



Statement of Accounts  
2023/24 – Draft (unaudited)

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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 2023/24 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 2023/24 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 with uncertainty of funding and a difficult national and global economic environment. 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. Despite this climate of uncertainty 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 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 'L. 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) based on the 2021 Census, estimate the total population of the borough at 117,700 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 2023/24, the Council continued to develop and expand its shared services arrangement with South Ribble Council with the following shared services and functions now in place:

- Shared Senior Management Team;
- Finance;
- Governance services including Audit and Risk, Legal and Procurement, Democratic Services and Corporate Support;
- Communications and Visitor Economy;
- Transformation and Partnerships including HR;
- ICT;
- Customer Services including Revenues and Benefits;
- Property and Development;
- Pest Control;
- Building Control.

The Borough of Chorley consists of 14 wards, represented by 42 elected councillors and a member of parliament. The Council is led by a majority Labour Party administration with the political composition of the Council at 31<sup>st</sup> March 2024 comprising;

| Party        | No.       |
|--------------|-----------|
| Conservative | 5         |
| Labour       | 37        |
| <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.

## **Management Structure**

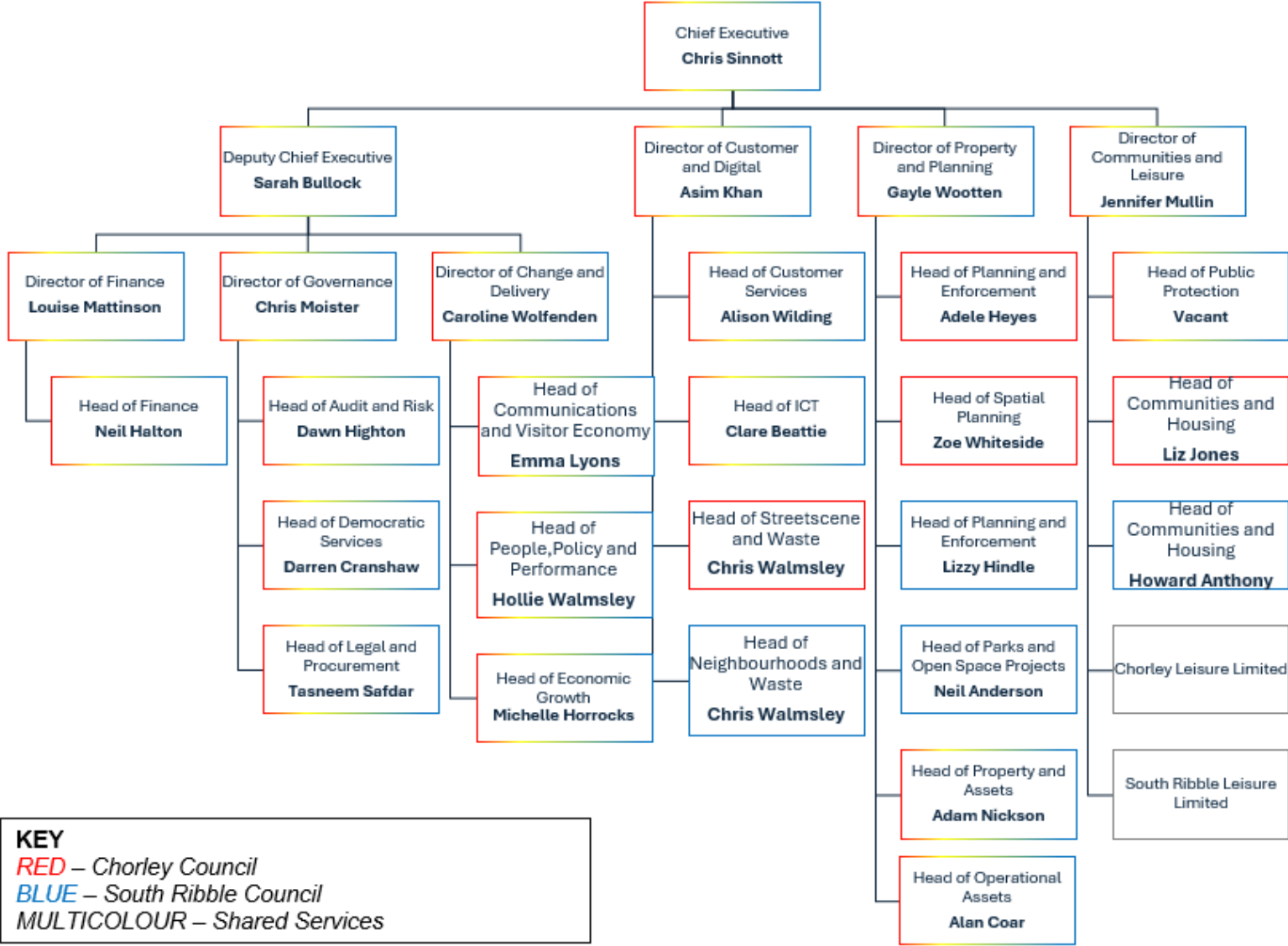
The Senior Management Team is shared across Chorley and South Ribble Borough Councils and consists of the Chief Executive, a Deputy Chief Executive and Directors as shown below.

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 in red below, those which work solely for South Ribble Council are shaded in blue, whilst those posts which are shared with South Ribble Borough Council are shown as multicolour.

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 five months of 2023/24 they were managed by the Director of Governance, until September 2023 when line management moved to the Director of Communities and Leisure.

# Leadership and Management Structure – Chorley Council



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 627 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> | 16         | 15         | 1               | 3         | 14        | 16        | 31         | 34         |
| <b>21-30</b>    | 30         | 39         | 11              | 12        | 10        | 14        | 51         | 65         |
| <b>31-40</b>    | 43         | 41         | 10              | 9         | 2         | 4         | 55         | 54         |
| <b>41-50</b>    | 34         | 45         | 7               | 19        | 1         | 6         | 42         | 70         |
| <b>51-60</b>    | 52         | 58         | 8               | 27        | 0         | 3         | 60         | 88         |
| <b>61+</b>      | 26         | 30         | 4               | 9         | 3         | 5         | 33         | 44         |
| <b>Total</b>    | <b>201</b> | <b>228</b> | <b>41</b>       | <b>79</b> | <b>30</b> | <b>48</b> | <b>272</b> | <b>355</b> |

#### Corporate Strategy and Performance in 2023/24

The Corporate Strategy for delivery in 2023/24 was approved at Council in November 2022, having undergone a complete review and refresh to reflect the future aspirations and intentions of the Council. Building on progress made in recent years, the strategy was revised to focus on ensuring that Chorley is in the best possible position for the future. Key issues include housing, climate change, community resilience and wellbeing.

The four priorities identified in the strategy are:

- Housing where residents can live well;
- A green and sustainable borough;
- An enterprising economy with vibrant local centres in urban and rural areas;
- Healthy, safe and engaged communities.

Activity and resources are targeted towards 19 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.



# OUR VISION

Enabling strong communities, a resilient economy, excellent services, a greener future and successful people.



## Housing where residents can live well

### OUR COMMITMENT

- Deliver affordable and green housing
- Strive for good quality housing for all
- Work with partners supporting new ways to prevent homelessness
- Support our most vulnerable residents



## A green and sustainable borough

### OUR COMMITMENT

- Work towards our commitment to be carbon neutral by 2030
  - Support waste reduction, reuse and recycling
- Work with partners to retain natural habitats and improve air quality
  - Promote sustainable transport and infrastructure



## An enterprising economy with vibrant local centres in urban and rural areas

### OUR COMMITMENT

- Support business growth and expansion across the borough
- Work with partners to support skills development and innovation
- Work with partners to promote the district as a visitor destination and attract investment in our local service centres
  - Promote the green economy



## Healthy, safe and engaged communities

### OUR COMMITMENT

- Support and encourage active lifestyles and health and wellbeing
- Support development of leisure services and facilities meeting the needs of residents
  - Deliver events and places to go for everyone
- Ensure all residents of all ages can access the services they need, physically and digitally
  - Promote resilient, cohesive neighbourhoods by listening and responding
- Work with partners to join up public services so that they make sense for everyone

# WE WILL



## Housing where residents can live well

- Deliver affordable housing by developing and implementing a plan for development and acquisition
- Deliver flexible housing solutions to meet the needs of all communities
- Open the extra care scheme at Tatton Gardens to provide safe and secure self-contained accommodation for older adults
- Implement a home energy support scheme including advice and energy saving measures
- Deliver the Local Plan to ensure sustainable future development and investment



## A green and sustainable borough

- Deliver natural green initiatives which includes tree planting, development of 'green corridors', and improvements to local natural habitats around our canals and waterways
- Launch Sustainable Energy Package for Businesses providing support and advice on carbon reduction, including access to appropriate grant schemes
- Improve our Council buildings to create a modern environment and attractive work space to support the way we work
- Develop use of green energy in the Borough by exploring feasibility of green energy production in Chorley and deliver electric vehicle charging points
- Deliver improvements to public transport networks including bus shelters and green shelters to enhance biodiversity



## An enterprising economy with vibrant local centres in urban and rural areas

- Open Strawberry Meadows to provide a mix of office and light industrial space for new and existing businesses
- Continue Development at Astley Hall undertaking renovation works to the wider hall complex and visitor experience
- Launch a Skills and Jobs Programme focused on job creation in high growth sectors
- Deliver improvements to local service centres by enhancing local service centres across the borough, including the town centre



## Healthy, safe and engaged communities

- Increase digital connectivity in the rural areas by developing a scheme to improve broadband provision in targeted areas
- Provide support for families and young people to start and live well by enhancing our social prescribing service to support family and early years
- Deliver the Cost of Living Action Plan by providing a range of support and interventions including food and fuel poverty, debt and housing
- Deliver a health and wellbeing programme working with local partners to include support around mental health as well as physical health
- Deliver high quality, responsive council services implementing the Shared Property and Assets service, and to continue with our programme of improvement and transformation

The following pages outline the Council's achievements in 2023/24 against the delivery of the Corporate Strategy and the key performance indicators up to the end of 2023/24. Detailed quarterly reports providing an update on performance against these were presented and reviewed at Executive Cabinet meetings across the year.

