strategy is delivered with the purpose of achieving the Council's vision and ambition.

The vision and priorities are outlined below.



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

### We will:

- Deliver an even better customer experience and increase access to services for everyone
- Deliver street level improvements to ensure cleaner, greener streets and neighbourhoods across the borough
- Join up public services by working with our partners through the Chorley and South Ribble Partnership
- Deliver the Future Workplace Strategy

## A strong local economy

### We will:

- Provide support for enterprise across the borough post Covid
- Refresh the economic development strategy
- Complete the town centre projects including market renovations
- Deliver Strawberry Meadows employment site

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

### We will:

- Launch Astley Hall attraction and visitor experience
- Lead activity to address climate change including tree planting
- Deliver actions to increase digital skills and across the borough

## Clean, safe and healthy homes and communities

### We will:

- Open the Tatton Gardens Extra Care development and community facilities
- Work with partners and residents to improve local play and community facilities across the borough
- Deliver affordable housing within the borough

## Our vision:

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.





The following pages outline the Council's achievements in 2022/23 against the delivery of the Corporate Strategy and the key performance indicators up to the end of 2022/23. Detailed quarterly reports providing an update on performance in 2022/23 against these were taken to Executive Cabinet meetings across the year.

## 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.

### Achievements

Astley Hall reopened in May 2022 completing two years of extensive renovations following a £2.3 million investment. The milestone was marked with a weekend of events, including theatre performances and entertainment related to different periods of the Hall's history, with a special exhibition hosted at the Coach House Gallery showcasing the restoration journey. Over the year, there has been a focus on further enhancing the visitor experience and delivering wider improvements works to the Hall complex. In the last three months of the year, maintenance work has been undertaken on the former servants' quarters at the rear of the Hall, which includes a new roof to ensure the structural integrity of the building and will secure it for future generations; this will allow the area to be opened to the public for the first time. In July 2022, the Hall provided a stunning backdrop for the hugely successful three-day Chorley Flower Show event.

Improving parks and open spaces, as well as enhancing the natural environment, remains a key priority for the Council. At the end of the year, the Council exceeded its target of planting a tree for every resident, with over 117,000 trees now planted or provided to residents and groups; this project involved several tree giveaways in which residents were invited to sign up to receive a free tree for collection, which will see the distribution of native trees and hedgerows. The Westway Nature Reserve enhancement scheme was also completed, which has involved improvements to the pathways, removal of dead trees, as well as the implementation of natural enhancements to the pond. Further work will be done on the site to promote engagement in the natural environment. The planning, preparation, and sowing of the annual wildflower meadows programme was completed, with meadows planted across 51 locations, including high profile sites throughout the borough as part of the initiative to promote biodiversity. The tow path enhancement scheme has also delivered improvements around the Whins Lane and Withnell Fold area making paths safer and more accessible for residents.

Consultation on the Climate Change Strategy was undertaken during the early part of the year, with overall positive responses received in support of the Council's sustainability goals and priorities. A 'Climate Change Handbook' was produced providing tips and guidance for individuals and households to support climate change objectives, including information on waste and recycling,

energy saving tips, as well as guidance on sustainable travel. The Council has introduced a Climate Engagement Strategy which will seek to increase the level of educational communications and materials available, in order to encourage engagement with green issues and the environment through school competitions, online campaigns and business events.

The project to provide a package of support for businesses to undertake energy adaptations began during the year, including the design and approval of the Business Energy and Road to Net Zero Support Scheme. The project aims to address the challenge of rising energy costs for businesses by launching grants that can support energy efficiency measures. The scheme provides a grant of up to £2,000 towards the costs of purchasing energy reduction equipment identified by free certified energy audits. A dedicated web page will be established to provide information for businesses on the energy saving and net zero support available, in addition to a directory of local companies offering products and services related to energy saving measures. Not only will the project assist small businesses in managing their costs in this difficult economic landscape, but it will contribute to the Council's carbon neutral ambitions.

A Bus Shelter improvement plan has been developed during the year, which is part of the commitment to improving public transport networks. The programme will cover a 5-year phased programme to replace 83 bus shelters in poor condition, with the replacement of 19 in year one. This will include sites such as at Southport Road adjacent to Parklands Academy, Preston Road outside Chorley Hospital, and Wigan Road opposite Crofters Green, which will be installed from quarter two 2023/24 following the procurement process. The replacement of the shelters will seek to encourage public transport use by transforming bus stops into modern, safe, and inviting spaces that all residents throughout the borough can utilise for their sustainable transport needs.

During the year, two providers were commissioned to deliver digital programmes as part of the Council's priority to improve digital skills and digital inclusion (Age UK and UDevelop), utilising referral pathways for digital inclusion sessions delivered by local providers such as Chorley Digital Buddies, Age UK Lancashire and local libraries. These organisations have worked together to develop a directory of digital support to make it easier for residents to identify the best training packages for them, and where to access support. The providers have identified and targeted areas with the most significant digital skills gaps and engaged with local communities in providing sessions in community venues. Training has focussed on topics such as online shopping, video calling, navigating health and social care, accessing employment and housing services. Volunteer-led digital skills training provision will help to support sustainable training opportunities beyond the duration of the project, including engagement with community groups, who will be able to provide additional classes and opportunities.

## 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.

### Achievements

The new extra care facility at Tatton Gardens was officially opened in February 2023 by Sir Linsey Hoyle MP, the mayor of Chorley, Councillor Julia Berry, and the Chair of the Lancashire Enterprise Partnership. The development is an example of the Council delivering specialist housing solutions to meet the unique needs of residents, with the facility featuring 62 assisted living apartments for those aged 55 and above. The development includes a community centre, which is now welcoming community organisations such as youth, dance, and baby groups, as well as a fully operational GP surgery, pharmacy and nursery, supporting our residents to start, live, and age well. The site also includes a community café, a hair salon, a courtyard garden and mobility scooter hire.

Over the year the council has ensured that access to affordable and safe housing has remained a key priority, with a focus on increasing additional housing units to support vulnerable members of the community; seven properties have been acquired to support the housing of refugees and negotiations have continued with a local developer to purchase new homes which will provide affordable rental units for residents. Following the launch of the Registered Provider Framework at the end of 2021/22, all seven registered providers operating within the borough have signed up which will help to mitigate and limit the number of providers that operate outside of the choice-based lettings system.

Energy costs remain high, particularly as the financial support provided by the Government came to an end in June. To mitigate rising energy costs and to support positive action on climate change, work has been underway during the latter part of the year to develop a service to households, particularly those impacted by fuel poverty, by enabling households to access energy saving measures and to support access to other grants and energy-based support. Interventions include providing small devices and measures such as LED bulbs, advice around utilising slow cookers and the installation of draft proofing measures, as well as providing up to 25 community awareness drop-in 'clinics' to provide bespoke advice and support.

The project to deliver the Local Plan has made significant progress during quarter, with the first phase of consultations on the preferred Local Plan options concluding in February 2023, with over 2,000 responses received providing feedback. The consultation involved drop-in sessions at sites across the borough such as community centres, libraries, and schools, an online survey, email and telephone enquiries, and representations from key stakeholders, statutory bodies and partners. The analysis of the consultation is underway to identify findings and themes, with results scheduled to be published over the summer of 2023. This will ensure that the plan reflects the needs of our growing communities throughout the borough and that future developments going into the next decade can effectively accommodate that growth. Land Use Consultants are currently undertaking an Integrated Assessment, which will seek to make recommendations to enhance potential positive outcomes and minimise negative impacts of the proposed plan.

As part of the project to work with partners and residents to improve local play and community facilities across the borough, several improvement schemes have been completed including;

- *Milestone Meadows* – new play equipment, safety surfacing and greenery installed following extensive public consultation involving 500 households;
- *Foxcote Play Areas Scheme* – including the installation of a multi-use climbing and sliding unit as well as a variety of swings;
- *Astley Park lighting* - providing a lit route to make the park usable in the winter evenings for events and to enhance public safety;
- *Carr Brook Natural Flood Management Scheme* – creating a wetland basin and wildflower meadow, and installing new surfaced paths;
- *Cripplegate Lane Pond* – enhancing bio-diversity and creating a new wetland habitat, hedgerow, wildflower meadow and community orchard;
- *Riverside Crescent improvements* - to promote it as a vibrant communal space including the planting of an avenue of native trees and hedgerow in partnership with Croston Together Community Group;
- *Phyliss Nelson Memorial Garden* – bringing a neglected space back into use through the tidying of shrubbery, edging of pathways and painting to benches;
- *Wigan Lane improvements* – a new pavilion with additional catering and storage facilities to improve archery facilities, together with landscaping, a car park and a football pitch.
- *King George V Playing Fields* – works commenced to provide a new changing facility;

## 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

### Achievements

The Strawberry Meadows employment site was officially opened in October 2022. The site hosts a mixture of light industrial units, hybrid units containing workshop and office space, and larger units capable of being expanded to help to support a strong and growing business sector across the borough. Demand for the units has been high with leases offered to a variety of tenants, which include an online auctioneer, a scaffolder, a florist and an engineering firm, promoting the diversity of businesses in Chorley and future job opportunities.

The 1498@The Markets seating area was completed as part of the project to deliver town centre improvements and to create a vibrant town centre. The new leisure area within the covered market features upgraded food and beverage cabins, communal seating, improved heating and lighting, all set within a contemporary industrial design. The new facility was opened in time for Chorley Live, the

annual music and arts festival, with over 280 appearances in 35 venues across the town centre, attracting over 12,000 people.

In the second quarter of the year the Economic Development Strategy was finalised and approved by the Council, and an action plan developed to deliver the agreed priorities. The strategy sets out a clear ambition and vision for Chorley, considering the local, regional and national context. Four priorities have been identified: space for business, jobs and skills, employability and business support.

Working with our partners to support skills development and innovation, the project to launch a skills and job programme commenced in the last quarter of the year to promote future career pathways and provide a local skills pipeline. Several events were hosted in partnership with local schools, aimed at promoting training opportunities to broaden the career aspirations of young people. This included a career focus day and two career fairs at local schools, as well as a careers event at the Town Hall attended by 500 students and job seekers together with a range of local businesses and representatives from national companies. Two recruitment workshops were also hosted in partnership with a local business, which invited other local businesses to discuss how to attract and retain talent to address the issues of recruitment that is being experienced across many sectors.

Business support remains essential to assisting local businesses to manage the pressures in the current economy alongside recovery from the pandemic. Over the year over 350 businesses were supported in a number of ways as part of the Council's business support service. Support has also been provided through council facilitated business events, including webinars on topics such as social media and understanding business analytics, to assist in providing businesses with the tools to adapt and focus on new channels and ways to strengthen and grow their market access. The Council's Business Engagement Team has also hosted round table discussion events covering issues such as the challenges facing the construction sector and the rural economy. The feedback from these events provides important knowledge exchange and intelligence that the team is able to use to shape future plans and interventions.

## 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

### Achievements

The project to provide support for families and young people to start and live well has progressed with the delivery of several events aimed at networking with partners and stakeholders, as well as strengthening pathways for support. This has included a Big Early Help event, held in partnership with the Children and Young Family Wellbeing Service, with attendees including organisations such as Homestart, Chorley Women's Centre and representatives from local schools. A Winter Play Day was also hosted in collaboration with Inspire Youth Zone, including activities such as arts and crafts,

baking and sports, with young people and parents; these events were used to scope current parenting support across local and wider providers, and to identify key themes of support to inform the project. Overall, the project aims to work with local partners to enhance the existing Social Prescribing Service by providing bespoke support for families and early years, whilst delivering initiatives on a local level in order to provide targeted support.

The Cost of Living Action Plan continues to deliver a range of activities that will support residents with the pressures arising from food and energy price increases. Since its launch in October 2022, the action plan has delivered the Warm Spaces programme, which provided warm and friendly places for over 2,800 residents at key venues across the borough in response to rising energy costs. Additionally, a significant number of households have been supported financially through the Household Support Fund, with the three biggest areas of support being energy and water (46%), food (21%) and wider essentials (18%). The Uniform Swap Shop scheme has also been expanded with schools.

The project to deliver a health and wellbeing programme commenced in the year, with the relaunching of the Weight Management programme. Having successfully delivered the programme for a number of years, it has now been expanded to include regular walking sessions delivered at sites across the borough, reflecting research that low-level activity is the best gateway into a healthy lifestyle. Work has also been delivered in developing pages on the council's website that will showcase health and wellbeing opportunities across the borough.

The Council has an ambitious transformation programme that includes improvements to ensure high quality and responsive services. Over the year developments have included;

- Implementation of a single operating model for both Property and Development and Pest Control, with both teams now operating on a shared basis with South Ribble Borough Council. This forms part of the wider programme of shared services, which provides greater capacity, more resilience and creates development opportunities for staff;
- Implementation of a new telephony system across Customer Services so that customers can be connected more quickly with officers who can provide specialist support;
- Development and implementation of a Customer Care Policy, which followed a review of opening hours and service provision to ensure they reflect customer demand, as well as a review of duty officers to ensure specialist customer support is available. The new policy takes into account best practice from the public and private sector, as well as the shift in customer expectations and behaviour following the pandemic and the efficiencies of automated and digitised services;
- Delivery has progressed on the implementation of the Future Workplace Strategy with the successful rollout of the new workspace desktop and new laptops, providing staff with the ability to work more flexibly, and for those in shared services, more seamlessly across both Chorley and South Ribble councils;
- Options have also been developed for a more energy efficient heating system at the Town Hall and work is progressing on developing options for future accommodation requirements, reflecting business needs and working practices.

## Performance of Corporate Strategy Key Measures 2022/23

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 Name	Polarity	Target	Previous Reported Period	Q4	Symbol	Trend
<b>Involving residents in improving their local area and equality of access for all</b>						
The number of SOAs in the worst 10%	Smaller is better	3	Last published 2019 – no update available		-	-
Number of claimants as a proportion of resident population of the area aged 16 to 64	Smaller is better	Better than the NW Avg. (4.3%)	2.6% (Q3 22/23)	2.7%	★	Worse than Q4 2021/22 2.8%
Number of people attending online digital skills sessions	Bigger is Better	300	205 (Q3 22/23)	359	★	Better than Q4 2021/22 182
% population with NVQ level 3 or above	Bigger is Better	57%	69.9% (Q4 21/22)	Not published	-	-
Number of people who participate in a volunteering opportunity (as part of the Employability Pathway)	Bigger is Better	75	13 (Q3 22/23)	34	▲	Worse than Q4 2021/22 142
<b>Clean Safe and Healthy Homes and Communities</b>						
Number of visitors to Council leisure centres	Bigger is Better	Baseline	243,149 <sup>1</sup> (Q3 22/23)	325,012	-	Better than Q4 2021/22 239,594
Number of affordable homes delivered	Bigger is Better	100	10 (Q2 22/23)	77	▲	Better than Q4 2021/22 63
Number of volunteer community groups supported to improve by the Council	Bigger is Better	100	143 (Q3 22/23)	175	★	Better than Q4 2021/22 124
Number of long-term empty properties in the borough	Smaller is better	150	125 (Q3 22/23)	133	★	Better than Q4 2021/22 142
Percentage of household waste sent for refuse, recycling or composting	Bigger is Better	Better than 20/21	45.3% (Q2 22/23)	46.2% <sup>2</sup>	●	Worse than Q3 2021/22 46.9%

<sup>1</sup> Revised cumulative figure reported at Quarter Three.

<sup>2</sup> This indicator is reported in arrears and reflects quarter three 2022/23 performance. Its previous performance relates to quarter two.

Indicator Name	Polarity	Target	Previous Reported Period	Q4	Symbol	Trend	
		(46.9%)					
Number of improvements to parks, open spaces and playing pitches linked to strategy delivery	Bigger is Better	15	-	15	★	-	-
<b>Strong Local Economy</b>							
Overall employment rate	Bigger is Better	80%	75.4% (Q3 22/23)	71.8%	▲	Worse than Q4 2021/22	74.8%
Number of projected jobs created through Chorley Council support or intervention	Bigger is Better	200	220 (Q3 22/23)	316.5	★	Better than Q4 2021/22	202
The % of 16-17-year olds who are not in education, employment or training (NEET)	Smaller is better	3%	2.4% (Q3 22/23)	2.5%	★	Better than Q4 2021/22	2.8%
Growth in business rate base	Bigger is Better	0.5%	0.1% (Q4 21/22)	-0.03%	▲	Worse than Q4 2021/22	0.1%
% increase in visitor numbers	Bigger is Better	2%	-	113%	★	Better than Q4 2021/22	- 69.40%
Median workplace earnings in the borough	Bigger is Better	Better than the NW Avg. (£602.3)	£552.8 (Q4 21/22)	£539.40	▲	Worse than Q4 2021/22	£552.8
Median earnings by place of residence	Bigger is Better	Better than the NW Avg. (£603.7)	£645.1 (Q4 21/22)	£649.8	★	Better than Q4 2021/22	£645.1
<b>An ambitious council that does more to meet the needs of residents and the local area</b>							
% Households living in fuel poverty	Smaller is better	Better than the NW Avg. (14.40%)	11.9% (Q2 21/22)	11.6% (Q2 22/23)	★	Better than Q2 2021/22	11.9%
Percentage of service requests received online	Bigger is Better	40%	60.65% (Q3 22/23)	59.17%	★	Better than Q4 2021/22	50.5%
Percentage of customers dissatisfied with the service they received from the Council	Smaller is better	20%	17.52% (Q3 22/23)	17.41%	★	Worse than Q4 2021/22	14.94%
Number of people referred to social prescribing, including Population Health Management	Bigger is Better	700	1,501 (Q3 22/23)	1,846	★	Better than Q4 2021/22	1,178



## Financial Performance in 2022/23

Despite the financial challenges faced, the financial standing of the Council is robust, with sound budget setting and monitoring practices. The Council's 2022/23 Revenue Budget, Capital Programme, Medium Term Financial Strategy (MTFS) and Treasury Management Strategy were approved at Council on 24 February 2022. Thereafter, budget monitoring reports were submitted at quarterly intervals to the Executive Cabinet. The reports are available on the Council's website.

In 2022/23, the Council set a balanced annual budget of £14.588m.

The draft outturn report for 2022/23, approved by the Executive Cabinet on 15 June 2023, showed a net surplus of £0.131m. The report and appendices can be found here – [link](#)

The outturn position is summarised in the table below:

Directorate	Current Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Commercial & Property	348	1,285	937
Communities	1,862	1,734	(128)
Customer & Digital	5,521	5,486	(35)
Planning & Development	772	849	77
Policy & Governance	5,119	5,306	187
Major Projects	(3,786)	(3,796)	(10)
Financing and Other Budgets	4,717	3,498	(1,219)
<b>Funding Requirement</b>	<b>14,553</b>	<b>14,362</b>	<b>(191)</b>
Funding	Budget £'000	Outturn £'000	Variance (Under)/ Overspend £'000
Council Tax	(7,554)	(7,554)	-
Business Rates	(5,293)	(5,293)	-
New Homes Bonus	(886)	(886)	-
Government Grants	(709)	(710)	(1)
Reserves	(111)	(50)	61
Other	0	0	-
<b>Total Funding</b>	<b>(14,553)</b>	<b>(14,493)</b>	<b>60</b>
<b>Net Outturn</b>	<b>0</b>	<b>(131)</b>	<b>(131)</b>

It was approved to transfer the underspend to General 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.

Over the last 13 years, as a consequence of central government's austerity measures to reduce overall public sector spending, the Council has seen significant changes in the way it is funded with the withdrawal of central government grants, including the revenue support grant, the provision of various non-recurring grants from year to year, and an annual, year on year extension to the Lancashire Business Rate Pooling arrangement (a temporary pilot scheme introduced in 2016/17 providing an increase in locally retained business rates, from which Chorley Council currently benefits by approximately £0.991m per annum).

The financial outturn position for 2022/23 is reflective of a turbulent year; whilst pressures were expected in the recovery from the pandemic, these were exacerbated through the political and economic turmoil of the year; three Prime Ministers, the impact of the war in Ukraine, a deepening in the cost of living crisis, soaring energy prices and escalating rates of inflation and increases in interest rates.

Little movement has been made by the government in progressing their intention to significantly change the way in which councils are funded. Once again, local government has only been provided with a one-year settlement for 2023/24, with significant uncertainty regarding the income streams in future years.

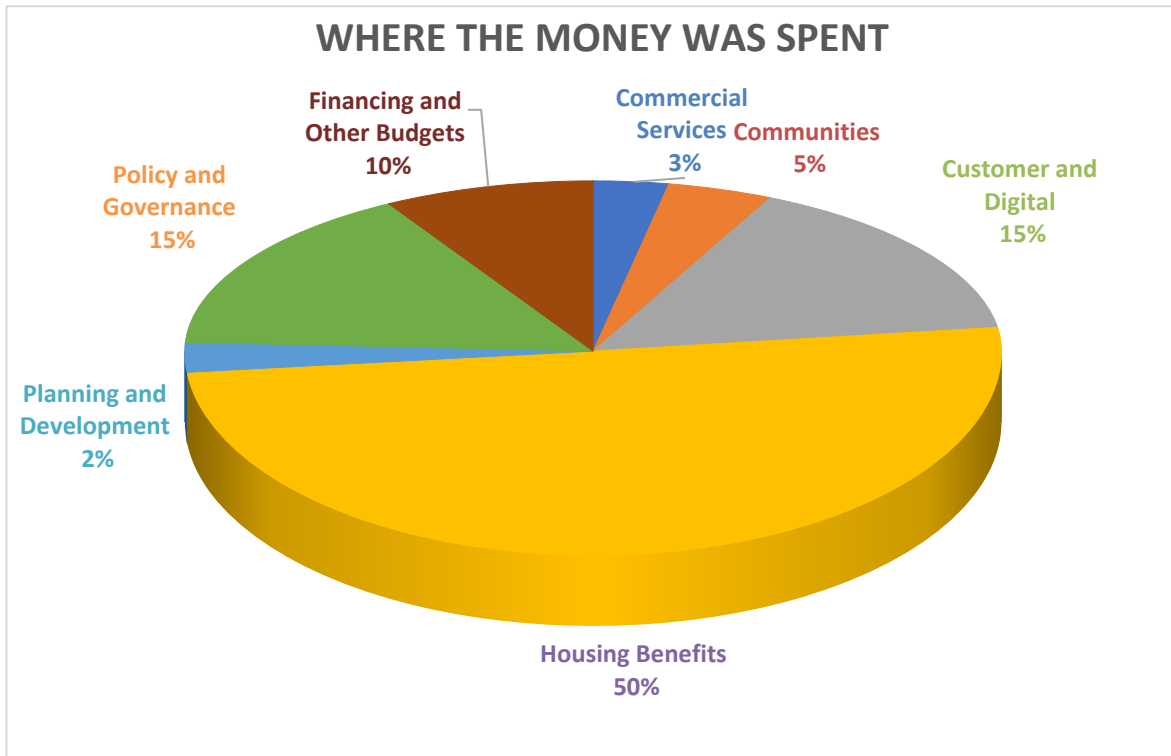
There is risk and uncertainty in relation to future years funding, not only because it is directly linked to growth in the borough, but also because it will be impacted by the outcome of the Fair Funding review which central government has said it will undertake, and any potential reset to the business rates retention system. The implementation of these has been delayed for several years now since 2017/18, firstly due to government's focus on Brexit and then due to the Covid-19 pandemic. Whilst uncertainty remains, the MTFs and the assumptions on which this is based will be kept under regular review.

In light of this, and the fact that Council Tax and Business Rates are 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 inflationary cost pressures experienced over the last year, escalating utility costs and the cost of living crisis impacting on businesses and residents, with collection rates of 97.19% for council tax and 96.26% for business rates in 2022/23. There is no room for complacency however, and these will be monitored closely as part of the Council's performance management framework during 2023/24.

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

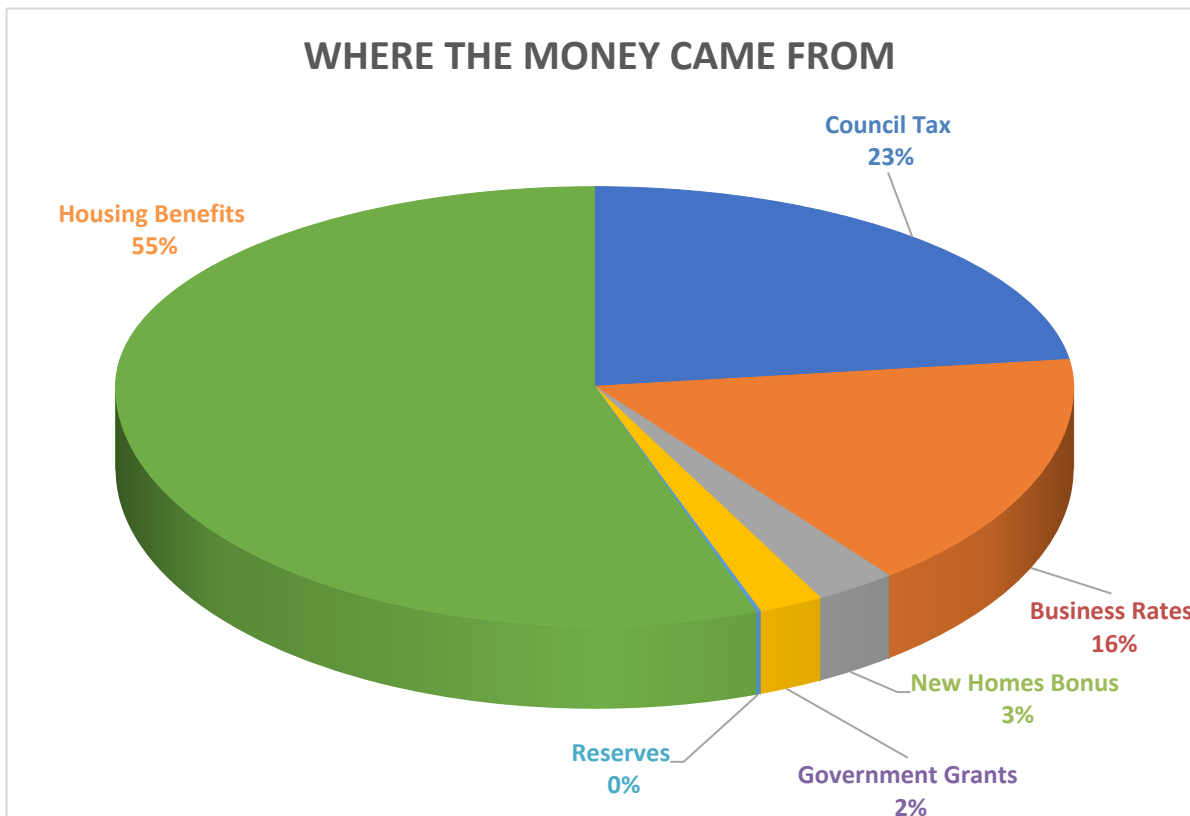
The gross expenditure for the Council is detailed in the Comprehensive Income and Expenditure Statement. In 2022/23 it consisted of:

## WHERE THE MONEY WAS SPENT



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

## WHERE THE MONEY CAME FROM



### **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 2022/23 and stands at £4.271m at the year end.

Total earmarked reserves for specific purposes were £8.059m as at 31 March 2023. 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.

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:

<b>General Fund Reserves at 31 March 2023</b>	<b>£'000</b>
Amounts as per Outturn Report:	
Earmarked Reserves	7,979
Final Transfers to/(from) Collection Fund Deficit Distribution Reserve	80
<b>Subtotal</b>	<b>8,059</b>
General Reserve	4,271
<b>Amounts as per EFA</b>	<b>12,330</b>

### Capital Programme 2022/23

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 and provide affordable housing.
- 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 2022/23 approved by Council in February 2022 was £24.2m. With approved slippage from 2021/22, along with other changes to the programme during the year, the final outturn was £13.5m.

The outturn position of the 2022/23 capital programme is set out in the following table and outlined further in Appendix B of the outturn report approved by Executive Cabinet on 15 June 2023. The report and appendices can be found here - [link](#)

## Capital Programme Outturn 2022/23

### **2022/23 Capital Programme**

Scheme Name	Original Budget 2022/23	Revised Budget 2022/23	Slippage and reprofiling of budget (to 23/24)/from 23/24	Outturn 2022/23
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#### **A strong local economy**

Strawberry Meadows	1,000	1,000	2,455	3,455
Asset improvements	500	293	(151)	142
Buckshaw Village Rail Station	696	696	(696)	-
Town Centre Public Realm	5,023	5,023	(4,929)	94
Service Centres	500	500	(500)	-
Strawberry Fields Digital Office Park	120	220	(76)	144
Market Walk Extension	192	158	(137)	21
Markets	-	34	122	156
Council accommodation	1,220	1,220	(1,177)	43
Bengal Street Depot	-	1,100	(1,100)	-
Unit Above Iceland	200	100	(100)	-
<b>A strong local economy</b>	<b>9,451</b>	<b>10,344</b>	<b>(6,289)</b>	<b>4,055</b>

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

<b>Includes – decarbonisation of Town Hall, completion of Whittle Health Hub, delivery of the green agenda and ICT improvement works</b>	<b>1,570</b>	<b>3,116</b>	<b>(2,264)</b>	<b>852</b>
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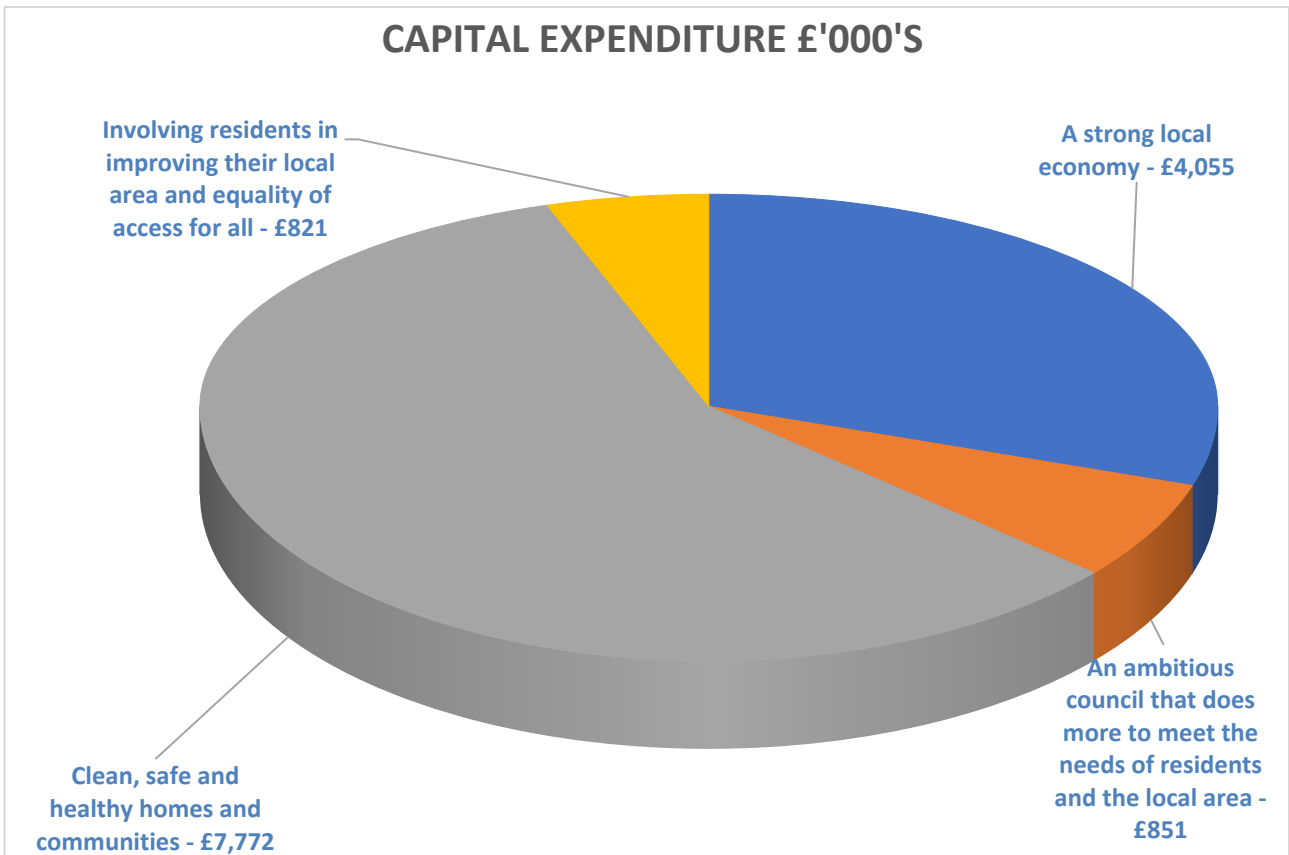
## Clean, safe and healthy homes and communities