## Housing where residents can live well

### Our commitments:

- Deliver affordable and energy efficient housing,
- Strive for good quality housing for all,
- Work with partners supporting new ways to prevent homelessness,
- Support our most vulnerable residents.



### Achievements

Homelessness continues to provide an increasing challenge for our residents, with increases in the cost of living, a reducing private sector rental market and a lack of access to specialised support being key issues. The refresh of the Prevention of Homelessness Strategy will seek to further the council's determination to work closely with partners to address existing and emerging issues. Work has been focussed on analysing data to identify demand, and undertake best practise research on the prevention of homelessness and rough sleeping.

The Council is committed to delivering affordable and energy efficient housing. The project to develop and deliver a plan to improve housing standards across the borough has commenced to drive improvements in housing standards, particularly in social and private rented housing. The project aims to provide support for residents to live in housing that keeps them healthy and safe. Work has begun to identify those properties in the borough with an EPC (Energy Performance Certificate) rating of E or below. The properties identified through the review will then be classified to establish the occupancy status. The private rented sector will be targeted with a letter setting out the steps required to comply with the minimum energy efficiency standards.

Through the delivery of the home energy support scheme, Chorley Council assists residents by delivering energy advice and practical support to install energy saving measures that address high energy costs and that support positive action to tackle climate change. A Home Energy Support Advisor was appointed during the year and since October 2023, a total of 130 home visits have been carried out. Other activities have included production of a flyer which includes a QR code that enables residents to quickly make a referral into the programme and a resident information pack distributed during home visits and events. The information pack includes information about home energy efficiency as well as additional health and wellbeing support.

The project to refresh the Housing Strategy has also commenced, setting out the Council's ambitions to ensure that everyone living in the borough has access to high-quality accommodation. Housing services range from the delivery of new homes and supporting those in need of housing, through to supporting people to live independently for longer and to stay in high quality homes.

The project to deliver the Local Plan has made good progress over the year including the drafting of over 70 strategic and local policies making up the new Central Lancashire Local Plan. The Central

Lancashire Steering Group will continue to monitor and review the Local Development Scheme and programme, taking the necessary steps to maintain progress.

Since the completion and official opening of the new extra care facility at Tatton Gardens at the end of 2022/23, the project was shortlisted for three awards in this year's North-West Regional Construction Awards and was awarded Sub-regional Project of the Year Lancashire. This is an outstanding achievement for everyone involved in what is a fantastic facility providing extra care accommodation for the over 55's, healthcare provisions, and community facilities, whilst transforming the area and most of all bringing value to the local community.

## A green and sustainable borough



### Our commitments:

- Work towards our commitment to be carbon neutral by 2030,
- Support waste reduction, reuse, and recycling,
- Work with partners to retain natural habitats and improve air quality,
- Promote sustainable transport and infrastructure.

### Achievements

Chorley Council remains committed to establishing an environmentally friendly and sustainable borough.

The 5 year programme of bus shelter upgrades across the borough has progressed as part of the commitment to improving public transport networks and improving the look and feel of the local area; this will provide better facilities to encourage the use of public transport. 15 new bus shelters have been installed across the borough in what has been the first year of the replacement programme, including shelters in Adlington, Astley Village, Withnell, Whittle-le-Woods, Clayton-le-Woods, Euxton, Heapey, and Chorley Town Centre. Two living roof shelters have also been installed on Shepherd's Way, outside the bus station, and Pall Mall.

As part of the Council's commitment to environmental sustainability and ensuring that our parks and opens spaces are accessible and well maintained, the project to increase the number of parks with a Green Flag status has progressed with the development of management plans and submission of applications for Carr Brook Linear Park and Tatton Recreation Park. The Green Flag award scheme recognises and rewards well managed parks and green spaces, setting the benchmark standard for recreational outdoor spaces across the United Kingdom; judging will take place in early 2024/25.

The implementation of natural green initiatives has continued and actions taken to create and enhance biodiversity, including the completion of the enhancement works to Westway Ponds Nature Reserve and the sowing and planting of wildflower bulbs in a number of locations so that the wildflower meadows can continue to thrive. Successful tree and biodiversity giveaways were also held over the course of the year.

Progress has been made in advancing a sustainable energy package to support businesses in the current economic climate. The new Business Energy Support Grant was launched to businesses operating across the borough at an event in November 2023, along with the Council's Climate Change Accreditation Scheme. The Business Energy Support grant can be used to fund equipment that has been identified by an energy audit as reducing energy use and costs and that will in turn deliver a contribution towards carbon reduction. To support the process, the Council has agreed to



fund the energy audits which are required as part of the grant application process. 15 businesses have applied for grant funding to support them to become more energy efficient and contribute towards the council's carbon neutral pledge.

The Rural Business Grants Scheme, aimed at supporting small and medium-sized enterprises (SME) in rural areas, has progressed with applications being received in January 2024, and 14 eligible businesses invited to full application. To support applicants with independent business planning advice, a specialist Rural Adviser has been provided. 6 applicants have been approved to receive a total of £398,800 in capital grant funding which is being used to assist them to develop new products and services or improve existing facilities to help them grow, create new jobs and support a vibrant rural economy.

As part of the Council's commitment to deliver improvements to key council buildings, work has continued over the year with proactive maintenance being undertaken. An Accommodation Working Group has been established, bringing together different services across the Council and will provide a consistent, co-ordinated approach to drive forward all non-routine improvements to the Council's working accommodation to ensure a modern and fit for purpose environment that supports the workplace strategy. The Union Street works are now complete and surveys of the Town Hall have been conducted to identify necessary work on the building and internal décor; this will allow the scope and costs to be developed and presented for review and approval. In addition, the first-floor studio works at the All Seasons Leisure Centre has been completed and now serves as a group exercise studio, featuring new flooring and full-length mirrors. Meanwhile works to the downstairs studio is still in progress, with plans to transform it into a new cycling studio with new flooring, lighting, and air conditioning.

In order to promote sustainable transport and infrastructure, during the year the Council agreed to take on the management of Chorley Bus Station from the Lancashire County Council. The project to develop and deliver a plan to improve Chorley Bus Station recognises the bus station as a key transport hub and will focus on ensuring that it is better managed and developed to provide a welcoming entrance point for visitors to the town centre. A tender pack has been prepared for the planned renovation works which will include redecoration, improvements to the external cladding, a green wall installation, and the refurbishment of the toilets.

## An enterprising economy with vibrant local centres in urban and rural areas



### Our commitments:

- Support business growth and expansion across the borough,
- Work with partners to support skills, development, and innovation,
- Work with partners to promote the district as a visitor destination and attract investment in our local service centres,
- Promote the green economy.

### Achievements

The project to develop a Destination Management Plan for the borough recognises that there are untapped opportunities offered by Chorley's location and assets. The goal is to enhance place recognition and create an integrated offering that attracts more visitors. Working closely with

destination management and visitor economy experts, the project aims to strengthen our community bonds and foster local pride by improving the visitor economy. An expert consultant has been appointed and the project has commenced with meetings with key internal stakeholders. Discussions have been centered around Chorley's unique selling points and branding, supported by the collection of data around visitors and businesses.

As part of the Council's commitment to preserving Astley Hall as a valuable community asset, and promoting it as a visitor destination and attraction, preparatory work for the remainder of the renovations to the Hall have commenced.

In the Council's drive to strengthen the local economy by working with partners to support skills, development, and innovation, progress has been made on the Jobs and Skills Programme. The programme aims to upskill residents across the borough. During Chorley Apprenticeship week in February, six sessions were successfully delivered, including a business breakfast for employers and two apprenticeship showcases for residents. These events were well attended, allowing residents to explore a wide variety of apprenticeship opportunities and make informed decisions about their future. Additionally, the Chorley Apprenticeship Grant was officially launched in February 2024, encouraging businesses to create apprenticeships to attract new skills or upskill existing staff. Since its launch, 14 businesses have expressed an interest. Planning for the Chorley Employment Gateway Expo in 2024/25 has now commenced. This event will take place at Inspire Youth Zone, and will promote job, volunteering and training opportunities that are available.

The project to refresh the Economic Development Strategy to promote economic growth across the borough is making progress. The Economic Evidence base has now been completed, and a report produced that examines various data points related to the local economy's performance compared to the region and the nation. This analysis helps identify areas of focus, ensuring that the local economy thrives with the right mix of businesses and the necessary skills to fill employment opportunities. The findings will guide the review of the Economic Strategy and action plan, helping focus resources in the right areas.

## Healthy, safe, and engaged communities



### Our commitments:

- Support and encourage active lifestyles and health and wellbeing,
- Support development of leisure services and facilities meeting the needs of residents,
- Deliver events and places to go for everyone,
- Ensure all residents of all ages can access the services they need physically and digitally,
- Promote resilient, cohesive neighbourhoods by listening and responding,
- Work with partners to join up public services so that they make sense for everyone.

### Achievements

The project to launch an Enhanced Social Prescribing Service, focused on supporting families and early years, has made good progress with the Family Link Worker managing a full caseload of children and family referrals, typically ranging between 25 and 27 cases at a time. Support has been provided through health coaching, signposting, referrals to appropriate organisations, community group participation and meetings with other professionals as needed (e.g. housing, finance). From

August 2023 to April 2024, a total of 143 referrals were received, resulting in an average 78% increase in wellbeing scores reported per person after working with a Social Prescriber.

The Cost-of-Living Action Plan which provides practical financial support to households has progressed with the completion of the delivery of the Household Support Fund phase four (HSF 4). In total, HSF 4 provided over £715k in support to over 18k households, including those households with children, pensioners, single households, and couples. The support included help with energy, water, food, essential items, advice, and housing costs. During the year the management of the Holiday Activity Food Programme (HAF) programme was brought in-house, and a comprehensive grant process was developed to appoint delivery partners. Evaluation of all the data collated across the delivery of the action plan in 2023/24 provided insight into the recipients' needs, and identified key areas for future support in order to adapt delivery of the action plan for 2024/25.