Chorley Adaptation Grant (formerly DFG)	775	949	(236)	713
Duxbury Park site	-	8	-	8
Land for tree planting	-	250	(250)	-
Leisure Centre improvements	2,344	2,344	(2,294)	50
Play recreation and open space projects	2,423	2,679	(1,684)	995
Properties for refugees	2,070	2,068	(1,245)	823
Affordable Housing	-	2,002	(1,995)	7
Chorley Lodge	-	390	(350)	40
Tatton	5,112	5,350	(214)	5,136
<b>Clean, safe and healthy homes and communities</b>	<b>12,724</b>	<b>16,040</b>	<b>(8,268)</b>	<b>7,772</b>

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

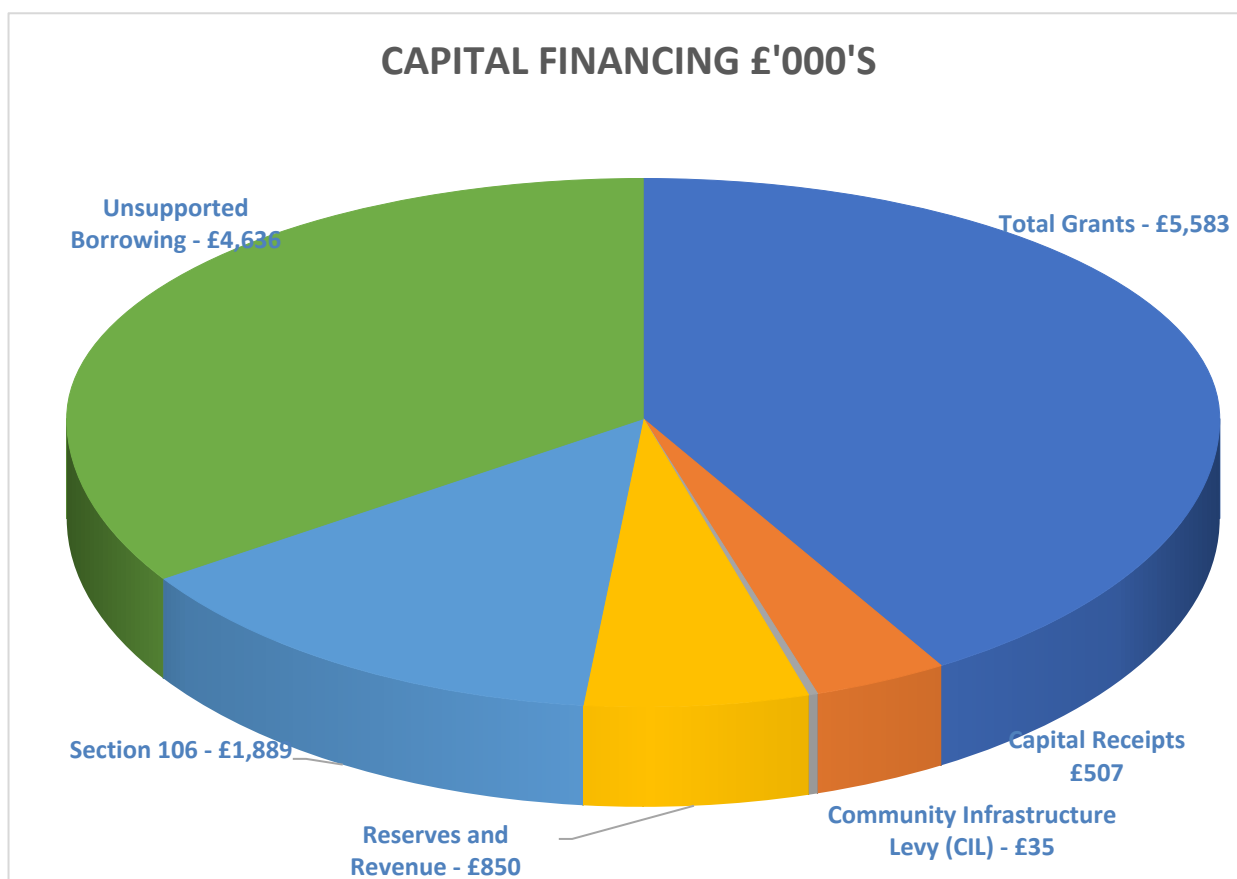
Astley Hall	350	798	(118)	680
Bank Hall restoration	-	126	-	126
Westway playing Field Sports Campus	139	239	(224)	15
<b>Involving residents in improving their local area and equality of access for all</b>	<b>489</b>	<b>1,163</b>	<b>(342)</b>	<b>821</b>
<b>Total</b>	<b>24,234</b>	<b>30,663</b>	<b>(17,163)</b>	<b>13,500</b>

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.

## CAPITAL FINANCING £'000'S



### 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 borrowing.

The key facts for 2022/23 are:

- Investments were held for the 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 low levels during 2020/21 and 2021/22, however from a rate of 0.75% in April 2022, there were a number of increases over the course of the year and as at March 2023 the Bank of England base rate stood at 4.25%. These increases are reflected in the average yield attained for 2022/23 of 1.72%, which is significantly higher than in the previous year.
- A total of £10 million across two short term loans, each of 10 months duration, were taken out from two other local authorities in March 2023 to sustain working capital balances; no additional long-term loans were taken during the year.
- Cash and cash equivalents (Note 21) were £0.952 million at the end of the year, which is significantly lower than at the end of 2021/22 (£9.460 million). This reflects the fact that the funding passed through to the council from central government for Covid related grants was fully paid out during 2022/23 and the funding of the council's capital programme has largely been through utilisation of internal cash balances rather than borrowing.
- 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



£98.349 million to £102.335 million. 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 has seen a movement of £53.876m during the year, from a deficit of £43.978m at the end of 2021/22 to a surplus of £9.898m at the end of 2022/23. This reflects the value of assets invested in the pension fund, offset by the value of pension liabilities which the Council is required to pay in the future when they fall due.

The Council's pension fund must be revalued every three years to set future contributions into the fund. The latest valuation was undertaken in 2022 which reported a funding level of 108%. Given the surplus position of the fund, the Council no longer requires the deficit recovery plan that was previously in place with the Administering Authority to maintain a 100% funding level and which had required additional Deficit Recovery Contributions over a number of years.

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

### **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, monitoring and mitigating strategic risks, ensuring that any actions against each risk are completed.

The GRACE system also contains separate risk registers for individual projects as well as service level risk registers owned and controlled by individual services managers and project managers. All strategic risks are contained and embedded within the GRACE system and are reviewed to inform the latest position. All risks stored within the GRACE system are scored on a 4x4 risk matrix as outlined below:

<b>Major</b>	4	4 Low	8 Medium	12 High	16 High
<b>Serious</b>	3	3 Low	6 Medium	9 Medium	12 High
<b>Minor</b>	2	2 Low	4 Low	6 Medium	8 Medium
<b>Insignificant</b>	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 risk register is reported to the Governance Committee on an annual basis, setting out changes over the last 12 months, existing control measures and planned actions to mitigate risk. The latest Corporate Risk Register was reported to Governance Committee on 2 August 2023, the full report can be found here [link](#), and provides members with an update on the 17 strategic risks to the council that have been monitored over the last 12 months, 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 listed below. Existing control measures and planned actions to help further mitigate risk are detailed in the report presented to the Governance Committee.

- R1- Failure to realise the value of large-scale investments linked to the capital programme delivery and oversight
- R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery.
- R16- Failure of ICT Security to prevent cyber attacks, uphold data protection and maintain ICT service delivery.

The latest review of the risk register has identified the following changes:

- Realignment of the former risk R10 - 'Failure to maximise new technology/ organisational change' and integration into risk R4 - 'Failure to adapt to new ways of working', to reflect the fact that these are very similar and interrelated risks with similar control measures and actions.
- A reduction in the inherent risk for what is now R10 - 'Low staff satisfaction and morale' from 9 (medium) to 6 (medium) based on the existing control measures in place and the progress made against new risk reduction actions, including the implementation of the council's People Strategy. This is supported by the results of the council's recent Pulse Survey which has shown improvement in staff satisfaction and morale over the last 12 months.
- A reduction in risk R14 - 'Shared services arrangements' from an inherent risk score of 12 to 9, and a reduction in the residual risk score from 8 to 4. This reflects the impact of the work that has taken place to embed existing shared services through service development plans, with phase 1 and 2 of the shared services programme becoming further embedded over the last 12 months.
- Removal of references to Covid-19 from all risk descriptions to reflect that this is no longer a key risk to the council.

A summary of the latest risks for 2023 are below;

Risk	Risk Description	Inherent Risk Score	Residual Risk Score	Target Risk Level
R1 - Failure to realise the value of major investments	Failure to realise the value of large-scale investments linked to the capital programme delivery and oversight	16	12	6
R2-Failure of partnerships	Failure to achieve desired outcomes through partnership working and deterioration in relationships	12	6	4
R3 - Detrimental impact of budget challenges	Budget challenges in key public and third sector partners having a negative impact on local level service delivery	16	12	6
R4 - Not adapting to new ways of working	Failure to optimise opportunities for new ways of working	12	6	4

R5 - Lack of Resources	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	4
R6 - Failure to adapt to changing service demand	Failure to react to changing service demand, including any and internal skill gaps to address this	8	6	4
R7 - Reduction in Satisfaction with the Council	Reduction in satisfaction with the Council	6	6	4
R8 - Reduction in performance	Failure to sustain our performance in light of budget challenges and ongoing resourcing restraints.	12	6	2
R9 -Not responding to external legislative and policy change	Failure to adapt to external legislative and policy change affecting service delivery.	8	6	4
R10- Low staff satisfaction & morale	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	12	6	3

R11 - Incidents affecting service delivery	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	12	9	2
R12 - Damage to Council's reputation	Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making	9	4	2
R13 -Poor relationships between officers and political parties	Failure to build and maintain strong relationships of trust and confidence between officers and each party promote good and open relationships between political parties	6	2	2
R14 - Shared Services arrangements	Failure of Shared Services arrangements.	8	4	2
R15- Failure to act to address the impact of climate change	Failure to act successfully to meet commitments made by the Council to address climate change, alongside the risk of negative impacts on our communities as a result of the Climate Emergency.	12	9	6
R16 – Failure of ICT Security	Failure of ICT Security to prevent cyber attacks, uphold data protection and maintain ICT service delivery.	16	12	6
R17 - Failure to optimise new options for income generation	Failure to optimise new options for income generation	12	8	6

## Outlook for the Future

The fact that for 2023/24, yet again, we have only received a one year settlement has exacerbated the uncertainty and the risk in our medium term financial planning; in the absence of any figures or framework from Government, it has been almost impossible to prepare a credible financial strategy beyond 31 March 2024 with any degree of confidence in the underlying assumptions. Uncertainty prevails in respect of:

- the development and implementation of a new Fair Funding Review;
- changes to the Business Rates Retention Scheme;
- the funding changes linked to the government's 'levelling up' agenda and shared prosperity funds;
- devolution and potential local government reorganisation;
- the impact of the cost of living crisis driven by rising inflation and interest rates and increases in the cost of utilities driven by the war in Ukraine and;
- the social, economic and financial impacts as we recover from the Covid-19 pandemic.

The Local Government Financial Settlement for 2023/24 represents a holding position' until the next Parliament, aiming for stability in local government finances over the next two years. The ruling out of a business rates reset or a fair funding review in this period means that the funding distribution will stay fairly stable, however the questions about the future of the funding system remain unaddressed.

Within this financial context the Council updated its MTFs in February 2023 to reflect the Council's new corporate priorities, as approved at the Council meeting in November 2022, and for changes in funding and expenditure. Gaps between the budget required and the likely funding available were approved by Full Council, based on assumptions of prudent economic growth and Council Tax increases to progress towards 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 funding and unfunded inflationary and other cost pressures. The Council continues to develop and refine its savings plan to close the budget gap through the delivery of savings and the 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.

Further efficiencies, savings and income generation opportunities will continue to be progressed, options for delivery developed and updates provided to Executive Cabinet at regular intervals.

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 a combination of its own reserves, external funds and also borrowing, where an appropriate business case supports repayment of the debt, to facilitate this transformational programme for its residents.

## Going Concern

Chorley Council's MTFs outlines the strategies it will pursue to meet current and future funding shortfalls. A balanced budget for 2023/24 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 sound financial planning and the delivery of the savings plan. 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, she 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.

She 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 give a true and fair view of the financial position of the Authority at 31 March 2023 and its Income and Expenditure for the year ended 31 March 2023.



Louise Mattinson  
Director of Finance and Section 151 Officer  
Date 7 August 2023



# 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.

2021/22				2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
4,322	(1,693)	2,629	Commercial and Property	17,189	(2,357)	14,832
4,019	(2,316)	1,703	Communities	4,791	(3,003)	1,788
20,847	(19,975)	872	Customer & Digital	20,804	(19,783)	1,021
2,264	(1,296)	968	Planning and Development	2,546	(1,440)	1,106
6,021	(1,752)	4,269	Policy & Governance	6,567	(2,038)	4,529
936	(413)	523	Major Projects	1,602	(600)	1,002
13,521	(5,040)	8,481	Corporate	12,541	(5,961)	6,580
9,019	(10,219)	(1,200)	Covid	959	(1,377)	(418)
<b>60,949</b>	<b>(42,704)</b>	<b>18,245</b>	<b>Cost of Services</b>	<b>66,999</b>	<b>(36,559)</b>	<b>30,440</b>
606	0	606	Other operating expenditure (note 12)	1,058	0	1,058
5,046	(4,124)	922	Financing and investment income and expenditure (note 13)	5,943	(5,371)	572
6,723	(30,032)	(23,309)	Taxation and non-specific grant income (note 14)	6,976	(29,264)	(22,288)
		<b>(3,536)</b>	<b>(Surplus)/deficit on provision of services</b>			<b>9,782</b>
		(4,044)	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(330)
		(14,575)	Re-measurement of the net defined benefit liability (note 37d)			(57,175)
		<b>(18,619)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(57,505)</b>
		<b>(22,155)</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(47,723)</b>

## 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
<b>Balance at 31 March 2021</b>	<b>(16,988)</b>	<b>(889)</b>	<b>(13,952)</b>	<b>(31,829)</b>	<b>17,232</b>	<b>(14,597)</b>
<b><u>Movements in 2021/22</u></b>						
Total Comprehensive Income & Expenditure	(3,536)	0	0	(3,536)	(18,619)	(22,155)
Adjustments between accounting basis & funding basis (note 10)	4,579	165	3,589	8,333	(8,333)	0
<b>(Increase) / Decrease in year</b>	<b>1,043</b>	<b>165</b>	<b>3,589</b>	<b>4,797</b>	<b>(26,952)</b>	<b>(22,155)</b>
<b>Balance at 31 March 2021</b>	<b>(15,945)</b>	<b>(724)</b>	<b>(10,363)</b>	<b>(27,032)</b>	<b>(9,720)</b>	<b>(36,752)</b>
<b><u>Movements in 2022/23</u></b>						
Total Comprehensive Income & Expenditure	9,782	0	0	9,782	(57,505)	(47,723)
Adjustments between accounting basis & funding basis (note 10)	(6,167)	427	59	(5,681)	5,681	0
<b>(Increase) / Decrease in year</b>	<b>3,615</b>	<b>427</b>	<b>59</b>	<b>4,101</b>	<b>(51,824)</b>	<b>(47,723)</b>
<b>Balance at 31 March 2023</b>	<b>(12,330)</b>	<b>(297)</b>	<b>(10,304)</b>	<b>(22,931)</b>	<b>(61,544)</b>	<b>(84,475)</b>

# 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 2022 £'000		Notes	31 March 2023 £'000
117,289	Property, Plant & Equipment	15	116,157
4,036	Heritage Assets	16	3,385
32,783	Investment Property	17	33,337
24	Intangible Assets	18	5
4,939	Long-Term Debtors	19	4,688
0	Other Long-Term Assets – pensions	37	9,898
<b>159,071</b>	<b>Long-Term Assets</b>		<b>167,470</b>
8,865	Short-Term Debtors	20	11,889
9,460	Cash and Cash Equivalents	21	760
<b>18,325</b>	<b>Current Assets</b>		<b>12,649</b>
(2,215)	Short-Term Borrowing	19	(12,120)
(22,345)	Short-Term Creditors	22	(12,651)
(1,317)	Provisions	23	(1,038)
<b>(25,877)</b>	<b>Current Liabilities</b>		<b>(25,809)</b>
(1,481)	Long-Term Creditors	28	(1,500)
(68,341)	Long-Term Borrowing	19	(66,503)
(43,978)	Other Long-Term Liabilities – pensions	37	0
(16)	Other Long-Term Liabilities – other		(16)
(951)	Grant Receipts in Advance - Capital	33	(1,815)
<b>(114,767)</b>	<b>Long Term Liabilities</b>		<b>(69,834)</b>
<b>36,752</b>	<b>Net Assets</b>		<b>84,476</b>
(27,032)	Usable Reserves	MiRS, 24	(22,931)
(9,720)	Unusable Reserves	25	(61,545)
<b>(36,752)</b>	<b>Total Reserves</b>		<b>(84,476)</b>

The audited accounts were issued on xx



Louise Mattinson  
Director of Finance  
Date:

## 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.

2021/22 £'000		2022/23 £'000
3,536	Net surplus or (deficit) on the provision of services	(9,782)
7,481	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)	4,697
(4,590)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 26b)	(7,521)
<b>6,427</b>	Net cash flows from Operating Activities (Note 26)	<b>(12,606)</b>
(19,181)	Investing Activities (Note 27)	(4,495)
12,938	Financing Activities (Note 28)	8,401
<b>184</b>	Net increase or (decrease) in cash and cash equivalents	<b>(8,700)</b>
9,276	Cash and cash equivalents at the beginning of the reporting period	9,460
<b>9,460</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 21)</b>	<b>760</b>

Cash and Cash Equivalents at the beginning and end of the 2022/23 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.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000	Directorate	Net Expenditure Chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
3,226	(597)	2,629	Commercial and Property	3,058	11,774	14,832
1,500	203	1,703	Communities	1,558	230	1,788
689	183	872	Customer & Digital	(2,125)	3,146	1,021
822	146	968	Planning and Development	1,105	1	1,106
4,065	204	4,269	Policy & Governance	4,374	155	4,529
491	32	523	Major Projects	971	31	1,002
3,876	4,605	8,481	Corporate	6,433	147	6,580
(1,203)	3	(1,200)	Covid	(134)	(284)	(418)
<b>13,466</b>	<b>4,779</b>	<b>18,245</b>	<b>Net Cost of Service</b>	<b>15,240</b>	<b>15,200</b>	<b>30,440</b>
(12,423)	(9,358)	(21,781)	Other Income and Expenditure	(11,625)	(9,033)	(20,658)
<b>1,043</b>	<b>(4,579)</b>	<b>(3,536)</b>	<b>(Surplus)/Deficit in year</b>	<b>3,615</b>	<b>6,167</b>	<b>9,782</b>
<b>(16,988)</b>			<b>Opening General Fund Balance at 1 April</b>	<b>(15,945)</b>		
1,043			Add (Surplus)/Less Deficit on General Fund Balance in Year	3,615		
<b>(15,945)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(12,330)</b>		

## **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 2022/23 financial year and its position at the year end of 31 March 2023. 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 2022/23 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.

#### 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.

### *Heritage Assets*

The council's 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 Interests in companies and other entities**

The authority has material interests in a wholly owned company, Chorley Leisure Limited, that has the nature of a subsidiary and requires it to prepare group accounts. In the authority's own single-entity accounts, the interests in the company are recorded as financial assets at cost, less any provision for losses.

#### **2.16 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.

#### **2.17 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.

#### **2.18 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.

#### **2.19 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.

#### **2.20 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.

#### **2.21 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 £10,000 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

## **2.22 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.

## **2.23 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.

## **2.24 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.

## **2.25 Value Added Tax**

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

## **2.26 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 2022/23 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 2022/23 financial statements in respect of accounting changes that are introduced in the 2023/24 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

### **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 £32m 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 2022/23 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 2023 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 in factors such as longevity, rate of inflation and salary inflation have major impacts on the pension fund.</p> <p>The council anticipates that it will spend £1.620m on current pension contributions in 2023/4 (see Note 37h). A 1% upward variation on this would produce an increased cost of £16k.</p>
Asset valuations	<p>Note 15 shows that Property, Plant &amp; Equipment (PPE) assets valued at £116.062m (£108.861m of Operational Land and Buildings, £2.337m of Vehicles, Plant &amp; Equipment, £0.297m of Infrastructure Assets, £3.521m of Community Assets, £0.573m of Assets Under Construction and £0.473m of Surplus Assets) are carried at either current value or depreciated replacement cost value.</p> <p>Note 17 shows that Investment Properties valued at £33.337m are carried at current value.</p> <p>The valuations have been carried out by qualified valuers as at 31 March in accordance with Royal Institution of Chartered Surveyors Guidance.</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 2023.</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 £3.334m 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 £1.161m. How much, if any, of this would be chargeable to 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 £1.038m 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 2023. 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.</p> <p>The council's provision has been set at 3.6% of the net rates payable for each year. 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.</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 £1.158m (2021/22 £0.966m). This equates to 1.9% (2021/22 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 2022/23 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 7<sup>th</sup> August 2023. 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 2023, the figures in the financial statements and notes would be 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 45.

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.

2022/23						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Statutory Adjustments	Other Adjustments (Note D)	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000
Commercial and Property	13,263	157	10	13,430	(1,656)	11,774
Communities	11	214	5	230	0	230
Customer & Digital	2,264	666	15	2,945	201	3,146
Planning and Development	0	3	(5)	(2)	4	1
Policy & Governance	0	161	(6)	155	0	155
Major Projects	0	31	0	31	0	31
Corporate	0	146	1	147	0	147
Covid	(485)	257	(20)	(249)	(36)	(284)
<b>Cost of Services</b>	<b>15,053</b>	<b>1,635</b>	<b>0</b>	<b>16,687</b>	<b>(1,487)</b>	<b>15,200</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(8,999)	1,214	(2,736)	(10,521)	1,489	(9,033)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>6,054</b>	<b>2,849</b>	<b>(2,736)</b>	<b>6,166</b>	<b>2</b>	<b>6,167</b>

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

#### 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:

	2021/22 £'000	2022/23 £'000
<b>Expenditure/Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	14,704	15,600
Other service expenses	42,018	36,881
Depreciation, amortisation, impairment	4,481	14,994
Interest payments	4,913	6,293
Precepts, tariffs and levies	7,305	7,457
Loss on the disposal of assets	(97)	308
Changes in the fair values of investment properties	0	(554)
<b>Total expenditure</b>	<b>73,324</b>	<b>80,979</b>
<b>Income</b>		
Fees, charges and other service income	(12,507)	(14,702)
Interest and investment income	(2,396)	(3,645)
Changes in the fair values of investment properties	0	0
Income from council tax and non-domestic rates	(15,735)	(18,096)
Government grants and contributions	(35,737)	(25,318)
Other grants and contributions	(10,485)	(9,436)
Gain on the disposal of assets	0	0
<b>Total income</b>	<b>(76,860)</b>	<b>(71,197)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(3,536)</b>	<b>9,782</b>

## 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.

2022/23	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b> Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25d)	(2,849)	0	0	2,849
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)	2,736	0	0	(2,736)
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)	0	0	0	0
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)	(10,254)	0	0	10,254
<b>Total Adjustments to Revenue Resources</b>	<b>(10,367)</b>	<b>0</b>	<b>0</b>	<b>10,367</b>
<b>Adjustments between Revenue and Capital Resources</b>				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)	73	(73)	0	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	1,293	0	0	(1,293)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	850	0	0	(850)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,216</b>	<b>(73)</b>	<b>0</b>	<b>(2,143)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	500	0	(500)
Application of capital grants to finance capital expenditure (MiRS)	1,984	0	59	(2,043)
<b>Total Capital Resources</b>	<b>1,984</b>	<b>500</b>	<b>59</b>	<b>(2,543)</b>
<b>Total Adjustments</b>	<b>(6,167)</b>	<b>427</b>	<b>59</b>	<b>5,681</b>



2021/22	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
<b>Adjustments to the Revenue Resources</b>				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve) (note 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)	1,527	0	0	(1,527)
<b>Total Adjustments to Revenue Resources</b>	<b>785</b>	<b>0</b>	<b>0</b>	<b>(785)</b>
<b>Adjustments between Revenue and Capital Resources</b>				
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)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	820	0	0	(820)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,352</b>	<b>(97)</b>	<b>0</b>	<b>(2,255)</b>
<b>Adjustments to Capital Resources</b>				
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)	0	262	0	(262)
Application of capital grants to finance capital expenditure (MiRS)	1,442	0	3,589	(5,031)
<b>Total Capital Resources</b>	<b>1,442</b>	<b>262</b>	<b>3,589</b>	<b>(5,293)</b>
<b>Total Adjustments</b>	<b>4,579</b>	<b>165</b>	<b>3,589</b>	<b>(8,333)</b>

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 2021 £'000	Transfers		Balance 31 March 2022 £'000	Transfers		Balance 31 March 2023 £'000
		Out £'000	(In) £'000		Out £'000	(In) £'000	
Rephasing of planned expenditure	(877)	243	(118)	(752)	458	(789)	(1,083)
Rephasing of New Investment Projects	(697)	95	(460)	(1,062)	363	(172)	(871)
Grants reserved for specific expenditure	(192)	8	0	(184)	154	0	(30)
Financing of capital expenditure	(1,835)	910	(1,362)	(2,287)	1,077	(436)	(1,646)
Planning purposes including appeals	(420)	140	(150)	(430)	220	(5)	(215)
Restructuring of services	(250)	0	0	(250)	75	(63)	(238)
Retail Investment	(129)	31	0	(98)	17	(90)	(171)
Apprenticeships and Graduates	(21)	17	(200)	(204)	36	(55)	(223)
Resource equalisation	(2,333)	0	(69)	(2,402)	1,620	0	(782)
Maintenance of Council buildings	(327)	222	0	(105)	1	0	(104)
Maintenance of Grounds	(44)	0	0	(44)	0	0	(44)
Elections	(101)	0	0	(101)	0	(55)	(156)
Covid-19 funding	(901)	601	(207)	(507)	507	0	0
Business Rates grants exceptional payments	(4,923)	4,383	(2,948)	(3,488)	2,347	(81)	(1,222)
Inflationary and cost of living pressures				0	769	(2,038)	(1,269)
Other	119	57	(67)	109	24	(138)	(5)
<b>Total Earmarked Reserves</b>	<b>(12,931)</b>	<b>6,707</b>	<b>(5,581)</b>	<b>(11,805)</b>	<b>7,668</b>	<b>(3,922)</b>	<b>(8,059)</b>
General Reserve	(4,057)	0	(83)	(4,140)	0	(131)	(4,271)
<b>Total General Fund Reserves</b>	<b>(16,988)</b>	<b>6,707</b>	<b>(5,664)</b>	<b>(15,945)</b>	<b>7,668</b>	<b>(4,053)</b>	<b>(12,330)</b>

## **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 of £77k, slippage from 2022/23 and earlier years of £896k, waste mobilisation project of £67k and neighbourhood working of £43k.
- **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 of 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 2023/24 of £556k and an investment fund for realising income generation £314k.
- **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 was set aside for significant capital ICT expenditure, such as support for hybrid working with a balance carried forward to 2023/24 of £215k. In addition, there is also funding set aside for renovations at Strawberry Fields and Market Walk of £301k. There are funds set aside for the Green Agenda of £641k to be spent over the coming years.
- **Planning purposes including appeals** – this reserve has been established to mitigate the future costs of planning appeals and funding for 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 income equalisation reserves for Market Walk (£332k) and Logistics House (£450k). These are established to minimise the risk of fluctuations in future income levels 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 funding has been utilised in year and allocated to other reserves.
- **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. A transfer of £2.347m was made from the reserve to cover the share of the 2021/22 deficit borne by the council in 2022/23.
- **Inflationary and cost of living pressures** – This funding has been created from various other reserves to offset any future inflationary and cost of living pressures.
- **Other** – this represents other balances set aside in reserves for Mayoral Charities.

## 12 OTHER OPERATING EXPENDITURE

2021/22 £'000		2022/23 £'000
703	Parish council precepts	750
0	(Gains)/losses on disposal of non-current assets	388
(53)	Capital receipts from the sale of previously transferred housing stock	(73)
(44)	Other capital receipts	(7)
<b>606</b>	<b>Total</b>	<b>1,058</b>

## 13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £'000		2022/23 £'000
1,402	Interest payable and similar charges	1,554
1,149	Net interest on the net defined benefit liability (asset)	1,214
(33)	Interest receivable and similar income	(119)
(1,729)	Income and Expenditure in relation to investment properties and changes in their fair value	(2,281)
133	Allowance for impairment of outstanding debts	204
<b>922</b>	<b>Total</b>	<b>572</b>

## 14 TAXATION AND NON-SPECIFIC GRANT INCOME & EXPENDITURE

2021/22 £'000		2022/23 £'000
(8,083)	Council tax income	(8,378)
(1,050)	Non-domestic rates income and expenditure	(3,012)
(5,408)	Non ring-fenced government grants	(4,288)
(666)	Covid-19 additional relief fund (CARF)	0
(201)	Covid-19 support grants	0
(7,901)	Capital grants and contributions	(6,610)
<b>(23,309)</b>	<b>Total</b>	<b>(22,288)</b>

### 14(a) 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 successfully submitted for 2020/21 and then for 2021/22 and 2022/23, consisting of 10 district council's and the county council. The pool has operated on the same basis as in 2016/17, 2017/18 and 2018/19 during 2020/21, 2021/22 and 2022/23.

The business rates income allocations in 2021/22 and 2022/23 are shown in the table below:

	Lancashire Business Rates Pool - Income Allocations for 2021/22 and 2022/23
District Authorities	40%
Lancashire County Council	9%
Lancashire Combined Fire Authority	1%
	<b>50%</b>
Central Government	50%
<b>Total</b>	<b>100%</b>

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 Ribbles Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribbles Valley Borough Council in their role as lead.

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

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

Lancashire Business Rates Pool Members 2022/23	Authority Type	Tariffs and Top-Ups in Respect of 2022/23 £	Retained Levy on Growth 2022/23 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2022/23 £
Burnley Borough Council	Tariff	6,043,499	-1,230,976	123,098	-1,107,878
Chorley Borough Council	Tariff	6,503,220	-1,101,286	110,129	-991,157
Fylde Borough Council	Tariff	8,101,273	-612,380	61,238	-551,142
Hyndburn Borough Council	Tariff	3,969,106	-1,538,593	153,859	-1,384,734
Pendle Borough Council	Tariff	3,388,618	-772,596	77,260	-695,336
Ribble Valley Borough Council	Tariff	4,311,424	-917,609	91,761	-825,848
Rossendale Borough Council	Tariff	2,713,519	-724,988	72,499	-652,489
South Ribble Borough Council	Tariff	10,327,203	-1,750,582	175,058	-1,575,524
West Lancashire Borough Council	Tariff	8,698,358	-754,599	75,460	-679,139
Wyre Borough Council	Tariff	6,837,509	-735,928	73,593	-662,335
Lancashire County Council	Top-Up	-158,098,681		-1,013,955	-1,013,955
Central Government	-	97,204,952		0	0
<b>Total</b>		<b>0</b>	<b>-10,139,537</b>	<b>0</b>	<b>-10,139,537</b>

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
<b>Total</b>		<b>0</b>	<b>-8,689,371</b>	<b>0</b>	<b>-8,689,371</b>

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

## 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
<b>Cost or Valuation</b>							
At 1 April 2022	94,482	6,029	791	4,962	473	18,123	124,859
Additions	10,720	1,258	25	43	-	555	12,601
Revaluation increases/(decreases) recognised in the revaluation reserve	(1,612)	-	-	360	-	-	(1,253)
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(12,968)	-	-	(41)	-	-	(13,009)
De-recognition - disposals	(203)	(1,186)	(84)	-	-	-	(1,473)
Assets reclassified to/(from)	19,532	-	-	-	-	(18,087)	1,444
Other movements in cost or valuation	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>109,950</b>	<b>6,100</b>	<b>732</b>	<b>5,324</b>	<b>473</b>	<b>590</b>	<b>123,170</b>
<b>Depreciation and Impairment</b>							
At 1 April 2022	(1,382)	(4,132)	(455)	(1,601)	-	-	(7,570)
Depreciation charge	(1,633)	(476)	(31)	(222)	-	-	(2,362)
Depreciation written out to the revaluation reserve	1,330	-	-	11	-	-	1,341
Depreciation written out to the surplus/deficit on the provision of services	301	-	-	9	-	-	310
Impairment losses/(reversals) recognised in the revaluation reserve	96	-	-	-	-	-	96
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	97	-	-	-	-	(18)	79
De-recognition - disposals	197	844	51	-	-	-	1,093
Assets reclassified (to)/from	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>(993)</b>	<b>(3,764)</b>	<b>(435)</b>	<b>(1,803)</b>	<b>-</b>	<b>(18)</b>	<b>(7,013)</b>
<b>Net Book Value</b>							
At 1 April 2022	93,100	1,896	336	3,361	473	18,123	117,289
Cumulative movements	15,857	440	(38)	159	-	(17,550)	(1,133)
<b>At 31 March 2023</b>	<b>108,957</b>	<b>2,336</b>	<b>297</b>	<b>3,521</b>	<b>473</b>	<b>573</b>	<b>116,157</b>

The valuations are carried out with a valuation date of 31<sup>st</sup> March 2023.