Work has continued to deliver the Health and Wellbeing programme to support the needs of residents across the borough. The Council has collaborated with Lancashire County Council to develop the Healthy Weight Collaboration agreement, outlining a commitment to service delivery for the next five years. The Adult Healthy Weight Management and PASTA programmes have been consolidated into a comprehensive 'Healthy Weight' programme, building upon, and coordinating, existing resources. Participation in the January 2024 Adult Weight Management program doubled compared to the previous year (January 2023).

The project to deliver a borough wide Anti-Social Behaviour Action Plan to ensure that Chorley is a safe place to live, work and visit has progressed with a pilot scheme launched in partnership with the Preston North End Community and Education Trust. Public Protection Officers conducted sessions as part of the scheme across the borough to reduce anti-social behaviour. Additionally, police-led patrols have been ongoing at peak times in hotspot areas. Furthermore, preparations are underway to establish a multi-agency subgroup and Guardian Hubs, involving representatives from Education, the Children and Family Wellbeing Service, Police, and Housing. The goal is to divert young people away from engaging in anti-social behaviour both now and in the future.

## Performance of Corporate Strategy Key Measures 2023/24

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 | Quarter 4 2023/24         |   | Trend (compared to same period last year Q4 2022/23) |        |
|--|-------------------|------------------------|--------------------------|---------------------------|---|--|--------|
| <b>Housing where residents can live well</b>   |                   |                        |                          |                           |   |  |        |
| Number of long-term empty properties in the borough  | Smaller is better | 150                    | 120 (Q3 2023/24)         | 128                       | ★ | Better than Q4 2022/23                               | 133    |
| Percentage of households living in fuel poverty  | Smaller is Better | National Average 14.6% | 11.1% (Q1 2023/24)       | To be reported Q1 2024/25 |   | -  | -      |
| No. of affordable homes delivered  | Bigger is Better  | 111                    | 29 (Q2 2023/24)          | 117                       | ★ | Better than Q4 2022/23                               | 77     |
| <b>A green and sustainable borough</b>   |                   |                        |                          |                           |   |  |        |
| Number of bus shelters improved  | Bigger is better  | 19                     | 0                        | 15                        | ▲ | NEW for 2023/24                                      | -      |
| Number of Trees Planted  | Bigger is better  | 93500                  | 117142 (Q4 2022/23)      | 151780                    | ★ | Better than Q4 2022/23                               | 117142 |
| Number of improvements to parks, open spaces and playing pitches linked to strategy delivery | Bigger is better  | 10                     | 13 (Q4 2022/23)          | 12                        | ★ | Worse than Q4 2022/23                                | 13     |
| % of household waste sent for reuse, recycling, or composting (Q3 data)                      | Bigger is better  | 46.2%                  | 46.8% (Q2 2023/24)       | 45% <sup>1</sup>          | ● | Worse than Q3 2022/23                                | 46.2%  |
| <b>An enterprising economy with vibrant local centres in urban and rural areas</b>           |                   |                        |                          |                           |   |  |        |
| Number of projected jobs created through Chorley Council support or intervention             | Bigger is better  | 200                    | 237 (Q3 2023/24)         | 301                       | ★ | Worse than Q4 2022/23                                | 316.5  |
| The % of <u>16-17 year olds</u> who are not in education, employment, or training (NEET)     | Smaller is better | 3.0%                   | 3.7% (Q3 2023/24)        | 3.6%                      | ▲ | Worse than Q4 2022/23                                | 2.5%   |
| Number of Business Engagements by the Council  | Bigger is better  | 900                    | 748 (Q3 2023/24)         | 1123                      | ★ | NEW for 2023/24                                      | -      |
| Growth in the business rate base   | Bigger is better  | 0.5%                   | -0.03% (Q4 2022/23)      | 14.81%                    | ★ | Better than Q4 2022/23                               | -0.03% |

<sup>1</sup>This indicator is reported in arrears and reflects quarter three 2023/24 performance. Its previous performance relates to quarter two 2023/24.



| Indicator Name   | Polarity          | Target   | Previous Reported Period | Quarter 4 2023/24         | Trend (compared to same period last year Q4 2022/23) |                        |         |
|--|-------------------|----------|--------------------------|---------------------------|--|------------------------|---------|
| <b>Healthy, safe, and engaged communities</b>                                    |                   |          |                          |                           |  |                        |         |
| The number of visits to Council's leisure centres                                | Bigger is better  | 340,000  | 255,446 (Q3 2023/24)     | 344,125                   | ★  | Better than Q4 2022/23 | 325,012 |
| Average improvement in wellbeing score following support from the council        | Bigger is Better  | 70%      | Not available            | 73%                       | ★  | NEW for 2023/24        | -       |
| Average % reduction in GP appointments following support from the council        | Bigger is Better  | Baseline | Not available            | To be reported Q1 2024/25 |  | NEW for 2024/25        | -       |
| % of service requests received online  | Bigger is better  | 50%      | 54.69% (Q3 2023/24)      | 53.84%                    | ★  | Worse than Q4 2022/23  | 59.17%  |
| % of customers dissatisfied with the service they have received from the council | Smaller is better | 17%      | 17.38% (Q3 2023/24)      | 17.84%                    | ●  | Worse than Q4 2022/23  | 17.41%  |
| % increase in visitor numbers to Chorley   | Bigger is better  | 2%       | 31.5% (Q3 2023/24)       | To be reported Q3 2024/25 |  | -                      | -       |

## Performance of key service delivery measures

- ★ Performance is better than target     
● Worse than target but within threshold     
▲ Worse than target, outside threshold

| Indicator Name  | Polarity          | Target    | Comparison (previous quarter) | Quarter 4 2023/24 | Trend (compared to same period last year Q4 2022/23) |                        |           |
|---|-------------------|-----------|-------------------------------|-------------------|--|------------------------|-----------|
| % MINOR planning applications decided within 8 weeks or agreed time extension               | Bigger is Better  | 85%       | 99.18% (Q3 2023/24)           | 99%               | ★  | Worse than Q4 2022/23  | 100%      |
| % MAJOR planning applications decided within 13 (16 for EIA) weeks or agreed time extension | Bigger is Better  | 80%       | 100% (Q3 2023/24)             | 67%               | ▲  | Worse than Q4 2022/23  | 87%       |
| Average working days per employee (FTE) per year lost through sickness absence              | Smaller is Better | 9.01 days | 6.44 days (Q3 2023/24)        | 8.05 days         | ★  | Better than Q4 2022/23 | 9.01 days |
| Percentage of Council Tax collected   | Bigger is Better  | 97.19%    | 81.60% (Q3 2023/24)           | 96.91%            | ●  | Worse than Q4 2022/23  | 97.19%    |
| Percentage of Business Rates (NNDR) collected   | Bigger is Better  | 90.41%    | 74.13% (Q3 2023/24)           | 97.00%            | ★  | Better than Q4 2022/23 | 90.41%    |
| Contact Centre inbound calls answered within wait time of <5 minutes                        | Bigger is Better  | 40%       | 82.87% (Q3 2023/24)           | 82.49%            | ★  | New for 2023/24        | -         |

## Financial Performance in 2023/24

Despite the financial challenges faced, the financial standing of the Council is robust, with sound budget setting and monitoring practices. The Council's 2023/24 Revenue Budget, Capital Programme, Medium Term Financial Strategy (MTFS) and Treasury Management Strategy were approved at Council on 28 February 2023. Thereafter, budget monitoring reports were submitted at quarterly intervals to the Executive Cabinet. The reports are available on the Council's website.

In 2023/24, the Council set a balanced annual budget of [£15.488m](#).

The draft outturn report for 2023/24, approved by the Executive Cabinet on 13 June 2024, showed a net overspend of £1.170m. The report and appendices can be found here – [Link](#)

The outturn position is summarised in the table below:

| Directorate                 | Current Budget<br>£'000 | Outturn<br>£'000 | Variance (Under)/<br>Overspend<br>£'000 |
|-----------------------------|-------------------------|------------------|---|
| Property                    | 832                     | 1,435            | 603                                     |
| Communities & Leisure       | 2,946                   | 2,570            | (376)                                   |
| Customer & Digital          | 6,296                   | 6,790            | 494                                     |
| Planning                    | 861                     | 758              | (103)                                   |
| Policy & Governance         | 6,069                   | 6,261            | 192                                     |
| Major Projects              | (5,149)                 | (3,838)          | 1,311                                   |
| Financing and Other Budgets | 3,633                   | 2,802            | (831)                                   |
| <b>Funding Requirement</b>  | <b>15,488</b>           | <b>16,778</b>    | <b>1,290</b>                            |
|                             |                         |                  |   |
| Funding                     | Budget<br>£'000         | Outturn<br>£'000 | Variance (Under)/<br>Overspend<br>£'000 |
| Council Tax                 | (7,807)                 | (7,807)          | -                                       |
| Business Rates              | (6,119)                 | (6,119)          | -                                       |
| Funding Guarantee           | (1,146)                 | (1,147)          | (1)                                     |
| New Homes Bonus             | (297)                   | (297)            | -                                       |
| Government Grants           | (119)                   | (238)            | (119)                                   |
| Reserves                    | 0                       | 0                | -                                       |
| <b>Total Funding</b>        | <b>(15,488)</b>         | <b>(15,608)</b>  | <b>(120)</b>                            |
|                             |                         |                  |   |
| <b>Net Outturn</b>          | <b>0</b>                | <b>1,170</b>     | <b>1,170</b>                            |

The overspend has been funded from 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 and reduced expenditure is fully reflected in the strategy.

The funding of the Council has changed over the years with the withdrawal of central government grants, 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 £1.069m per annum).