The comparative figures for 2021/22 are as follows:

	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
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	2,321	-	-	13	0	-	2,335
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)
<b>At 31 March 2022</b>	<b>94,482</b>	<b>6,029</b>	<b>791</b>	<b>4,962</b>	<b>473</b>	<b>18,123</b>	<b>124,859</b>
<b>Depreciation and Impairment</b>							
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	1,005	-	-	63	-	-	1,067
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	-	-	-	-	-	-	-
Assets reclassified (to)/from	-	-	-	-	-	-	-
Other movements in depreciation and impairment	47	-	-	-	-	-	47
<b>At 31 March 2022</b>	<b>(1,383)</b>	<b>(4,131)</b>	<b>(455)</b>	<b>(1,601)</b>	<b>-</b>	<b>-</b>	<b>(7,570)</b>
<b>Net Book Value</b>							
At 1 April 2021	84,052	1,936	334	3,222	473	6,572	96,589
Cumulative movements	9,047	(38)	2	139	0	11,550	20,700
<b>At 31 March 2022</b>	<b>93,099</b>	<b>1,897</b>	<b>336</b>	<b>3,361</b>	<b>473</b>	<b>18,123</b>	<b>117,289</b>



## Fixed Assets Valuations

During 2022/23 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	88	6,100	732	2,957	29	590	10,496
Valued at current value as at:							
31 March 2023	83,027	-	-	474	230	-	83,731
31 March 2022	11,062	-	-	626	214	-	11,902
31 March 2021	7,539	-	-	200	-	-	7,739
31 March 2020	4,086	-	-	1,061	-	-	5,147
31 March 2019	4,149	-	-	5	-	-	4,154
<b>Total cost or valuation</b>	<b>109,950</b>	<b>6,100</b>	<b>732</b>	<b>5,324</b>	<b>473</b>	<b>590</b>	<b>123,170</b>

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 2022/23, the Council's Surveyor has considered the effect of 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 2023, the authority had entered into contracts for the construction or enhancement of property, plant and equipment in 2023/24. The major commitments are:

- Wigan Lane Playing Pitch - £0.236m
- King George V Playing Fields - £0.888m
- Westway Sports - £0.110m
- Strawberry Fields - £0.745m.

## Impairment Losses/Reversals

During 2022/23 there was £0.195m of impairment losses, and a previously recognised impairment of £0.388 in relation to Tatton Community Centre was reversed.

## Material Items of Expenditure

During 2022/23 the authority made additions to PPE assets of £12.601m, which compares to £21.767m in 2021/22. This is mainly due to a decrease in expenditure on assets under construction.

## 16 HERITAGE ASSETS

<b>Cost or Valuation</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
As at 1 April	2,530	4,036
Additions	864	647
Reclassification to Property, Plant & Equipment	0	(1,444)
Revaluations recognised in Revaluation Reserve	642	146
Disposals	0	0
<b>As at 31 March</b>	<b>4,036</b>	<b>3,385</b>

### HERITAGE ASSETS – FIVE YEAR SUMMARY OF TRANSACTIONS

There were no disposals and no acquisitions during the five years 2018/19 to 2022/23.

### 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 re-valued in 2023.

#### **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 through gifts and purchases made in the following years. The collection consists of numerous minor works of art and furniture. It is included in the statement of accounts at a value of £2.549m.

#### **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 value of £0.534m.

#### **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 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.

	2021/22 £'000	2022/23 £'000
Rental Income from Logistics House	(1,661)	(1,661)
Rental Income from other investment properties	(68)	(66)
Direct operating expenses arising from investment property	0	0
<b>Net gain/(loss)</b>	<b>(1,729)</b>	<b>(1,727)</b>

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.

	2021/22 £'000	2022/23 £'000
Fair value at the start of the year	32,783	32,783
Additions	0	0
Disposals	0	0
Net gain/(loss) from fair value adjustments	0	554
Transfers:		
(To)/From Property, Plant and Equipment	0	0
<b>Value at year-end</b>	<b>32,783</b>	<b>33,337</b>

### 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 2022/23 the amortisation charge of £0.012m was charged principally to the Customer & Digital directorate.

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

	2021/22 £'000	2022/23 £'000
<b>Balance at the start of the year</b>		
Gross carrying amount	1,238	1,238
Accumulated amortisation	(1,202)	(1,214)
<b>Net carrying amount at year start</b>	<b>36</b>	<b>24</b>
<b>Movements in the year</b>		
Additions in year	0	0
Disposals in year	0	(8)
Amortisation in year	(12)	(12)
Amortisation in respect of disposals	0	0
<b>Net carrying amount at the year-end</b>	<b>24</b>	<b>4</b>

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 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000
<b>Financial Assets</b>				
<b><i>Carried at Amortised Cost</i></b>				
Cash & cash equivalents (note 21) net of bank overdraft	0	0	9,460	760
Debtors	4,939	4,688	3,859	3,871
<b>Total Debtors</b>	<b>4,939</b>	<b>4,688</b>	<b>13,319</b>	<b>4,631</b>
<b>Financial Liabilities</b>				
<b><i>Carried at Amortised Cost</i></b>				
Borrowing - Principal	(68,341)	(66,503)	(1,925)	(11,838)
Borrowing – Accrued Interest	0	0	(292)	(282)
Creditors	(1,481)	(1,500)	(3,926)	(7,080)
<b>Total Creditors</b>	<b>(69,822)</b>	<b>(68,003)</b>	<b>(6,143)</b>	<b>(19,200)</b>
<i>Memo: Items that are not Financial Instruments</i>				
<i>Debtors</i>	0	0	5,005	8,018
<i>Creditors</i>	0	0	(18,419)	(5,571)

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 2023, the total outstanding in respect of such payments was £4.314m (31 March 2022 £4.577m). 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:

	2021/22			2022/23		
	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	1,401	0	1,401	1,554	0	1,554
Impairment Increase/(Reduction)	0	0	0	554	0	554
	<b>1,401</b>	<b>0</b>	<b>1,401</b>	<b>2,108</b>	<b>0</b>	<b>2,108</b>
Interest income	0	(33)	(33)	0	(119)	(119)
<b>Total income</b>	<b>0</b>	<b>(33)</b>	<b>(33)</b>	<b>0</b>	<b>(119)</b>	<b>(119)</b>
<b>Net (gain)/loss for the year</b>			<b>1,368</b>			<b>1,989</b>

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	2021/22		2022/23	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB Debt including debt maturing within 1 year	(70,558)	(66,290)	(68,623)	(48,317)
Short Term Borrowing excluding PWLB debt maturing within 1 year	0	0	(10,000)	(10,000)
Short Term Creditors	(3,926)	(3,926)	(7,080)	(7,080)
Long Term Creditors	(1,481)	(1,481)	(1,500)	(1,500)
<b>Total Liabilities</b>	<b>(75,965)</b>	<b>(71,697)</b>	<b>(87,203)</b>	<b>(66,897)</b>

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 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £48.317m 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 £54.673m, 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	2021/22		2022/23	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	9,460	9,460	760	760
Short Term Debtors	3,859	3,859	3,871	3,871
Long Term Debtors	4,939	5,012	4,688	4,688
<b>Total Assets</b>	<b>18,258</b>	<b>18,331</b>	<b>9,319</b>	<b>9,319</b>

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 2023, the outstanding gross amount was £6.328m (£6.251m at 31 March 2022) and the maximum exposure to credit loss was assessed as £2.458m (£2.392m at 31 March 2022).

Loss allowances on Debtors has been assessed using overdue debtor information and calculates losses based on lifetime credit losses for all debtors overdue by more than 30 days. 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 2023 vary between 1.32% and 4.34%, and the maturity analysis of its borrowing is as follows:

	31 March 2022 £'000	31 March 2023 £'000
Less than 1 year	2,216	12,120
Between 1 and 2 years	1,839	1,750
Between 2 and 5 years	5,328	5,408
More than 5 years	61,175	59,345
<b>Total</b>	<b>70,558</b>	<b>78,623</b>

## 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	(61)
Gain - Impact on Comprehensive Income and Expenditure Statement	<b>(61)</b>
Loss - Increase in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure Statement)	547

**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 2022 £'000	31 March 2023 £'000
Trade Receivables	6,585	5,007
Prepayments	345	747
Other Receivables	4,844	9,340
<b>Gross Carrying Amount</b>	<b>11,774</b>	<b>15,094</b>
Less Bad Debt Provisions	(2,909)	(3,205)
<b>Net Carrying Amount</b>	<b>8,865</b>	<b>11,889</b>

## 21 CASH AND CASH EQUIVALENTS

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

	31 March 2022 £'000	31 March 2023 £'000
Cash held by the Authority	186	(11)
Bank current and call accounts	9,516	1,271
Bank overdraft	(242)	(501)
<b>Total Cash and Cash Equivalents</b>	<b>9,460</b>	<b>760</b>

## 22 SHORT TERM CREDITORS

	31 March 2022 £'000	31 March 2023 £'000
Trade Payables	(5,197)	(4,174)
Other Payables	(17,148)	(8,477)
<b>Total</b>	<b>(22,345)</b>	<b>(12,651)</b>

## 23 PROVISIONS

The movements in provisions during the year were as follows.

	Balance 1			Balance 31
	April 2022	Used	Added	March 2023
	£'000	£'000	£'000	£'000
Municipal Mutual Insurance	(14)	14	0	0
Business rates appeals	(1,303)	265	0	(1,038)
<b>Total</b>	<b>(1,317)</b>	<b>279</b>	<b>0</b>	<b>(1,038)</b>

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 2022-23, 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 (9%) and the Lancashire Fire Authority (1%). These were borne wholly by the Government under the old scheme. The council’s estimate of the value of outstanding appeals up to 31 March 2023 is £2.595m (£3.256m at 31 March 2022). The council has made a provision for 40% of this figure totalling £1.038m (£1.303m at 31 March 2022). 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 42). The purpose of General Fund Earmarked Reserves is detailed in Note 11 page 66).

	31 March 2022	31 March 2023
	£'000	£'000
General Fund Working Balance	(4,140)	(4,271)
General Fund Earmarked Reserves	(11,805)	(8,059)
Total General Fund Balance	(15,945)	(12,330)
Capital Receipts Reserve	(724)	(297)
S106 Contributions from developers	(5,493)	(3,607)
Community Infrastructure Levy (CIL)	(4,748)	(6,440)
Other Capital Grants and Contributions	(122)	(256)
Total Capital Grants and Contributions Unapplied	(10,363)	(10,303)
<b>Total Usable Reserves at year-end</b>	<b>(27,032)</b>	<b>(22,930)</b>

## 25 UNUSABLE RESERVES

	<b>31 March 2022 £'000</b>	<b>31 March 2023 £'000</b>
Revaluation Reserve (Note 25a)	(19,925)	(19,961)
Capital Adjustment Account (Note 25b)	(36,780)	(31,507)
Deferred Capital Receipts Reserve (Note 25c)	(289)	(289)
Pensions Reserve (Note 25d)	44,428	(9,898)
Collection Fund Adjustment Account (Note 25e)	2,645	(91)
Accumulated Absences Account (Note 25f)	201	201
<b>Total Unusable Reserves at year-end</b>	<b>(9,720)</b>	<b>(61,545)</b>

### 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.

	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Balance at 1 April</b>	<b>(16,083)</b>	<b>(19,925)</b>
Upward revaluation of assets	(4,321)	(4,329)
Difference between fair value and historic cost depreciation	201	294
Downward revaluation and impairment not charged to the Comprehensive Income & Expenditure Statement	278	3,999
<b>Balance at 31 March</b>	<b>(19,925)</b>	<b>(19,961)</b>

## 25b Capital Adjustment Account

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>(27,504)</b>	<b>(36,780)</b>
<u>Reversal of items relating to capital expenditure debited or credited to the CI&amp;ES</u>		
Charges for depreciation & impairment of non-current assets	2,081	2,283
Revaluation losses on Property, Plant and Equipment	2,388	12,699
Amortisation of intangible assets	12	12
Revenue expenditure funded from capital under statute	1,233	897
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	0	388
	<b>5,714</b>	<b>16,279</b>
<u>Adjusting amounts written out of the Revaluation Reserve</u>		
Difference between fair value and historic cost depreciation	(201)	(294)
	<b>(201)</b>	<b>(294)</b>
<i>Net written out amount of the cost of non-current assets consumed in the year</i>	<i>5,513</i>	<i>15,985</i>
<u>Capital financing applied in the year</u>		
Use of Capital Receipts Reserve to finance new capital expenditure	(262)	(500)
Capital grants & contributions credited to the CI&ES that have been applied to capital financing	(7,240)	(5,463)
Capital receipts credited to the CI&ES that have been applied to capital financing	0	(7)
Application of grants to capital financing from Capital Grants Unapplied	(5,031)	(2,045)
Statutory & voluntary provision for the repayment of debt	(1,435)	(1,293)
Capital expenditure charged to the General Fund Balance	(821)	(850)
	<b>(14,789)</b>	<b>(10,158)</b>
<u>Movements in the market value of Investment Properties debited or credited to the CI&amp;ES</u>		
	0	(554)
<b>Balance at 31 March</b>	<b>(36,780)</b>	<b>(31,507)</b>

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.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	(289)	(289)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
<b>Balance at 31 March</b>	<b>(289)</b>	<b>(289)</b>

## 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 at 31<sup>st</sup> March 2022 therefore showed a substantial shortfall in the benefits earned by past and current employees and the resources the authority had set aside to meet them. The credit balance at 31<sup>st</sup> March 2023 reflects the surplus position on the pension fund. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid and to maintain a solvency funding level of 100%.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	<b>56,444</b>	<b>44,428</b>
Remeasurement of the net defined benefit liability	(14,575)	(57,175)
Reversal of charges posted to the Comprehensive Income & Expenditure Statement	4,579	4,964
Employers contributions and direct payments to pensioners payable in the year	(2,020)	(2,115)
<b>Balance at 31 March</b>	<b>44,428</b>	<b>(9,898)</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	4,428	2,645
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	(1,783)	(2,736)
<b>Balance at 31 March</b>	<b>2,645</b>	<b>(91)</b>

## 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.

	2021/22 £'000	2022/23 £'000
<b>Balance at 1 April</b>	236	201
Settlement or cancellation of accrual made at the end of the preceding year	(236)	(201)
Amounts accrued at the end of the current year	201	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	(35)	0
<b>Balance at 31 March</b>	<b>201</b>	<b>201</b>

## 26 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2021/22 £'000	2022/23 £'000
Interest received	33	119
Interest paid	(1,401)	(1,565)
	<b>(1,368)</b>	<b>(1,446)</b>

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

Note 26a: Non-cash movements	2021/22 £'000	2022/23 £'000
Depreciation	2,082	2,283
Impairment and downward valuations	2,388	12,699
Amortisation	12	12
Increase/(decrease) in creditors	(4,359)	(10,011)
(Increase)/decrease in debtors	4,271	(3,435)
(Increase)/decrease in impairment for bad debts		295
Movement in pension liability	2,992	3,299
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0	388
Other non-cash items charged to the net surplus or deficit on the provision of services	95	(833)
	<b>7,481</b>	<b>4,697</b>

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	2021/22 £'000	2022/23 £'000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(97)	(73)
Any other items for which the cash effects are investing or financing cash flows	(4,493)	(7,448)
	<b>(4,590)</b>	<b>(7,521)</b>



## 27 CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

	2021/22 £'000	2022/23 £'000
Purchase of property, plant & equipment, investment property, heritage assets and intangible assets.	(24,155)	(13,130)
Other payments for investing activities	384	(46)
Proceeds from the sale of assets.	97	73
Other receipts from investing activities	4,493	8,608
<b>Net cash flows from investing activities</b>	<b>(19,181)</b>	<b>(4,495)</b>

## 28 CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

	2021/22 £'000	2022/23 £'000
Cash receipts from short- and long-term borrowing	10,000	15,000
Other Receipts from Financing Activities	5	2
Repayment of Short and Long Term Borrowing	(1,895)	(6,923)
Other receipts from financing activities	4,828	322
<b>Net cash flows from financing activities</b>	<b>12,938</b>	<b>8,401</b>

### Reconciliation of Liabilities arising from Financing Activities

	1 April 2022 £'000	Financing Cash Flows		Other non- cash £'000	31 March 2023 £'000
		Acquisition £'000	Repayment £'000		
Long-term borrowing	68,341	0		(1,839)	66,502
Short-term borrowing	2,215	10,000	(1,922)	1,828	12,121
Total borrowing	70,556	10,000	(1,922)	(11)	78,623
Creditors -Council Tax & NNDR due to Preceptors and Central Government	(415)	15			(400)
<b>TOTAL</b>	<b>70,141</b>	<b>10,015</b>	<b>(1,922)</b>	<b>(11)</b>	<b>78,223</b>

## 29 MEMBERS ALLOWANCES

	2021/22 £'000	2022/23 £'000
Allowances	303	320
Expenses	1	3
<b>Total</b>	<b>304</b>	<b>323</b>

### 30 OFFICERS REMUNERATION

Remuneration of Senior Employees was as follows:

2022/23 Remuneration										
	Note	Salary	Expenses / Allowances	Compensation for Loss of Office	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	56	56
Chief Executive	B	37	0	0	0	6	43	(22)	0	22
Deputy Chief Executive	C	80	0	0	0	13	93	(46)	0	46
Director (Customer & Digital)	D	100	0	0	0	15	115	(58)	0	58
Director (Commercial & Property)	E	74	0	19	0	8	101	(50)	0	50
Interim Director (Commercial & Property)	F	80	0	0	0	0	80	(40)	0	40
Director (Communities)	G	0	0	0	0	0	0	(0)	49	49
Director (Governance)	H	0	0	0	0	0	0	0	47	47
Director (Finance & s151 Officer)	I	86	1	0	0	14	101	(50)	0	50
Director (Planning & Development)	J	0	0	0	0	0	0	(0)	33	33
Interim Director (Planning & Development)	K	0	0	0	0	0	0	0	0	0
Director (Change & Delivery)	L	77	0	0	0	13	90	(45)	0	45

**Note A:** The Chief Executive is a shared post with South Ribble Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post. The Chief Executive left the authority on 31st December 2022.