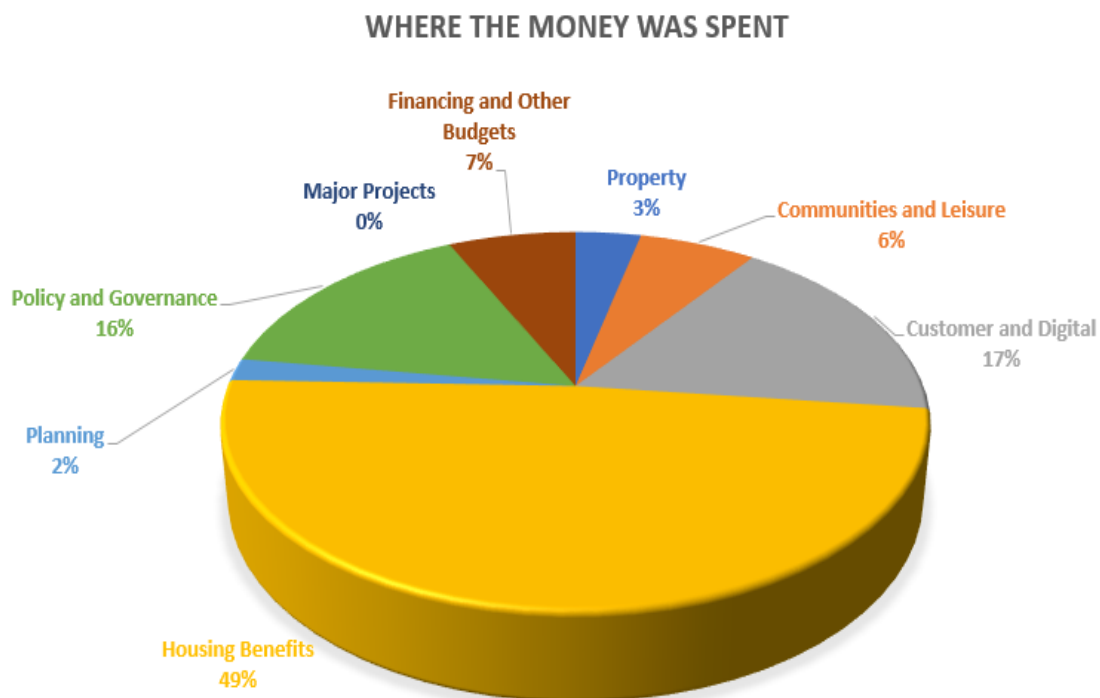
Changes in the way in which councils are funded have not been forthcoming and once again, local government was only provided with a one-year settlement for 2023/24, with significant uncertainty regarding the income streams in future years.

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 is unknown; with a General Election set for 2024, it is unclear if there will be a future funding review and a reset to the business rates retention system. 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, as despite inflationary and utility cost pressures experienced over the last year, particularly in the first part of the year, and the cost of living crisis impacting on businesses and residents, collection rates were achieved of 96.91% for council tax and 97.00% for business rates in 2023/24. They will continue to be monitored closely as part of the Council's performance management framework during 2024/25.

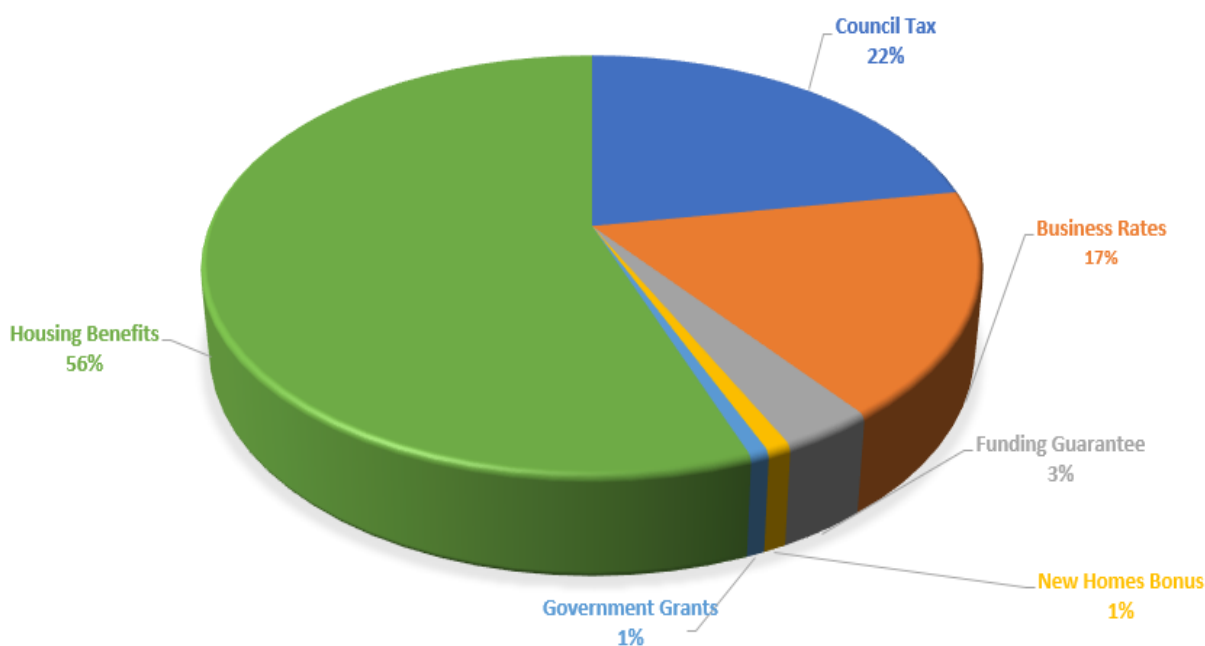
The following charts show where the Council's money came from and how it was spent on services:

The gross expenditure for the Council is detailed in the Comprehensive Income and Expenditure Statement. In 2023/24 it consisted of:



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 2023/24 and stands at £4.092m at the year end.

Total earmarked reserves for specific purposes were £6.091m as at 31 March 2024. 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 reported to Cabinet on 13 June 2024 and 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 2024</b>                          | <b>£'000</b>  |
|--|---------------|
| Amounts as per Outturn Report:   | 6,091         |
| Earmarked Reserves   |               |
| Final Transfers to/(from) Collection Fund Deficit Distribution Reserve | (1)           |
| <b>Subtotal</b>  | <b>6,090</b>  |
| General Reserve  | 4,092         |
| <b>Amounts as per EFA (note 1)</b>                                     | <b>10,182</b> |

## Capital Programme 2023/24

In February 2023 the Council approved a 3-year capital strategy of £23.053m. This programme delivers a number of key projects to the benefit of the residents of Chorley:

- An enterprising economy with vibrant local centres in urban and rural areas (£11.715m) - 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, works at Bengal St and relocation of the depot from there.
- A green and sustainable borough (£2.189m) – including decarbonisation work on the Town Hall, projects to deliver the green agenda and works on Chorley Health centre.
- Housing where residents live well (£9.149m) – including 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.

The capital programme [budget](#) for 2023/24 approved by Council in February 2023 was £21.1m. With approved slippage from 2022/23, along with other changes to the programme during the year, the final outturn was £13.2m.

The outturn position of the 2023/24 capital programme is set out in the following table and outlined further in Appendix B of the outturn report approved by Executive Cabinet on 13 June 2024. The report and appendices can be found here - [Link](#)

## Capital Programme Outturn 2023/24

| Scheme Name | Original Budget 2023/24 | Revised Budget 2023/24 | Slippage and reprofiling of budget (to 24/25)/from 24/25 | Outturn 2023/24 |
|-------------|-------------------------|------------------------|--|-----------------|
|-------------|-------------------------|------------------------|--|-----------------|

### An enterprising economy with vibrant local centres in urban and rural areas

|  |               |               |                 |              |
|--|---------------|---------------|-----------------|--------------|
| Strawberry Meadows   | 1,608         | 1,152         | (877)           | 275          |
| Asset improvements   | 643           | 538           | (19)            | 519          |
| Buckshaw Village Rail Station  | 695           | 696           | (696)           | -            |
| Town Centre Public Realm   | 5,731         | 5,666         | (5,665)         | 1            |
| Service Centres  | 500           | 500           | (500)           | 0            |
| Strawberry Fields Digital Office Park  | 0             | 196           | (50)            | 146          |
| Markets  | 0             | 5             | 0               | 5            |
| Market Walk Extension  | 0             | 70            | (70)            | 0            |
| Council accommodation  | 1,053         | 1,242         | (1,143)         | 99           |
| Relocation of Bengal Street Depot  | 1,100         | 3,100         | (1,216)         | 1,884        |
| Queens Road Car Park   | 0             | 321           | (82)            | 239          |
| Unit Above Iceland   | 85            | 100           | (94)            | 6            |
| Woodlands Development Site   | 0             | 5,448         | (43)            | 5,405        |
| <b>An enterprising economy with vibrant local centres in urban and rural areas</b> | <b>11,415</b> | <b>19,034</b> | <b>(10,455)</b> | <b>8,579</b> |

### A green and sustainable borough

|  |              |              |                |            |
|--|--------------|--------------|----------------|------------|
| <b>Includes – decarbonisation of Town Hall, delivery of the green agenda and ICT improvement works</b> | <b>2,189</b> | <b>2,506</b> | <b>(2,202)</b> | <b>304</b> |
|--|--------------|--------------|----------------|------------|

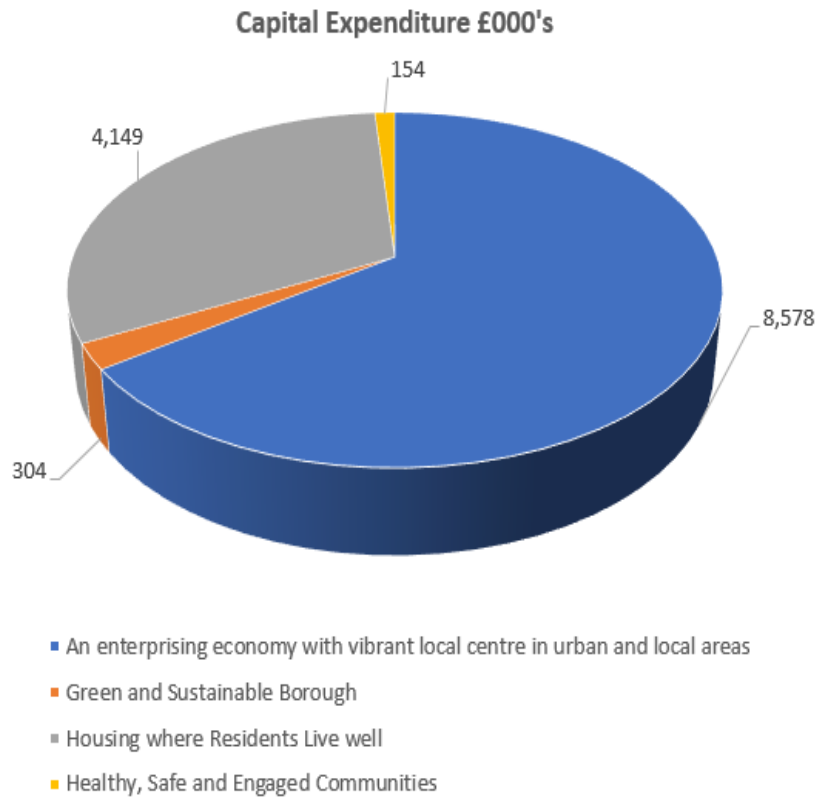
### Housing where residents live well

|  |              |              |                |              |
|--|--------------|--------------|----------------|--------------|
| Chorley Adaptation Grant (formerly DFG)  | 1,109        | 1,207        | (154)          | 1,053        |
| Land for tree planting                   | -            | 252          | (0)            | 252          |
| Leisure Centre improvements              | 1,800        | 2,439        | (1,781)        | 658          |
| Play recreation and open space projects  | 1,000        | 2,181        | (975)          | 1,206        |
| Properties for refugees                  | 1,200        | 1,375        | (458)          | 917          |
| Affordable Housing                       | 2,000        | 2,000        | (2,000)        | 0            |
| Chorley Lodge                            | -            | 350          | (338)          | 12           |
| Tatton Extra Care Scheme                 | 390          | 99           | (49)           | 50           |
| <b>Housing where residents live well</b> | <b>7,499</b> | <b>9,903</b> | <b>(5,755)</b> | <b>4,148</b> |

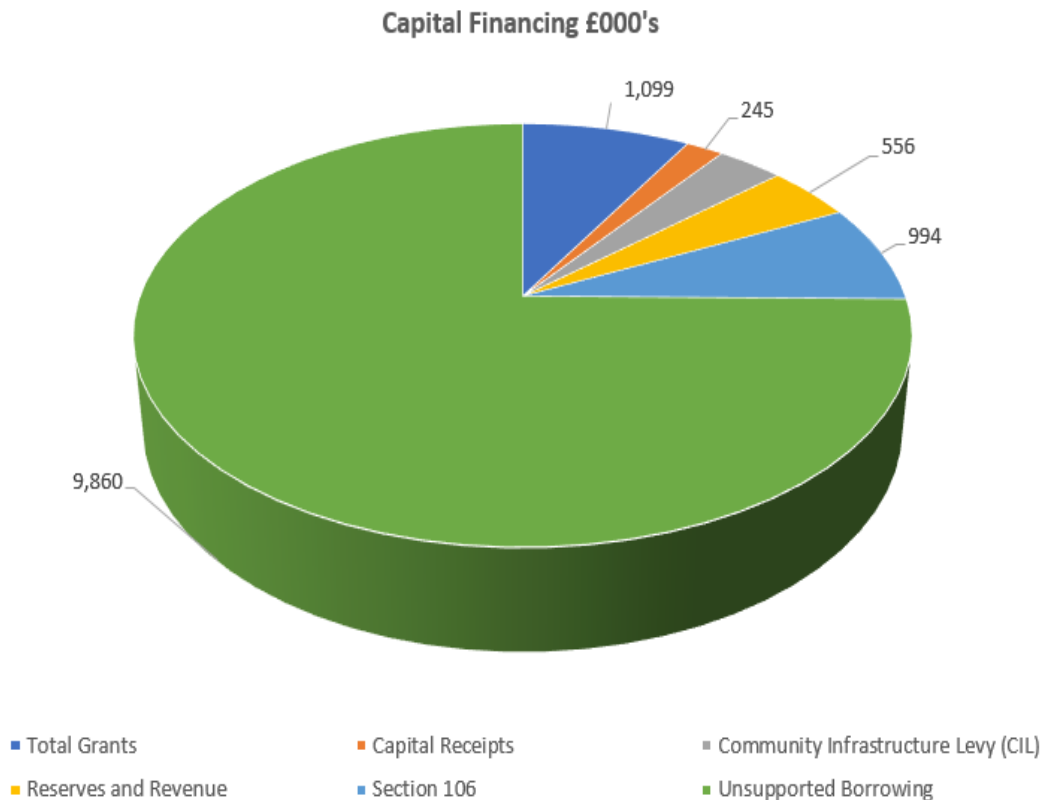
### Healthy, safe and engaged communities

|  |               |               |                 |               |
|--|---------------|---------------|-----------------|---------------|
| Astley Hall                                  | 0             | 249           | (208)           | 41            |
| Westway Playing Field Sports Campus          | 0             | 120           | (7)             | 113           |
| <b>Healthy, safe and engaged communities</b> | <b>0</b>      | <b>369</b>    | <b>(215)</b>    | <b>154</b>    |
| <b>Total</b>                                 | <b>21,103</b> | <b>31,812</b> | <b>(18,627)</b> | <b>13,185</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.





## **Treasury Management**

The treasury operations of the Council are conducted in accordance with its annual Treasury Strategy which 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 2023/24 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, they increased to a rate of 4.25% at the start of 2023/24. Over the course of the year the Bank of England applied 3 increases to the base rate, increasing it to 4.50% in May 2023, to 5.00% in June 2023, and to 5.25% in August 2023 where it remained for the rest of the year at a 16 year high. The average cash balance invested during the year was £8.626m at an average rate of 4.278%, and generating £0.369m of interest over the 12 month period.
- A total of £30 million across 9 short term loans were taken out from eight other local authorities in 2023/24 to sustain working capital balances; no additional long-term loans were taken during the year.
- Cash and cash equivalents (Note 21) were £4.812 million at the end of the year, which is higher than at the end of 2022/23 (£0.760 million). This reflects the fact that the funding of the council's capital programme has largely been through borrowing rather than utilisation of internal cash balances.
- 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 £102.335 million to £110.752 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 £7.491m during the year, from a surplus of £9.898m at the end of 2022/23 to a surplus of £17.389m at the end of 2023/24. 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.

## **Group Materiality and Boundaries**

The Statement of Accounts for Chorley Council is provided in two forms – one exclusive of any separate entities and one within 'Group Account' form which encompasses both Chorley Leisure Limited and Chorley BC Property Limited.

There are separate materiality elements for each part of the accounts. The Chorley Council accounts has a materiality level of £1.064m while the Group Accounts has a level of £1.065m to reflect the additional income and expenditure within those entities.

Chorley Leisure Limited contains all leisure services staff and the management of the Leisure Centres while the Council remains in ownership of the buildings themselves. Chorley BC Property Limited currently contains the Council's largest investment asset – Logistics House and accounts for the income related to the lease of this property.

## **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<br>Low   | 8<br>Medium  | 12<br>High  | 16<br>High   |
| <b>Serious</b>       | 3 | 3<br>Low   | 6<br>Medium  | 9<br>Medium   | 12<br>High   |
| <b>Minor</b>         | 2 | 2<br>Low   | 4<br>Low   | 6<br>Medium   | 8<br>Medium  |
| <b>Insignificant</b> | 1 | 1<br>Low   | 2<br>Low   | 3<br>Low  | 4<br>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 previous 12 months, existing control measures and planned actions to mitigate risk. The Corporate Risk Register was last reported to Governance Committee on 2 August 2023, the full report can be found here - [Link](#). The Register is reported to SMT twice a year, with the last update presented on 27 March 2024. The Register provides members and officers with an update on the monitoring of the 17 strategic risks to the Council, including actions that are in progress, as well as new actions planned to further mitigate the risks identified.

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

- R1- Failure to realise the value of large-scale investments linked to the capital programme delivery and oversight;
- R3- Budget challenges, including those in key public and third sector partners, leading to a use of reserves or having a negative impact on local level service delivery

The latest review of the risk register in March 2024 identified the following changes:

- R11 - Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.**  
 The last review of the risk register led to an increase in the risk score for R11 to reflect the possibility of industrial action that was being balloted on by Unison members for the 2023/24 pay award. As the outcome of the vote was against action, the risk level was reduced from 12 (high) to 8 (medium), and the residual risk from 9 (medium) to 6 (medium). This will be reviewed again as part of the 2024/25 pay agreement and an assessment made as to whether the risk score needs to be changed.
- R12 - Damage to the council's reputation and potential reduction in resident satisfaction in relation to high profile decision making.**  
 Following the Secretary of State's decision to designate the Council in relation to performance in major planning applications, it was agreed to increase the inherent risk from 9 (medium) to 12 (high), and the residual risk from 4 (low) to 6 (medium). This is to reflect the decrease in control that the Council has over this risk.
- R16 - Failure of ICT Security to prevent cyber attacks, uphold data protection and maintain ICT service delivery.**  
 It was agreed to decrease the residual risk for R16 from 12 (high) to 9 (medium). Whilst there is still a high inherent risk of cyber attacks and risks to ICT security, the changes to the score reflect the ongoing ICT Plan and actions delivered to strengthen internal cyber security, including new training for all staff. This also aligns the residual risk level to the South Ribble equivalent as a shared service.