**Note B:** The Chief Executive is employed by Chorley Borough Council from 01st January 2023. The 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 Deputy Chief Executive is a shared post with South Ribble Borough Council; the postholder was employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post. From 01st January 2023 he has been employed by Chorley Borough Council as Chief Executive. The Deputy Chief Executive post remained vacant for the rest of the year.

**Note D:** 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 E:** The Director (Commercial & Property) is a shared post with South Ribble Borough Council; the postholder was employed by Chorley Borough Council and South Ribble Borough Council have been charged 50% of the cost of the post. The Director (Commercial & Property) left the authority on 07th November 2022. Salary includes a discretionary redundancy payment of £25k, of which 50% was funded by South Ribble Borough Council.

**Note F:** The Interim Director (Commercial & Property) was contracted by Chorley Borough Council through an employment agency from 05th December 2022. The Interim Director (Commercial & Property) is a shared post with South Ribble Borough Council, and South Ribble Borough Council have been charged 50% of the cost of the post.

**Note G:** 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 H:** 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 I:** The Director (Finance & s151 Officer) 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 J:** The Director (Planning & Development) is a shared post with South Ribble Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council have been charged 50% of the cost of the post. The Director (Planning & Development) left the authority on 11th December 2022.

**Note K:** The Interim Director (Planning & Development) was contracted by South Ribble Borough Council through an employment agency from 28th November 2022. This post is not a shared post and the full cost remains within South Ribble Council.

**Note L:** The Director (Change & Delivery) is employed by Chorley Borough Council from 01st April 2022 following the expansion of shared services between the two councils. The Director (Change & Delivery) 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.

The comparative information for the preceding year is as follows:

<b>2021/22 Remuneration</b>										
	<b>Note</b>	<b>Salary</b>	<b>Expenses / Allowances</b>	<b>Compensation for Loss of Office</b>	<b>Benefits in Kind</b>	<b>Pension Contribution</b>	<b>Total Remuneration</b>	<b>Charges to SRBC (50%)</b>	<b>Charges from SRBC (50%)</b>	<b>Net Cost to CBC</b>
<b>Post Title</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
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 was a shared post with South Ribble Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council were charged 50% of the cost of the post.

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

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

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

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

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

**Note G:** The Director (Finance & s151 Officer) was a shared post with South Ribble Borough Council; the postholder was appointed on 26th April 2021 and was employed by Chorley Borough Council; South Ribble Borough Council were 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) was a shared post with South Ribble Borough Council; the postholder was employed by South Ribble Borough Council and Chorley Borough Council were charged 50% of the cost of the post.

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

<b>Remuneration Band</b>	<b>2021/22 Number of Employees</b>	<b>2022/23 Number of Employees</b>
£50,000 - £54,999	8	7
£55,000 - £59,999	4	3
£60,000 - £64,999	2	4
£65,000 - £69,999	-	2
£70,000 - £74,999	1	1
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	1
£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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	0	0	12	3	12	3	45	20
£20,001 - £40,000	0	0	2	2	2	2	51	50
£40,001 - £60,000	0	0	0	1	0	1	0	44
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,000 - £150,000	0	0	1	0	1	0	118	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>6</b>	<b>15</b>	<b>6</b>	<b>213</b>	<b>114</b>

### 32 EXTERNAL AUDIT COSTS

The fees due from the Council to the external auditors for works carried out relating to the year of account 2022/23 were as follows.

	2021/22 £'000	2022/23 £'000
Fees for statutory inspection and audit (Scale Fee)	38	42
Additional Fees outside of Scale Fee	25	34
Fees for the certification of grant claims and returns	22	43
<b>Total</b>	<b>85</b>	<b>119</b>



### 33 GRANT INCOME

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

	2021/22 £'000	2022/23 £'000
<b><u>Credited to Taxation and Non-Specific Grant Income (TNSGI) (Note 14)</u></b>		
New Homes Bonus grant	(1,490)	(886)
Covid-19 Funding Grants (CARF)	(666)	41
Covid-19 Funding Grants (Other)	(201)	0
Section 31 Grants - Business Rates Reliefs	(3,306)	(2,489)
Other revenue grants	(612)	(954)
Capital Contributions – S106 Contributions	(1,680)	(88)
Capital Contributions – Community Infrastructure Levy	(1,226)	(1,727)
Capital other grants and contributions	(4,996)	(4,795)
<b>Total</b>	<b>(14,177)</b>	<b>(10,898)</b>
<b><u>Credited to Services</u></b>		
Grants – benefits related	(18,678)	(18,284)
Covid-19 Funding Grants	(10,194)	(413)
Grants – other	(1,502)	(3,685)
Contribution – County Council reimbursement	(224)	(337)
Contributions – other	(1,254)	(763)
<b>Total</b>	<b>(31,852)</b>	<b>(23,482)</b>

In addition to the above amounts an additional £6.329m was paid to the council by the government and distributed to local residents as a rebate on their council tax under the Council Tax Rebate Scheme. 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 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 shown separately at the end of the year on the balance sheet as Grant Receipts in Advance – Capital. At the end of 2021/22 and 2022/23 there were no individual material amounts. The totals were as follows:

	2021/22 £'000	2022/23 £'000
<b>Grant Receipts in Advance - Capital</b>		
Various grants and contributions	(951)	(1,815)
<b>Total</b>	<b>(646)</b>	<b>(1,815)</b>

## 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**

The Staff Code of Conduct requires all staff to make a declaration to the departmental Chief Officer of close personal relationships with Councillors and Contractors, financial and non-financial interests in, or membership of, external organisations, and all hospitality or gifts. These arrangements are subject to monitoring and reporting by the Council's HR Department.

- In 2022/23 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 5<sup>th</sup> 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 £396k during the 2022-23 financial year. The 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 2022/23 this totalled £0.073m (2021/22 £0.053m).

An outstanding CCH debtor as of 31st March 2023 amounts to £73,917.83.

- **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 2022/23 gross expenditure of £10.792m (2021/22 £7.828) 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 31<sup>st</sup> March 2023, there are outstanding creditor / debtor balances of £980k and £732k 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 2022/23 (£17k 2021/22).

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.

- **Subsidiary Companies**

During 2022/23 the Council operated a wholly owned company - Chorley Leisure Limited.

The Company produces accounts as a separate entity, and these are consolidated within the Group Accounts included in this statement.

The Council has recently established Chorley BC Property Limited, however this only commenced trading on 1<sup>st</sup> April 2023 – so has no bearing on this year's accounts.

## 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.

	2021/22 £'000	2022/23 £'000
Opening Capital Financing Requirement	89,271	98,349
Capital investment		
Property, Plant and Equipment (Note 15)	21,768	12,601
Heritage Assets (Note 16)	864	647
Investment Properties (Note 17)	0	0
Intangible Assets (Note 18)	0	0
Revenue Expenditure Funded from Capital under Statute	1,233	897
Sources of finance		
Capital Receipts	(262)	(507)
Government Grants and Other Contributions	(12,270)	(7,509)
Sums set aside from revenue		
Revenue Financing (Note 25b)	(820)	(850)
Minimum Revenue Provision – statutory (Note 25b)	(1,435)	(1,293)
<b>Closing Capital Financing Requirement</b>	<b>98,349</b>	<b>102,335</b>
Explanation of movements in year		
Increase in prudential borrowing	10,512	5,279
Provision made for debt repayment	(1,435)	(1,293)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>9,077</b>	<b>3,986</b>

## 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 2022		31 March 2023	
	Payments £'000	Receipts £'000	Payments £'000	Receipts £'000
Not later than 1 year	357	0	336	0
Later than 1 year, not later than 5	936	0	930	0
Later than 5 years	444	0	222	0
<b>Minimum lease payments</b>	<b>1,737</b>	<b>0</b>	<b>1,488</b>	<b>0</b>

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

	2021/22 £'000	2022/23 £'000
Minimum lease payments	415	354
Sub-lease payments receivable	0	0
<b>Total payable rentals</b>	<b>415</b>	<b>354</b>

### 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 2022 £'000	31 March 2023 £'000
Finance lease debtor (present value of minimum lease payments)		
• Current	0	0
• Non-Current	289	289
Unearned finance income	2,069	2,045
<b>Gross investment in the lease</b>	<b>2,358</b>	<b>2,334</b>

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 2022 £'000	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'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	2,239	2,215	2,239	2,215
<b>Total</b>	<b>2,358</b>	<b>2,334</b>	<b>2,358</b>	<b>2,334</b>

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 2022 £'000	31 March 2023 £'000
Not later than one year	4,771	4,911
Later than one year and not later than five years	13,960	17,184
Later than five years	53,935	102,442
<b>Total receivable rentals</b>	<b>72,666</b>	<b>124,537</b>

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 2022, showed there was a surplus of £1.395m against the Fund’s solvency funding target. An alternative way of expressing the position is that the Fund’s assets were sufficient to cover 115% of its liabilities – this percentage is known as the solvency funding level of the Fund

At the previous valuation at 31 March 2019 the surplus for all employers was £12m, equivalent to a solvency funding level of 100%.

As part of this valuation, the Administering Authority has set an average recovery plan of approximately 10 years for employers in deficit and 16 years for employers in surplus where a surplus offset applies. The next actuarial valuation will take place with an effective date of 31 March 2025. If experience up to that date were to be in line with the assumptions made for this current actuarial valuation and contributions are paid at the agreed rates or amounts, there would be a surplus at 31 March 2025 of c£1,504m, equivalent to a funding level of 114%.

The latest valuation, which will be effective as at 31st March 2022 has determined primary contribution rates for 2023/24 – 2025/26 at 18.3% with no secondary rate adjustments.

### **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:

	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
<b><u>Comprehensive Income &amp; Expenditure Statement</u></b>		
Cost of Services:		
Administration	50	53
Current service cost	3,371	3,553
Past service cost	0	0
Settlement and curtailment	9	144
Net interest on the net defined benefit liability:		
Interest costs	3,512	4,739
Expected return on scheme assets	(2,363)	(3,525)
<b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>	<b>4,579</b>	<b>4,964</b>
<b><u>Other post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</u></b>		
Re-measurement of the net defined benefit liability:		
Return on plan assets, excluding amount included in interest expense	(13,729)	3,120
Actuarial experience gains & losses	451	10,715
Actuarial gains & losses from changes in demographic assumptions	(1,297)	(67,050)
Actuarial gains & losses from changes in financial assumptions	0	(3,960)
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>(14,575)</b>	<b>(57,175)</b>
<b>Total post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(9,996)</b>	<b>(52,211)</b>
<b><u>Movement in Reserves Statement</u></b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services	(4,579)	(4,964)
Actual employer contributions to the scheme	2,020	2,115



### 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

	<b>Scheme Liabilities Local Government Pension Scheme</b>	
	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
Present value of the defined benefit obligation	(171,157)	(115,420)
Fair value of plan assets	127,179	125,318
<b>Net asset/(liability) arising from defined benefit obligation</b>	<b>(43,978)</b>	<b>9,898</b>

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

	<b>Scheme Assets Local Government Pension Scheme</b>	
	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Opening fair value of scheme assets</b>	<b>113,667</b>	<b>127,179</b>
Interest income	2,363	3,525
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	13,729	(3,120)
Employer contributions	1,587	1,665
Employee contributions	547	592
Benefits paid	(4,923)	(4,470)
Other	209	(53)
<b>Closing fair value of scheme assets</b>	<b>127,179</b>	<b>125,318</b>

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. In a change to previous years, there is an overall net asset of £9.898m on the pension scheme which has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet.

Where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus in some circumstances it might be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

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

	Scheme Liabilities Local Government Pension Scheme	
	2021/22 £'000	2022/23 £'000
<b>Opening Balance at 1 April</b>	<b>(169,487)</b>	<b>(171,157)</b>
Current service cost	(3,371)	(3,553)
Interest cost	(3,512)	(4,739)
Contributions by scheme participants	(547)	(592)
Re-measurement gains and (losses)		
Changes in demographic assumptions	0	3,960
Changes in financial assumptions	1,297	67,050
Experience (gain) or loss	(451)	(10,715)
Other	0	0
Benefits paid	4,923	4,470
Curtailement	(9)	(144)
Past service costs	0	0
<b>Closing Balance at 31 March</b>	<b>(171,157)</b>	<b>(115,420)</b>

### 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 FSS sets out the process for determining the recovery plan in respect of each employer. At this actuarial valuation the average recovery period adopted for employers in deficit is 10 years, and for employers in surplus is 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out 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 £1.620m expected contributions to the scheme in 2023/24.

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 assets			
	2021/22	Percentage total of asset	2022/23	Percentage total of asset
	£'000	%	£'000	%
<b>Cash</b>				
Cash and cash equivalents		0.00%		0.00%
Cash Accounts	3,507	2.76%	995	0.79%
Net Current Assets	379	0.30%	111	0.09%
	<b>3,886</b>	<b>3.06%</b>	<b>1,106</b>	<b>0.88%</b>
<b>Bonds</b>				
UK corporate	519	0.41%	0	0.00%
Overseas corporate	467	0.37%	258	0.21%
Government		0.00%		0.00%
Overseas Fixed Interest		0.00%		0.00%
<b>Sub-total bonds</b>	<b>986</b>	<b>0.78%</b>	<b>258</b>	<b>0.21%</b>
<b>Property</b>				
Offices	59	0.05%	23	0.02%
Retail Warehouse	0	0.00%	0	0.00%
Shops	112	0.09%	252	0.20%
Commercial	1,849	1.45%	1,611	1.29%
<b>Sub-total property</b>	<b>2,020</b>	<b>1.59%</b>	<b>1,886</b>	<b>1.51%</b>
<b>Private equity</b>				
UK	2,797	2.20%	2,167	1.73%
Overseas	7,625	6.00%	8,326	6.64%
<b>Sub-total private equity</b>	<b>10,422</b>	<b>8.20%</b>	<b>10,493</b>	<b>8.37%</b>
<b>Other</b>				
Infrastructure	14,408	11.32%	19,476	15.54%
Indirect Property Funds	11,028	8.67%	11,022	8.80%
Credit funds	16,927	13.31%	18,169	14.50%
Equities	151	0.12%	146	0.12%
Pooled Fixed Income	5,499	4.32%	1,804	1.44%
UK Pooled Equity Funds	1,191	0.94%	1,325	1.06%
Overseas Pooled Equity Funds	60,661	47.69%	59,633	47.57%
<b>Sub-total alternatives</b>	<b>109,865</b>	<b>86.37%</b>	<b>111,575</b>	<b>89.03%</b>
	<b>127,179</b>	<b>100.00%</b>	<b>125,318</b>	<b>100.00%</b>

### 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 2022.

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

	Local Scheme	Government Pension Scheme
	2021/22	2022/23
<b>Mortality assumptions</b>		
<i>Longevity at 65 for current pensioners</i>		
Men	22.3	21.5
Women	25	23.8
<i>Longevity at 65 for future pensioners</i>		
Men	23.7	22.8
Women	26.8	25.6
Rate of inflation (CPI)	3.40%	2.70%
Rate of increase in salaries	4.90%	4.20%
Rate of increase in pensions	3.50%	2.80%
Rate for discounting scheme liabilities	2.80%	4.80%

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)	2,442
Rate of inflation (increase of 0.25% p.a.)	4,687
Salary inflation (increase of 0.25% p.a.)	540
Rate for discounting scheme liabilities (increase of 0.5%)	(8,696)
Change in 2022/23 investment returns (increase of 1.0%)	(1,246)

### **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 2023 there are two years of the liability period outstanding.