A summary of the latest risks for 2024 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, including those in key public and third sector partners, leading to a use of reserves or 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, including within the context of reduction in satisfaction in the wider public sector   | 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.  | 8  | 6 | 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  | 12 | 6 | 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 and Data Protection           | Failure of ICT Security to prevent cyber attacks, uphold data protection and maintain ICT service delivery. | 16 | 9 | 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 2024/25, 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 2025 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;
- potential changes to funding streams linked to the government’s ‘levelling up’ agenda and shared prosperity funds;
- devolution and potential local government reorganisation;
- any changes in future policy direction following the General Election due in 2024.

The Local Government Financial Settlement for 2024/25 represents a ‘holding position’ until the next Parliament, aiming for stability in local government finances until the next government is formed. It is highly unlikely that any new government will undertake a business rates reset or a fair funding review in 2024/25, meaning that the funding distribution should stay relatively stable in 2025/26, however the questions about the future of the funding system remain unaddressed.

Within this financial context the Council updated its MTFs in February 2024 to reflect the Council’s new corporate priorities, as approved at the Council meeting in November 2023, 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 coming 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 2024/25 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.



# 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 2023/24 (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 4      **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 34     **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 41     **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 126    **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.

## CORE FINANCIAL STATEMENTS

The core financial statements consist of the following:

- Page 41     **Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Page 42     **Movement in Reserves Statement** – Levels of reserves, and movements therein, are indicators of the financial strength of the organisation. This statement distinguishes usable from unusable reserves. The distinction is explained in the Balance Sheet comment below.

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

Page 43 **The Balance Sheet** – this shows the value of the assets and liabilities recognised by the authority. The total of these, the Net Assets, is matched by the authority’s reserves, as shown in the lower part of the Balance Sheet.

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

Page 44 **Cash Flow Statement** – this shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

Page 45 **Notes to the Main Financial Statements** – these add to and interpret the individual statements.

## **SUPPLEMENTARY FINANCIAL STATEMENTS**

Page 112 **Collection Fund** – this is an agents statement that reflects the statutory obligation for billing authorities to record transactions relating to the collection of Council Tax and Non-Domestic Rates, and their distribution to precepting authorities, the Government, and the council itself.

Page 113 **Notes to the Collection Fund** – these add to and interpret the Collection Fund statement.

Page 116 **Group Accounts** – the authority has interests in two subsidiaries, the group accounts are the financial statements of the group in which the assets, liabilities, reserves, income, expenses and cash flows of the authority and subsidiaries are presented as those of a single economic entity.

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

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# 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 Director of Finance/S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

## The Chief Finance Officer's Responsibilities

The Chief Finance Officer (Director of Finance/S151 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 2023/24 (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer (Director of Finance/S151 Officer) has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that are reasonable and prudent.
- Complied with the Local Authority Code.
- Kept proper accounting records which are up to date.
- 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 2024 and its Income and Expenditure for the year ended 31 March 2024.



Louise Mattinson  
Director of Finance and Section 151 Officer  
Date: 1<sup>st</sup> July 2024

# 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.

| 2022/23           |                 |                 |  | 2023/24           |                 |                 |
|-------------------|-----------------|-----------------|--|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income    | Net Expenditure |  | Gross Expenditure | Gross Income    | Net Expenditure |
| £'000             | £'000           | £'000           |  | £'000             | £'000           | £'000           |
| 5,896             | (3,004)         | 2,892           | Communities and Leisure  | 5,040             | (2,159)         | 2,881           |
| 1,154             | (176)           | 978             | Corporate  | 719               | (1,073)         | (354)           |
| 959               | (1,377)         | (418)           | Covid  | 715               | (715)           | 0               |
| 28,717            | (21,606)        | 7,111           | Customer & Digital   | 29,998            | (23,245)        | 6,753           |
| 3,735             | (4,052)         | (317)           | Major Projects   | 383               | (4,475)         | (4,092)         |
| 2,401             | (1,360)         | 1,041           | Planning   | 1,980             | (1,257)         | 723             |
| 7,123             | (2,292)         | 4,831           | Policy & Governance  | 9,316             | (2,780)         | 6,536           |
| 6,039             | (2,692)         | 3,347           | Property   | 4,229             | (3,461)         | 768             |
| <b>56,024</b>     | <b>(36,559)</b> | <b>19,465</b>   | <b>Cost of Services</b>  | <b>52,380</b>     | <b>(39,165)</b> | <b>13,215</b>   |
| 1,233             | 0               | 1,233           | Other operating expenditure (note 12)                                    | 802               | 0               | 802             |
| 5,943             | (5,371)         | 572             | Financing and investment income and expenditure (note 13)                | 7,249             | (7,459)         | (210)           |
| 6,976             | (29,264)        | (22,288)        | Taxation and non-specific grant income (note 14)                         | 651               | (21,371)        | (20,720)        |
|                   |                 | <b>(1,018)</b>  | <b>(Surplus)/deficit on provision of services</b>                        |                   |                 | <b>(6,913)</b>  |
|                   |                 | (1,155)         | (Surplus)/deficit on revaluation of Property, Plant and Equipment assets |                   |                 | (4,324)         |
|                   |                 | (44,455)        | Re-measurement of the net defined benefit liability (note 37d)           |                   |                 | 103             |
|                   |                 | <b>(45,610)</b> | <b>Other Comprehensive (Income) and Expenditure</b>                      |                   |                 | <b>(4,221)</b>  |
|                   |                 | <b>(46,628)</b> | <b>Total Comprehensive (Income) and Expenditure</b>                      |                   |                 | <b>(11,134)</b> |

The Directorate structure and naming has changed for the 2023-24 financial year. As a result the 2022-23 figures have been restated to align with the new directorates and allow direct comparison. There have been no changes to overall income or expenditure figures; only the allocation between directorates.

## 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.

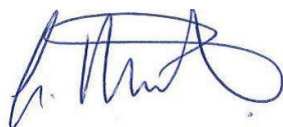
|  | General Fund<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Reserves<br>£'000 |
|--|-----------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| <b>Balance at 31 March 2022</b>                                | <b>(15,945)</b>       | <b>(724)</b>                      | <b>(10,363)</b>                   | <b>(27,032)</b>                | <b>(2,884)</b>             | <b>(29,916)</b>         |
| <b><u>Movements in 2022/23</u></b>                             |                       |                                   |                                   |                                |                            |                         |
| Total Comprehensive Income & Expenditure                       | (1,018)               | 0                                 | 0                                 | (1,018)                        | (45,610)                   | (46,628)                |
| Adjustments between accounting basis & funding basis (note 10) | 4,633                 | 427                               | 60                                | 5,120                          | (5,120)                    | 0                       |
| <b>(Increase) / Decrease in year</b>                           | <b>3,615</b>          | <b>427</b>                        | <b>60</b>                         | <b>4,102</b>                   | <b>(50,730)</b>            | <b>(46,628)</b>         |
| <b>Balance at 31 March 2023</b>                                | <b>(12,330)</b>       | <b>(297)</b>                      | <b>(10,303)</b>                   | <b>(22,930)</b>                | <b>(53,614)</b>            | <b>(76,544)</b>         |
| <b><u>Movements in 2023/24</u></b>                             |                       |                                   |                                   |                                |                            |                         |
| Total Comprehensive Income & Expenditure                       | (6,913)               | 0                                 | 0                                 | (6,913)                        | (4,221)                    | (11,134)                |
| Adjustments between accounting basis & funding basis (note 10) | 9,059                 | 224                               | (2,599)                           | 6,684                          | (6,684)                    | 0                       |
| <b>(Increase) / Decrease in year</b>                           | <b>2,146</b>          | <b>224</b>                        | <b>(2,599)</b>                    | <b>(229)</b>                   | <b>(10,905)</b>            | <b>(11,134)</b>         |
| <b>Balance at 31 March 2024</b>                                | <b>(10,184)</b>       | <b>(73)</b>                       | <b>(12,902)</b>                   | <b>(23,159)</b>                | <b>(64,519)</b>            | <b>(87,678)</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 2023<br>£'000 |  | Notes    | 31 March 2024<br>£'000 |
|------------------------|--|----------|------------------------|
| 120,947                | Property, Plant & Equipment            | 15       | 139,369                |
| 3,385                  | Heritage Assets                        | 16       | 3,318                  |
| 33,337                 | Investment Property                    | 17       | 34,385                 |
| 5                      | Intangible Assets                      | 18       | 1                      |
| 4,688                  | Long-Term Debtors                      | 19       | 4,351                  |
| <b>162,362</b>         | <b>Long-Term Assets</b>                |          | <b>181,424</b>         |
| 11,890                 | Short-Term Debtors                     | 20       | 6,295                  |
| 760                    | Cash and Cash Equivalents              | 21       | 4,812                  |
| <b>12,650</b>          | <b>Current Assets</b>                  |          | <b>11,107</b>          |
| (12,120)               | Short-Term Borrowing                   | 19       | (22,108)               |
| (12,651)               | Short-Term Creditors                   | 22       | (10,385)               |
| (1,038)                | Provisions                             | 23       | (1,412)                |
| <b>(25,809)</b>        | <b>Current Liabilities</b>             |          | <b>(33,905)</b>        |
| (1,500)                | Long-Term Creditors                    | 28       | (1,476)                |
| (66,503)               | Long-Term Borrowing                    | 19       | (64,753)               |
| (2,822)                | Other Long-Term Liabilities – pensions | 37       | (2,689)                |
| (16)                   | Other Long-Term Liabilities – other    |          | 0                      |
| (1,815)                | Grant Receipts in Advance - Capital    | 33       | (2,029)                |
| <b>(72,656)</b>        | <b>Long Term Liabilities</b>           |          | <b>(70,947)</b>        |
| <b>76,547</b>          | <b>Net Assets</b>                      |          | <b>87,679</b>          |
| (22,931)               | Usable Reserves                        | MiRS, 24 | (23,158)               |
| (53,616)               | Unusable Reserves                      | 25       | (64,521)               |
| <b>(76,547)</b>        | <b>Total Reserves</b>                  |          | <b>(87,679)</b>        |