### **39 CONTINGENT ASSETS**

Following the end of the agreement entitling the Council to a share of proceeds from the sale of dwellings transferred to Chorley Community Housing, there are no contingent assets to note.

## 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).

2021/22		Collection Fund	2022/23	
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000
		<b>INCOME</b>		
	75,211	Council Tax Receivable		78,677
19,697		Business Rates Receivable	23,865	
<b>19,697</b>	<b>75,211</b>	<b>Total Income</b>	<b>23,865</b>	<b>78,677</b>
		<b>EXPENDITURE</b>		
		<b>Apportionment of previous year's estimated Surplus/(Deficit)</b>		
(5,856)		Central Government	(2,934)	
(4,383)	5	Chorley Council (Note 14)	(2,347)	105
(945)	34	Lancashire County Council	(528)	712
(109)	2	Lancashire Combined Fire Authority	(59)	35
	5	Police & Crime Commissioner for Lancashire		112
(11,293)	46		(5,868)	964
		<b>Precepts, Demands and Shares</b>		
12,863		Central Government	11,508	
10,290	8,040	Chorley Council (Note 14)	9,206	8,397
2,315	54,572	Lancashire County Council	2,071	57,707
257	2,708	Lancashire Combined Fire Authority	230	2,945
	8,486	Police & Crime Commissioner for Lancashire		9,011
25,725	73,806		23,015	78,060
<b>14,432</b>	<b>73,852</b>	<b>Total Expenditure</b>	<b>17,147</b>	<b>79,024</b>
		<b>Transfers From General Fund</b>		
	(47)	Discretionary Discounts		0
		<b>Charges to Collection Fund</b>		
120	94	Write offs of uncollectable amounts	0	0
(101)	972	Increase/(Decrease) in Bad Debt Provision	91	793
237		Increase/(Decrease) in Provision for Appeals	(662)	
131		Cost of Collection	131	
180		Transitional Protection Payments	35	
<b>567</b>	<b>1,019</b>	<b>Total Charges to Collection Fund</b>	<b>(405)</b>	<b>793</b>
<b>4,698</b>	<b>340</b>	<b>Surplus/(Deficit) arising during the year</b>	<b>7,123</b>	<b>(1,140)</b>
		<b>Collection Fund Balance</b>		
(11,418)	63	Balance brought forward at 1 April	(6,720)	403
4,698	340	Surplus/(Deficit) for the year	7,149	(1,140)
<b>(6,720)</b>	<b>403</b>	<b>Balance carried forward at 31 March</b>	<b>429</b>	<b>(737)</b>
		<b>Allocated to</b>		
(2,688)	43	Chorley Council - Collection Fund Adjustment Account	172	(81)
(3,360)		Central Government	214	(545)
(605)	299	Lancashire County Council	39	(83)
(67)	14	Lancashire Combined Fire Authority	4	(28)
	47	Police & Crime Commissioner for Lancashire		
<b>(6,720)</b>	<b>403</b>	<b>Surplus/(Deficit) at 31 March</b>	<b>429</b>	<b>(737)</b>

## 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 2022/23 was calculated as follows:

Band	Dwellings	Dwellings adj. for discounts & exemptions	Proportion of Band D Charge	Band D Equivalent
<b>A (disabled)</b>	20	19.00	5/9	10.56
<b>A</b>	15,087	12,659.75	6/9	8,439.83
<b>B</b>	12,020	10,609.50	7/9	8,251.83
<b>C</b>	9,690	8,784.00	8/9	7,808.00
<b>D</b>	6,916	6,428.25	9/9	6,428.25
<b>E</b>	5,299	5,036.25	11/9	6,155.42
<b>F</b>	2,297	2,196.50	13/9	3,172.72
<b>G</b>	977	938.25	15/9	1,563.75
<b>H</b>	59	54.25	18/9	108.50
<b>Total</b>	<b>52,365</b>	<b>46,725.75</b>		<b>41,938.86</b>
Less adjustments for anticipated losses on collection				<b>(580.34)</b>
Add adjustment for new properties/technical changes to discounts				<b>265.10</b>
Less local Council Tax Support Scheme discounts				<b>(3,515.62)</b>
Band D Equivalent Number of Properties				<b>38,108.00</b>

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 £2,006.27 for 2022/23 (£1,950.67 for 2021/22). 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 2022/23 was £5.868m, being the estimated deficit for 2021/22 included on the council's NNDR1 form, as completed in January 2022. The amount that can be distributed in

2022/23 is restricted to this figure. The actual outturn position at the end of 2021/22 was a deficit of £6.720m, leaving a balance of £852k for distribution in 2023/24.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income to be £3.012m (compared to net income in 2021/22 of £1.050m). This is reconciled to Chorley Council's share of Business Rates Income in the Collection Fund statement in the following table:

2021/22 £'000		2022/23 £'000
10,290	Chorley Council share of Business Rates	9,206
(6,506)	Tariff payable to Lancashire Business Rates Pool	(6,503)
(96)	Levy payable to Lancashire Business Rates Pool	(203)
1,745	Chorley Council share of surplus or (deficit) for year (transferred to Collection Fund Adjustment Account)	2,859
(4,383)	Chorley Council share of previous year's surplus or (deficit)	(2,347)
<b>1,050</b>	<b>NNDR net income per Note 14</b>	<b>3,012</b>

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 2022/23, 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 2021/22.

#### **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 2022/23 (49.9p in 2021/22); and one for larger businesses at 51.2p in 2022/23 (51.2p in 2021/22).

The Business Rates Income after reliefs was £24.463m for 2022/23 (£19.441m for 2021/22).

The rateable value for the Council's area at the end of the financial year 2022/23 was £67.658m (£67.676m in 2021/22).



# 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 2022/23, 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 Managing Director resigned from the Company in November 2022 on leaving his post at Chorley Council.

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 April 2022 to 31 March 2023 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.

2021/22				2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
4,322	(1,693)	2,629	Commercial and Property	17,189	(2,357)	14,832
4,019	(2,316)	1,703	Communities	4,791	(3,003)	1,788
20,847	(19,975)	872	Customer and Digital	20,804	(19,783)	1,021
2,264	(1,296)	968	Planning and Development	2,546	(1,440)	1,106
6,021	(1,752)	4,269	Policy and Governance	6,567	(2,038)	6,459
1,991	(1,100)	891	Major Projects	2,711	(2,440)	271
13,521	(5,040)	8,481	Corporate	12,903	(5,303)	7,600
8,894	(10,219)	(1,325)	Covid	959	(1,377)	(418)
<b>61,879</b>	<b>(43,391)</b>	<b>18,488</b>	<b>Cost of Services</b>	<b>68,470</b>	<b>(37,741)</b>	<b>30,729</b>
		606	Other Operating Expenditure			1,058
		921	<b>Financing and Investment</b>			572
		(23,309)	Income and expenditure Taxation and non-specific grant income			(22,288)
		<b>(3,294)</b>	<b>(Surplus)/Deficit on provision of services</b>			<b>10,071</b>
		(4,044)	(Surplus)/Deficit on revaluation of Property Plan and Equipment Assets			(330)
		(14,654)	Re-measurement of the net defined benefit liability			(57,581)
		<b>(18,698)</b>				<b>(57,911)</b>
		<b>(21,992)</b>				<b>(47,840)</b>

## 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	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	<b>(16,988)</b>	<b>(889)</b>	<b>(13,952)</b>	<b>(31,829)</b>	<b>17,232</b>	<b>(14,597)</b>
<b><u>Movements in 2021/22</u></b>						
Total Comprehensive Income and Expenditure	(3,294)	0	0	(3,294)	(18,698)	(21,992)
Adjustments between accounting basis & funding basis	4,579	165	3,589	8,333	(8,333)	0
<b>(Increase)/decrease in year</b>	<b>1,285</b>	<b>165</b>	<b>3,589</b>	<b>5,039</b>	<b>(27,031)</b>	<b>(21,992)</b>
<b>Balance at 31 March 2022</b>	<b>(15,703)</b>	<b>(724)</b>	<b>(10,363)</b>	<b>(26,790)</b>	<b>(9,799)</b>	<b>(36,589)</b>
<b><u>Movements in 2022/23</u></b>						
Total Comprehensive Income and Expenditure	10,071	0	0	10,071	(57,912)	(47,841)
To correct previous years misstatement of Reserves	(230)	0	0	(230)	230	0
Adjustments between accounting basis & funding basis	(6,439)	427	60	(5,952)	5,952	0
<b>(Increase)/decrease in year</b>	<b>3,402</b>	<b>427</b>	<b>60</b>	<b>3,889</b>	<b>(51,730)</b>	<b>(47,841)</b>
<b>Balance at 31 March 2023</b>	<b>(12,301)</b>	<b>(297)</b>	<b>(10,303)</b>	<b>(22,901)</b>	<b>(61,529)</b>	<b>(84,430)</b>

## 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 2022 £'000		Notes	31 March 2023 £'000
117,290	Property, Plant & Equipment	15	116,157
4,036	Heritage Assets	16	3,385
32,783	Investment Property	17	33,337
24	Intangible Assets	18	5
4,939	Long-Term Debtors	19	4,688
0	Other Long-Term Assets - pensions	37	9,898
<b>159,072</b>	<b>Long-Term Assets</b>		<b>167,470</b>
8,660	Short-Term Debtors	20	11,589
9,618	Cash and Cash Equivalents	21	1,400
<b>18,278</b>	<b>Current Assets</b>		<b>12,989</b>
(2,215)	Short-Term Borrowing	28	(12,120)
(22,311)	Short-Term Creditors	22	(13,022)
(1,317)	Provisions	23	(1,038)
<b>(25,843)</b>	<b>Current Liabilities</b>		<b>(26,180)</b>
(1,481)	Long-Term Creditors	19	(1,500)
(68,341)	Long-Term Borrowing	19	(66,503)
(44,129)	Other Long-Term Liabilities - pensions	37	(15)
(16)	Other Long-Term Liabilities - other		(16)
(951)	Grant Receipts in Advance - capital	33	(1,815)
<b>(114,918)</b>	<b>Long-Term Liabilities</b>		<b>(69,849)</b>
<b>36,589</b>	<b>Net Assets</b>		<b>84,430</b>
(26,790)	Usable Reserves	24 (MiRS)	(22,901)
(9,799)	Unusable Reserves	25	(61,529)
<b>(36,589)</b>	<b>Total Reserves</b>		<b>(84,430)</b>



Louise Mattinson  
Director of Finance and Section 151 Officer

xxxx xxxx 2023

## 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 2022/23 arose from operating activities. There were no investing or financing activities

<b>2021/22</b> <b>£'000</b>		<b>2022/23</b> <b>£'000</b>
3,294	Net surplus or (deficit) on the provision of services	(10,071)
7,881	Adjustments to net surplus or deficit on the provision of services for non-cash movements	5,468
(4,590)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	(7,521)
<b>6,585</b>	<b>Net cash flows from Operating Activities</b>	<b>(12,124)</b>
(19,181)	Investing Activities	(4,495)
12,938	Financing Activities	8,401
<b>342</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(8,218)</b>
9,276	Cash and cash equivalents at the beginning of the reporting period	9,618
<b>9,618</b>	<b>Cash and cash equivalents at the beginning of the end of the reporting period</b>	<b>1,400</b>

## 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 41 and Balance Sheet on page 43 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.

2021/22				2022/23		
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
3,226	(597)	2,629	Commercial and Property	3,058	11,774	14,832
1,500	203	1,703	Communities	1,558	230	1,788
690	183	873	Customer and Digital Planning and Development	(2,125)	3,146	1,021
822	146	968	Policy and Governance	1,105	1	1,106
4,065	204	4,269	Major Projects	4,374	155	6,459
859	32	891	Corporate	(32)	303	271
3,876	4,605	8,481	Covid	7,453	147	7,600
(1,328)	3	(1,325)		(134)	(284)	(418)
<b>13,710</b>	<b>4,779</b>	<b>18,489</b>	<b>Net Cost of Service</b>	<b>15,257</b>	<b>15,472</b>	<b>30,729</b>
(12,425)	(9,358)	(21,783)	Other Income and Expenditure	(11,625)	(9,033)	(20,658)
<b>1,285</b>	<b>(4,579)</b>	<b>(3,294)</b>	<b>(Surplus)/Deficit in year</b>	<b>3,632</b>	<b>6,439</b>	<b>10,071</b>
<b>(16,988)</b>			<b>Opening General Fund Balance at 1 April</b>	<b>(15,703)</b>		
1,285			Add (Surplus)/Less Deficit on General Fund Balance in Year	3,632		
0			Adjustment in respect of previous years pension	(230)		
<b>(15,703)</b>			<b>Closing General Fund Balance at 31 March</b>	<b>(12,301)</b>		

## 2 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2021/22 £'000	2022/23 £'000
<b>Expenditure/Income</b>		
<b>Expenditure</b>		
Employee benefits expenses	15,699	17,338
Other service Expenses	42,712	36,615
Depreciation, amortisation, impairment	4,481	14,994
Interest payments	4,913	6,293
Precepts, tariffs and levies	7,305	7,457
Loss on the disposal of assets	(97)	308
Changes in the fair values of investment properties	0	(554)
<b>Total Expenditure</b>	<b>75,013</b>	<b>82,451</b>
<b>Income</b>		
Fees, charges and other service income	(13,903)	(15,885)
Interest and investment income	(2,397)	(3,645)
Changes in the fair values of investment properties	0	0
Income for council tax and non-domestic rates	(15,735)	(18,096)
Government grants and contributions	(35,787)	(25,318)
Other grants and contributions	(10,485)	(9,436)
Gain on the disposal of assets	0	0
<b>Total income</b>	<b>(78,307)</b>	<b>(72,380)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>(3,294)</b>	<b>10,071</b>

## 3 DEFINED BENEFIT PENSION SCHEME

### 3a Governance

As part of the terms and conditions of employment of its officers and other employees, both Chorley Borough Council and Chorley Leisure Ltd offer retirement benefits through the Local Government Pension Scheme. Both schemes are 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 Funds. 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.

### 3b 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). Whilst the Chorley Leisure Ltd is a relatively new fund, as it was established on

the date that the company began trading operations on 1<sup>st</sup> August 2021, the Chorley Borough Council fund has been in operation since the establishment of the council in 1974. Details of the council valuation, carried out as at 31<sup>st</sup> March 2022, can be found at Note 37.

Chorley Borough Council has signed a Deed of Guarantee and undertake to guarantee any deficit arising on the Chorley Leisure Ltd pension fund should the company cease to operate. The latest valuation, effective as at 31<sup>st</sup> March 2022 has determined contribution rates for 2023/24 and the two following years.

### 3c Transactions relating to retirement benefits

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

	2021/22	2022/23
<b><i>Comprehensive Income and Expenditure Statement</i></b>		
<i>Cost of Services:</i>		
Administration	53	59
Current service cost	3,672	3,949
Past service cost	0	0
Effect of curtailments	9	144
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	3,511	4,740
Expected return on scheme assets	(2,363)	(3,525)
<b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>	<b>4,882</b>	<b>5,367</b>
<b><i>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</i></b>		
Return on plan assets, excluding amount included in interest expense	(13,730)	3,102
Experience (gains) and losses	453	10,809
Actuarial (gains) and losses from changes in demographic assumptions	(1,377)	(67,065)
Actuarial (gains) and losses from changes in financial assumptions	0	(4,427)
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>(14,654)</b>	<b>(57,581)</b>
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>(9,772)</b>	<b>(52,214)</b>
<b><i>Movement in Reserves Statement</i></b>		
Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services	(4,276)	(5,367)
Actual amount charged against the General Fund Balance for pensions in the year	2,093	2,246



### 3d Pension assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit plans are as follows;

	Scheme Liabilities Local Government Pension Scheme	
	2021/22 £'000	2022/23 £'000
Present value of the defined benefit obligation	(171,413)	(115,759)
Fair value of plan assets	127,284	125,640
<b>Net asset / (liability) arising from defined benefit obligation</b>	<b>(44,129)</b>	<b>9,881</b>

### 3e Reconciliation of fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2021/22 £'000	2022/23 £'000
<b>1 April</b>	<b>113,667</b>	<b>127,284</b>
Interest on plan assets	2,364	3,531
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	13,730	(3,102)
Employer contributions	1,660	1,796
Employee contributions	580	654
Benefits paid	(4,923)	(4,464)
Other	206	(59)
<b>31 March</b>	<b>127,284</b>	<b>125,640</b>

### 3f Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2021/22 £'000	2022/23 £'000
<b>Opening Balance at 1 April</b>	<b>(169,487)</b>	<b>(171,413)</b>
Current service cost	(3,672)	(3,949)
Past service cost	0	0
Interest cost	(3,512)	(4,746)
Contributions by scheme participants	(580)	(654)
<i>Re-measurement gains and (losses)</i>	0	0
Changes in financial assumptions <sup>1</sup> ,	1,377	67,517
Experience gains and losses	(453)	(10,809)
Gains and losses from changes in demographic assumptions	0	3,975
Curtailments	(9)	(144)
Benefits paid	4,923	4,464
Transfer of Chorley Leisure Limited Liabilities	0	0
<b>Net liability arising from defined benefit obligation</b>	<b>(171,413)</b>	<b>(115,759)</b>

### 3g Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2021/22	Percentage total of assets	2022/23	Percentage total of assets
<b>Cash</b>				
Cash and cash equivalents	0	0.0%	0	0.0%
Cash accounts	3,510	2.8%	998	0.8%
Net Current Assets	379	0.3%	111	0.1%
<b>Subtotal Cash</b>	<b>3,889</b>	<b>3.1%</b>	<b>1,109</b>	<b>0.9%</b>
<b>Equities</b>				
Financials	(1)	0.0%	(1)	0.0%
<b>Subtotal Equities</b>	<b>(1)</b>	<b>0.0%</b>	<b>(1)</b>	<b>0.0%</b>
<b>Bonds</b>				
UK corporate	519	0.4%	0	0.0%
Overseas corporate	467	0.4%	258	0.2%
Government	1	0.0%	0	0.0%
Other bonds	0	0.0%	1	0.0%
Overseas fixed interest	0	0.0%	0	0.0%
<b>Subtotal bonds</b>	<b>987</b>	<b>0.8%</b>	<b>259</b>	<b>0.2%</b>
<b>Property</b>				
Retail	112	0.1%	252	0.2%
Offices	59	0.0%	23	0.0%
General Property	2	0.0%	5	0.0%
Commercial	1,849	1.5%	1,611	1.3%
<b>Subtotal property</b>	<b>2,022</b>	<b>1.6%</b>	<b>1,891</b>	<b>1.5%</b>
<b>Private equity</b>				
UK	2,797	2.2%	2,167	1.7%
Overseas	7,625	6.0%	8,326	6.6%
<b>Subtotal private equity</b>	<b>10,422</b>	<b>8.2%</b>	<b>10,493</b>	<b>8.3%</b>
<b>Other</b>				
Infrastructure	14,408	11.3%	19,476	15.5%
Other	100	0.1%	314	0.2%
UK Pooled Equity Funds	1,191	0.9%	1,325	1.1%
Overseas Pooled Equity Funds	60,661	47.6%	59,633	47.5%
Property funds	11,028	8.7%	11,022	8.8%
Credit funds	16,927	13.3%	18,169	14.5%
Pooled income fund	5,499	4.3%	1,804	1.4%
Equities	151	0.1%	146	0.1%
<b>Subtotal Other</b>	<b>109,965</b>	<b>86.3%</b>	<b>111,889</b>	<b>89.1%</b>
<b>Total</b>	<b>127,284</b>	<b>100.00%</b>	<b>125,640</b>	<b>100.00%</b>

## Annual Governance Statement (AGS)

The AGS for 2022/23 was approved by Governance Committee on 24 May 2023 and appears below.

# CHORLEY COUNCIL

## ANNUAL GOVERNANCE STATEMENT

### 1. What is Corporate Governance?

Chorley Council is responsible for ensuring that our business is conducted in accordance with the law, to the highest standards and that there is a sound system of governance (incorporating the system of internal control). Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility, we have put in place arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

Our Governance Framework is based on the CIPFA/SOLACE Framework<sup>3</sup>. 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 Chorley 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.

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

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<sup>3</sup> 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".

- 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 15 March 2023 and can be accessed through this hyperlink [here](#).

## 2. The Council's Governance Framework

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money. The council has responsibility for ensuring that there is a sound system of governance.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

The local code should enable members to satisfy themselves that council has processes, systems and checks which ensure our objectives are being met lawfully, in accordance with the corporate and medium term financial strategies and in a way that demonstrates value for money. The framework is the basis for the decision-making structures, compliance with it enables members to have sufficient information to test recommendations and to make a reasonable, evidence based decisions.

We must demonstrate our commitment to good governance through honest self-assessment and regularly reviewing how we can be better, using the governance framework to self-identify issues and improvements and take steps to implement them quickly.

### Values of good governance

The Council also promotes and demonstrates the values of good governance by upholding high standards of conduct and behaviour. The following strong arrangements are in place to ensure that appropriate standards of behaviour are maintained:

Codes of Conduct (Members and Officers)  
 Member Officer Protocol  
 Suite of HR policies  
 Suite of Counter Fraud Policies

### 3. How we review the effectiveness of the Governance Framework

This section identifies the structures, committees bodies and officer roles which serve to review the appropriateness of the governance arrangements and their application.

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

**Governance Committee** - The Governance Committee provides member oversight and scrutiny of the Council's business controls. The Governance committee undertakes all of the core functions of an audit committee as identified in the relevant CIPFA guidance. An assessment has been undertaken during 2020/21 and this confirmed that the Committee are operating in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018. Looking forward, new guidance has been issued by CIPFA which includes a self-assessment of good practice exercise. It is proposed to work with the Committee this Summer to review how the Committee functions are discharged.

The Governance Committee also has responsibility for consideration of standards complaints under the Council's Code of Conduct for Members and convenes Standards Sub-Committees drawn from the main committee to hear complaints which have warranted investigation.

**Shared Services Joint Committee** - The Joint Committee monitors service performance of the shared services partnership between South Ribble Borough and Chorley Councils and is a good example of our effective governance of partnerships.

#### **Scrutiny Committee**

The Scrutiny Committee have continued to play an active role in the business of the Council, holding the Executive to account and assisting in the development of Policy and feeding into the budget cycle. It was Chaired by a councillor who is member of the opposition party.

The Scrutiny Budget and Performance Panel meets to challenge and comment on the quarterly performance and budget monitoring reports prior to consideration by Cabinet as part of our new rigorous Performance Management Framework.

#### **Member Training**

The Council holds the North West Employers Member Development Charter and has a cross-party Member Development Working Group that takes an overview of Member training and development. A Member Personal Development Planning is now embedded with member PDP's being completed.

During the year all Member training was provided a number of different topics and Member briefings held to support member understanding of council business.

Members have also attended a number of external training courses and conferences via the LGA and other providers.

## **Management Team / Leadership Team**

This has been a period of change for both the Senior Management Team and Senior Leadership Team. A new Chief Executive started employment on 1 January 2023 and fulfils the Head of Paid Service role. The Director of Commercial Services and Director of Planning and Development have both left the authority. This has necessitated some temporary arrangements in relation to these roles. The recruitment to the Senior Leadership Team has continued with all Head of Service roles now filled.

## **Section 151 Officer / Director of Finance**

The Director of Finance/ Section 151 Officer is a member of the Senior Management Team.

## **Statutory Regulation / Monitoring Officer**

This role is fulfilled by the Director of Governance who is also a member of the Senior Management Team.

## **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 (currently vacant)
- Director of Governance (Monitoring Officer)
- Director of Finance S151 Officer
- Director Change and Delivery
- Head of 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 are being reviewed to further enhance the governance monitoring and reporting arrangements. These will ensure greater accountability of Heads of Service for their responsibilities to the governance environment. Whilst the Director of Governance will continue to be responsible for maintaining and monitoring the governance framework, the CGG will support the drive for its embedding in the organisation.

### **Programme Board**

A corporate programme board continues to meet 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.

### **Data Security / Information Governance**

The Data Protection Officer function is fulfilled by the Director of Governance. The Senior Information Risk Owner is the Director (Customer and Digital).

The Information Security Council consisting of the SIRO, DPO, and Head of ICT, Customer and Digital oversees data security, information governance and compliance. The terms of reference are in the process of being refreshed to ensure clear responsibility lines are established. The ISC will work with the Senior Leadership Team to monitor performance and assess development and training needs.

### **Organisational Development**

The HR Hub has brought together in one place both the OD strategy and wider eLearning opportunities making it easier to manage and identify gaps in staff's knowledge and / or experience but also a framework to address them. Greater use of the system has been developed with Managers able to monitor completion of mandatory training within their teams.

The Personal Development Review process has now run through a complete cycle with the on line system enabling live monitoring of completion of the different stages.

### **Corporate Complaints / Local Ombudsman**

The Council are aware of 5 complaints which were made to the Local Government Ombudsman in the year 2022/23. One of the complaints was upheld in part.

### **External Audit**



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

The most recent review undertaken (which is for the period 2021/22) has acknowledged the Council's continued commitment to enhance the governance environment, identifying only improvements that should be made. This is a continuing endorsement of the councils commitment to governance.

### **Internal Audit and the Head of Audit Opinion**

Internal Audit is responsible for providing assurance on the quality and effectiveness of the system of governance and internal control. A risk based Internal Audit Plan is produced. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service. This report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers.

The Internal Audit Annual Report contains a statement/ judgement on overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

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** for the financial year ended 31<sup>st</sup> March 2023 except for the significant control weaknesses identified during the course of the year including:

Commercial Directorate Procurement review;  
Utilities management review;  
Open water Management review  
General Data Protection regulations – data retention.

## **5. Governance Environment: Areas to Strengthen**

There have been a number of limited assurance Internal Audit reports issued this year. Some of the failings identified could have had very serious consequences for the Council.

A routine Internal Audit of the creditors system highlighted a failure to adhere to financial management procedures in relation to payments to a contractor. Based upon this finding, an audit of the procurement within the directorate was commissioned. This identified significant governance failings in terms of procurements undertaken and compliance with the contract procedure rules and confirmed the failures to provide proper financial management. A comprehensive management action plan was agreed, and its implementation has progressed in year. The actions still require embedding.

A Directorate Development Group has been established. Its purpose is to ensure the failings identified are being proactively addressed. This is intended to be a supportive environment, recognising that whilst the Heads of Service are new to the organisation, they must own the need to improve and lead on embedding the culture of good governance. It will monitor improvement, identify barriers to compliance and seek solutions. It is chaired by the Chief Executive.

One of the more significant issues identified was procedural failing in relation to Information Security. Council policies were not adhered to in relation to systems access. Whilst it should not be concluded that there was anything improper done, the risk of such activity taking place was not adequately considered, controlled or managed.

The Senior Management Team have undertaken works to ensure the extent of this none-compliance is known and further works are being undertaken to improve monitoring arrangements in relation to council system access and external spend. This is not to identify failures in the governance framework as such, but to highlight and understand situations that could lead to a breakdown in control arising.

The improvements to the IT network, systems and software have been delivered in line with the Council's Digital Strategy and have strengthened the council's data security arrangements and made us more resilient. Whilst there is an impact on the wider governance environment, these works were necessary and urgent. They were the foundation actions to provide a solid base for the governance environment. They will enable greater digitisation of processes and control of access to information. This is also an opportunity to redesign processes for use on the new systems to ensure they meet the council's needs and obligations. In the short term there will be challenges for the council, but the longer term benefits will be realised as the new procedures are implemented. An initial piece of work has been undertaken to identify key procedures to be developed using the Microsoft Approval platform. Existing procedures were considered and prioritised. Some are identified in the Action Plan below.

The Service Assurance Statements have identified some additional areas of corporate failure to comply with policies. This is evidence that the governance environment needs to be embedded further with greater emphasis and attention given to the operation of the Governance Framework and compliance with procedures and systems. These areas for improvement are recognised in the actions in the table below.

Statutory Officers are working with the Senior Leadership Team to embed the importance of compliance with the governance framework, attending Directorate Management meetings. The Corporate Governance Group receive reports from Heads of Service detailing where the governance framework is working well and where there are challenges. This provides an opportunity to share good practice but is an on-going review of issues that maybe shared across the organisation.

A strong governance environment, as set out in part 2 above, needs all the elements working together in concert. We are not there yet. Failings continue to be identified, the main area being around compliance. However, we have established ways to resolve the identified issues as we continue to strive to improve.

The following table relates to the action plan from the 2021/22 Annual Governance Statement. The improvements are specific and the table indicates whether the action is completed or outstanding. It will be noted that only one action is being carried forward to next year with all other actions being complete or partially complete.

Theme	Areas for improvement	Suggested improvement	Progress
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	Outstanding This work was arranged to be undertaken in conjunction with Preston CC. Unfortunately the allocated officer from PCC was not available to support the review Carried forward to 23/24.
	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	In progress This will be delivered through the Microsoft Approvals platform and the process is in development. Carried forward to 23/24
	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.	This has been delayed pending the implementation of the new intranet Carried forward to 23/24
	Risk Management	A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.	Completed
	Cyber Security, use of ICT equipment and system access	Once approved, awareness of the contents of the Shared Information Security Framework should be raised using all communication methods.	Completed

		<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>	<p>Carried Forward to 2023/24</p> <p>In progress – key processes have now been identified for development on the Microsoft Approvals platform which will be fully integrated with Council systems. IT are working with staff leads for different processes to ensure the procedure meets the needs of the Council          Prioritisation of the key processes has been undertaken to ensure that the highest risk processes are being addressed first.</p>
Staff development	Equality	Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website	Completed
	<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>	<p>Completed</p> <p>Whilst there has been progress in relation to this action performance remains below target and remains a priority          Carried Forward to 2023/24</p>
Corporate	Constitution	Constitution to be reviewed and updated where applicable.	<p>In progress</p> <p>Will be completed in Q2 2023          carried forward to 2023/24</p>

	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>	Complete
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Following the assessment of our governance environment, no significant failings were identified by the Corporate Governance Group, although as the council have committed to continuous improvement the group have identified areas where it could be enhanced. Although, as stated, last years actions are not being rolled forward into this years' plan, some are being adapted into new actions to reflect in year changes. The table will form the basis for a more detailed action plan for delivery of the improvements. It is intended to report progress against the plan to Governance Committee mid year and year end.

Theme	Areas of identified failings	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.
	Inventories	To improve the quality of the council's asset inventory records to enable accurate insurance cover to be provided

	Cyber Security, use of ICT equipment and system access	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.
	IT system access	Review and improve leaver form and process to ensure all relevant teams and points of contact are notified in a timely fashion to action.
Staff development	Performance Development Review	Undertake a review of the PDR process to identify barriers for its use and improvements to the system
	Mandatory training modules to be completed in full	<p>All Directors to ensure all mandatory training is completed within the agreed timescales.</p> <p>Corporate Governance Group to review and hold Directors to Account on below target completion rates.</p> <p>Enhanced training to be provided on</p> <ul style="list-style-type: none"> <li>• Finance</li> <li>• Data Protection/Information Governance</li> <li>• Procurement</li> </ul>
Corporate	Constitution	Constitution to be reviewed and updated where applicable. This is to specifically include the Financial Procedure Rules and Scheme of Delegation.
	Business continuity	<p>Business Continuity Plans to be held using the dedicated system and allocated into Category A and B Services.</p> <p>Testing Exercise of the Business Continuity Plans to be undertaken</p>
	Data Security and Information Management	<p>Embed the Information Security Council and processes for owning and monitoring performance.</p> <p>Review existing data security and information policies.</p> <p>Establish reporting into Corporate Governance Group.</p>

	Transparency Code	Full review of all obligations and performance to ensure the publication of all mandatory data sets
	Agreed Audit Actions	Improve percentage implementation rates of service management actions agreed with Internal Audit.
	Risk	Define risk management appetite and implement escalation and reporting mechanisms for non-strategic risks
	Procurement	Review and centralise the conflict of interest procedure.  Further develop the contract management process to include registration of the contract on the transparency register and align with the decision-making process.

## 6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. As part of that process the council will monitor implementation of all actions set out in our Action Plan.

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Leader of the Council

Chief Executive

Date: .....

On behalf of the Members and Senior Officers of Chorley Council.

## 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.

**Curtailement**

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

**Debtors**

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

**Deferred Capital Receipts**

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

**Defined Benefit Scheme**

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

**Department for Communities and Local Government (DCLG)**

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

**Depreciation**

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

**Derecognition**

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

**Discounts**

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

**Earmarked Reserves**

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

**External Audit**

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

**Fair Value**

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

**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 particular 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).