The draft unaudited accounts were issued on 1<sup>st</sup> July 2024



Louise Mattinson  
 Director of Finance and Section 151 Officer  
 Date: 1<sup>st</sup> July 2024

## 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.

| 2022/23<br>£'000 |  | 2023/24<br>£'000 |
|------------------|--|------------------|
| 1,018            | Net surplus or (deficit) on the provision of services  | 6,913            |
| (6,103)          | Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)   | (2,951)          |
| (7,521)          | Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities (Note 26b) | (5,142)          |
| <b>(12,606)</b>  | Net cash flows from Operating Activities (Note 26)   | <b>(1,181)</b>   |
| (4,495)          | Investing Activities (Note 27)   | (4,958)          |
| 8,401            | Financing Activities (Note 28)   | 10,191           |
| <b>(8,700)</b>   | Net increase or (decrease) in cash and cash equivalents  | <b>4,052</b>     |
| 9,460            | Cash and cash equivalents at the beginning of the reporting period   | 760              |
| <b>760</b>       | <b>Cash and cash equivalents at the end of the reporting period (Note 21)</b>  | <b>4,812</b>     |

Cash and Cash Equivalents at the beginning and end of the 2023/24 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.

| 2022/23  |  |   |  | 2023/24  |  |   |
|--|--|---|--|--|--|---|
| 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   |
| 2,663  | 229  | 2,892   | Communities and Leisure                                    | 2,936  | (55)   | 2,881   |
| 604  | 374  | 978   | Corporate  | (483)  | 129  | (354)   |
| (416)  | (2)  | (418)   | Covid  | 1  | (1)  | 0   |
| 5,697  | 1,414  | 7,111   | Customer & Digital   | 7,024  | (271)  | 6,753   |
| (2,487)  | 2,170  | (317)   | Major Projects   | (1,000)  | (3,092)  | (4,092)   |
| 1,541  | (500)  | 1,041   | Planning   | 763  | (40)   | 723   |
| 4,727  | 104  | 4,831   | Policy & Governance  | 6,482  | 54   | 6,536   |
| 2,912  | 435  | 3,347   | Property   | 616  | 152  | 768   |
| <b>15,241</b>  | <b>4,224</b>   | <b>19,465</b>   | <b>Net Cost of Service</b>                                 | <b>16,339</b>  | <b>(3,124)</b>                                       | <b>13,215</b>   |
| (11,624)   | (8,859)  | (20,483)  | Other Income and Expenditure                               | (14,194)   | (5,934)  | (20,128)  |
| <b>3,617</b>   | <b>(4,635)</b>                                       | <b>(1,018)</b>  | <b>(Surplus)/Deficit in year</b>                           | <b>2,145</b>   | <b>(9,058)</b>                                       | <b>(6,913)</b>  |
| <b>(15,945)</b>  |  |   | <b>Opening General Fund Balance at 1 April</b>             | <b>(12,328)</b>  |  |   |
| 3,617  |  |   | Add (Surplus)/Less Deficit on General Fund Balance in Year | 2,145  |  |   |
| <b>(12,328)</b>  |  |   | <b>Closing General Fund Balance at 31 March</b>            | <b>(10,183)</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 2023/24 financial year and its position at the year end of 31 March 2024. 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 2023/24 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 two wholly owned companies, Chorley Leisure Ltd, and Chorley BC Property Ltd that have 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)

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 2023/24 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.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2024/25 Code).

The standards introduced by the 2024/25 Code where the disclosures are required in the 2023/24 financial statements are:

- **IFRS 16 Leases** issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).

The authority will not adopt IFRS 16 until 2024/25. IFRS 16 Leases will lead to a substantial change in accounting practices for lessees as it removes the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions, creating both an asset and liability on the balance sheet. In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires that all substantial leases are recognised as a right-of-use asset and a lease liability representing the lessee's obligation to make lease payments for the asset.

The standard allows for exemptions in the following circumstances:

- Low-value assets
- Short-term leases (with a term of 12 months or less)

Implementation of the standard was deferred until 1 April 2024 and the council has reviewed its leases to assess the likely impact of the change. It is anticipated there will be two changes of significance one in relation to Chorley BC Property Ltd and one in respect of the Waste Services contract. The consequences of which will likely see an increase in fixed assets to reflect the status of the lease with corresponding change on the balance sheet to reflect lease payments/receipts. For the Waste Services contract the impact is likely to be an increase in assets consistent with information contained in the Lease note 36a of approximately £1.1m. For Chorley BC Property Ltd the impact upon the group accounts will be nil but within the Council's non-group accounts will reflect the recategorization of an investment asset to an Asset Held Under Lease with a non-material change in overall value.

- **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and

- targeted disclosure requirements for affected entities.
- **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

#### **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 £38m 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 2016/17 to 2023/24 have been reviewed, together with information on the numbers and potential values of cases at the 'Check' and 'Challenge' stages of the process for 2023 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 2023/24 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.

#### **Allowance for non-collection of debts**

The Code requires the Council's Statement of Accounts to include sufficient allowance for bad debts. This provision is determined by the Council using its judgement to assess the amount of the debt owed. There is a degree of uncertainty in calculating the bad debt provision as future payments and defaults are unknown.

### **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:

| <b>Item</b>                   | <b>Uncertainty</b>   | <b>Effect if actual results differ</b>   |
|-------------------------------|--|--|
| 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 2024 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 £1.800m on current pension contributions in 2024/25 (see Note 37h). A 1% upward variation on this would</p> |

|                         |  |  |
|-------------------------|--|--|
|                         |  | produce an increased cost of £18k.   |
| Asset valuations        | <p>Note 15 shows that Property, Plant &amp; Equipment (PPE) assets valued at £138.658m (£126.171m of Operational Land and Buildings, £2.382m of Vehicles, Plant &amp; Equipment, £0.473m of Infrastructure Assets, £3.393m of Community Assets, £5.772m of Assets Under Construction and £0.468m of Surplus Assets) are carried at either current value or depreciated replacement cost value.</p> <p>Note 17 shows that Investment Properties valued at £34.387m 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 £32.500m at 31 March 2024.</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 £3.439m 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 £1.387m. 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 £1.412m 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 2024. The estimate in respect of appeals against the 2017 rating lists 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 against the 2023 rating lists 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</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</p>  |

|  |  |  |
|--|--|--|
|  | <p>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>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 £1.065m (2022/23 £1.159m). This equates to 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 2023/24 remains subject to confirmation.

**7 EVENTS AFTER THE REPORTING PERIOD**

The unaudited draft Statement of Accounts was authorised for issue by the Section 151 Officer on 1<sup>st</sup> July 2024. 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 2024, 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.

| 2023/24  |   |  |                            |                             |                            |                   |
|--|---|--|----------------------------|-----------------------------|----------------------------|-------------------|
| 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             |
| Communities and Leisure  | 0   | (54)   | (1)                        | (55)                        | 0                          | (55)              |
| Corporate  | 0   | 18   | 0                          | 18                          | 111                        | 129               |
| Covid  | 0   | (1)  | 0                          | (1)                         | 0                          | (1)               |
| Customer & Digital   | (114)                                     | (110)  | (12)                       | (236)                       | (35)                       | (271)             |
| Major Projects   | (2,037)                                   | (19)   | (2)                        | (2,058)                     | (1,034)                    | (3,092)           |
| Planning   | 0   | (34)   | (6)                        | (40)                        | 0                          | (40)              |
| Policy & Governance  | 134                                       | (77)   | (3)                        | 54                          | 0                          | 54                |
| Property   | 108                                       | (44)   | (3)                        | 61                          | 91                         | 152               |
| <b>Cost of Services</b>  | <b>(1,909)</b>                            | <b>(321)</b>                                     | <b>(27)</b>                | <b>(2,257)</b>              | <b>(867)</b>               | <b>(3,124)</b>    |
| Other Income and Expenditure from the Expenditure and Funding Analysis   | (7,121)                                   | 86   | 234                        | (6,801)                     | 867                        | (5,934)           |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>(9,030)</b>                            | <b>(235)</b>                                     | <b>207</b>                 | <b>(9,058)</b>              | <b>0</b>                   | <b>(9,058)</b>    |

| 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             |
| Communities and Leisure  | 10  | 214  | 5                          | 229                         | 0                          | 229               |
| Corporate  | 0   | 376  | (2)                        | 374                         | 0                          | 374               |
| Covid  | 0   | 3  | (5)                        | (2)                         | 0                          | (2)               |
| Customer & Digital   | 985                                       | 417  | 9                          | 1,411                       | 4                          | 1,414             |
| Major Projects   | 1,895                                     | 69   | 5                          | 1,969                       | 201                        | 2,170             |
| Planning   | (745)                                     | 262  | (17)                       | (500)                       | 0                          | (500)             |
| Policy & Governance  | 0   | 141  | (2)                        | 140                         | (36)                       | 104               |
| Property   | 1,931                                     | 152  | 8                          | 2,091                       | (1,656)                    | 436               |
| <b>Cost of Services</b>  | <b>4,076</b>                              | <b>1,634</b>                                     | <b>1</b>                   | <b>5,712</b>                | <b>(1,487)</b>             | <b>4,225</b>      |
| Other Income and Expenditure from the Expenditure and Funding Analysis   | (8,825)                                   | 1,214  | (2,736)                    | (10,346)                    | 1,489                      | (8,859)           |
| <b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b> | <b>(4,749)</b>                            | <b>2,848</b>                                     | <b>(2,735)</b>             | <b>(4,634)</b>              | <b>2</b>                   | <b>(4,634)</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:

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Expenditure/Income</b>                              |                  |                  |
| <b>Expenditure</b>                                     |                  |                  |
| Employee benefits expenses                             | 15,600           | 14,290           |
| Other service expenses                                 | 36,882           | 42,365           |
| Depreciation, amortisation, impairment                 | 4,018            | (2,037)          |
| Interest payments                                      | 6,293            | 7,445            |
| Precepts, tariffs and levies                           | 7,457            | 8,363            |
| Loss on the disposal of assets                         | 483              | (5)              |
| <b>Total expenditure</b>                               | <b>70,733</b>    | <b>70,421</b>    |
| <b>Income</b>  |                  |                  |
| Fees, charges and other service income                 | (14,702)         | (15,702)         |
| Interest and investment income                         | (3,645)          | (5,738)          |
| Changes in the fair values of investment properties    | (554)            | (1,049)          |
| Income from council tax and non-domestic rates         | (18,096)         | (19,171)         |
| Government grants and contributions                    | (25,318)         | (27,171)         |
| Other grants and contributions                         | (9,436)          | (8,503)          |
| Gain on the disposal of assets                         | 0                | 0                |
| <b>Total income</b>                                    | <b>(71,751)</b>  | <b>(77,334)</b>  |
| <b>Surplus or Deficit on the Provision of Services</b> | <b>(1,018)</b>   | <b>(6,913)</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.

| 2023/24  | General Fund Balance<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Unusable Reserves<br>£'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)  | 236                           | 0                                 | 0                                 | (236)                      |
| 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)   | (234)                         | 0                                 | 0                                 | 234                        |
| Holiday pay (transferred to the Accumulated Absences Reserve) (note 25f)   | 26                            | 0                                 | 0                                 | (26)                       |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)        | 2,957                         | 0                                 | 0                                 | (2,957)                    |
| <b>Total Adjustments to Revenue Resources</b>  | <b>2,985</b>                  | <b>0</b>                          | <b>0</b>                          | <b>(2,985)</b>             |
| <b>Adjustments between Revenue and Capital Resources</b>   |                               |                                   |                                   |                            |
| Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS)  | 21                            | (21)                              | 0                                 | 0                          |
| Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)  | 1,442                         | 0                                 | 0                                 | (1,442)                    |
| Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)   | 556                           | 0                                 | 0                                 | (556)                      |
| <b>Total Adjustments between Revenue and Capital Resources</b>   | <b>2,019</b>                  | <b>(21)</b>                       | <b>0</b>                          | <b>(1,998)</b>             |
| <b>Adjustments to Capital Resources</b>  |                               |                                   |                                   |                            |
| Use of the Capital Receipts Reserve to finance capital expenditure (MiRS)  | 0                             | 245                               | 0                                 | (245)                      |
| Application of capital grants to finance capital expenditure (MiRS)  | 4,055                         | 0                                 | (2,599)                           | (1,456)                    |
| <b>Total Capital Resources</b>   | <b>4,055</b>                  | <b>245</b>                        | <b>(2,599)</b>                    | <b>(1,701)</b>             |
| <b>Total Adjustments</b>   | <b>9,059</b>                  | <b>224</b>                        | <b>(2,599)</b>                    | <b>(6,684)</b>             |

| 2022/23   | General Fund Balance<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Unusable Reserves<br>£'000 |
|---|-------------------------------|-----------------------------------|-----------------------------------|----------------------------|
| <b>Adjustments to the Revenue Resources</b><br>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)   | 547                           | 0                                 | 0                                 | (547)                      |
| <b>Total Adjustments to Revenue Resources</b>   | <b>434</b>                    | <b>0</b>                          | <b>0</b>                          | <b>(434)</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>4,634</b>                  | <b>427</b>                        | <b>59</b>                         | <b>(5,120)</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 2022 | Transfers    |                | Balance 31 March 2023 | Transfers    |                               |                | Balance 31 March 2024 |
|---|----------------------|--------------|----------------|-----------------------|--------------|-------------------------------|----------------|-----------------------|
|   | £'000                | Out<br>£'000 | (In)<br>£'000  | £'000                 | Out<br>£'000 | Movements<br>Between<br>£'000 | (In)<br>£'000  | £'000                 |
| Rephasing of planned expenditure  | (752)                | 458          | (789)          | (1,083)               | 73           | 115                           | (196)          | (1,091)               |
| Rephasing of New Investment Projects  | (1,062)              | 363          | (172)          | (871)                 | 70           | 189                           | 0              | (612)                 |
| Grants reserved for specific expenditure  | (184)                | 154          | 0              | (30)                  | 0            | 30                            | 0              | 0                     |
| Financing of capital expenditure  | (2,287)              | 1,077        | (436)          | (1,646)               | 924          | (112)                         | 0              | (834)                 |
| Planning purposes including appeals   | (430)                | 220          | (5)            | (215)                 | 50           | 0                             | (82)           | (247)                 |
| Restructuring of services   | (250)                | 75           | (63)           | (238)                 | 14           | (200)                         | 0              | (424)                 |
| Retail Investment   | (98)                 | 17           | (90)           | (171)                 | 17           | 0                             | 0              | (154)                 |
| Apprenticeships and Graduates   | (204)                | 36           | (55)           | (223)                 | 80           | 0                             | 0              | (143)                 |
| Resource equalisation   | (2,402)              | 1,620        | 0              | (782)                 | 521          | (189)                         | 0              | (450)                 |
| Maintenance of Council buildings  | (105)                | 1            | 0              | (104)                 | 102          | 69                            | (650)          | (583)                 |
| Maintenance of Grounds  | (44)                 | 0            | 0              | (44)                  | 10           | 35                            | 0              | 0                     |
| Elections   | (101)                | 0            | (55)           | (156)                 | 59           | 0                             | 0              | (97)                  |
| Covid-19 funding  | (507)                | 507          | 0              | 0                     | 0            | 0                             | 0              | 0                     |
| Collection Fund Surplus/Deficit Adjustment Reserve - (formerly Business Rates Exceptional Payments Reserve) | (3,488)              | 2,347        | (81)           | (1,222)               | 0            | 1,191                         | (469)          | (500)                 |
| Inflationary and cost of living pressures   | 0                    | 769          | (2,038)        | (1,269)               | 456          | (137)                         | 0              | (950)                 |
| Other   | 109                  | 24           | (138)          | (5)                   | 5            | 0                             | (6)            | (6)                   |
| <b>Total Earmarked Reserves</b>   | <b>(11,805)</b>      | <b>7,668</b> | <b>(3,922)</b> | <b>(8,059)</b>        | <b>2,380</b> | <b>991</b>                    | <b>(1,403)</b> | <b>(6,091)</b>        |
| General Reserve   | (4,140)              | 0            | (131)          | (4,271)               | 1,170        | (991)                         | 0              | (4,092)               |
| <b>Total General Fund Reserves</b>  | <b>(15,945)</b>      | <b>7,668</b> | <b>(4,053)</b> | <b>(12,330)</b>       | <b>3,550</b> | <b>0</b>                      | <b>(1,403)</b> | <b>(10,183)</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 £661k of Refugee / Asylum seeker funding and £245k for ICT Transformation.
- **Rephasing Investment Projects** – there are a number of specific investment packages included in the Council's annual revenue budget aimed at delivering corporate priorities. As delivery on these schemes will be made over more than one year, these reserves enable unspent balances to be carried forward to future years. They include investment budgets carried forward to 2024/25 £486k and an investment fund for realising income generation £125k.
- **Financing of capital expenditure** – This comprises of £336k of funding for the future capital programme plus an additional £498k remaining specifically for Climate Change works.
- **Planning purposes including appeals** – this reserve has been established to mitigate future costs of planning appeals and the funding of the local plan.
- **Restructuring of services** – this reserve is provided to support the one-off staffing cost implications of service transformation programmes.
- **Retail Investment** – this reserve represents the council's investment in the borough through the Retail Grants Programme which provides specific funding for local businesses in the form of refurbishment grants and business rate subsidy.
- **Apprenticeships and Graduates** – this reserve provides funding for apprenticeships and graduates across the organisation in the coming years.
- **Resource equalisation** – this represents the income equalisation reserves for Logistics House (£450k). This was established to minimise the risk of fluctuations in future income levels from the council owned 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.
- **Elections** – this has been established to equalise the costs of holding local elections over the Council's four-year election cycle.
- **Collection Fund Surplus/Deficit Adjustment Reserve - (formerly Business Rates Exceptional Payments Reserve)** – This has been established to remove significant fluctuations in annual budgets through Collection Fund surplus or deficits
- **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

| 2022/23<br>£'000 |  | 2023/24<br>£'000 |
|------------------|--|------------------|
| 750              | Parish council precepts  | 807              |
| 563              | (Gains)/losses on disposal of non-current assets                       | 16               |
| (73)             | Capital receipts from the sale of previously transferred housing stock | 0                |
| (7)              | Other capital receipts   | (21)             |
| <b>1,233</b>     | <b>Total</b>   | <b>802</b>       |

## 13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

| 2022/23<br>£'000 |   | 2023/24<br>£'000 |
|------------------|---|------------------|
| 1,554            | Interest payable and similar charges  | 2,021            |
| 1,214            | Net interest on the net defined benefit liability (asset)                                   | 86               |
| (119)            | Interest receivable and similar income  | (400)            |
| (2,281)          | Income and Expenditure in relation to investment properties and changes in their fair value | (2,769)          |
| 204              | Allowance for impairment of outstanding debts   | 852              |
| <b>572</b>       | <b>Total</b>  | <b>(210)</b>     |

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

| 2022/23<br>£'000 |   | 2023/24<br>£'000 |
|------------------|---|------------------|
| (8,378)          | Council tax income                        | (8,584)          |
| (3,012)          | Non-domestic rates income and expenditure | (3,032)          |
| (4,288)          | Non ring-fenced government grants         | (5,035)          |
| (6,610)          | Capital grants and contributions          | (4,069)          |
| <b>(22,288)</b>  | <b>Total</b>                              | <b>(20,719)</b>  |

### 14(a) LANCASHIRE BUSINESS RATES POOL

Since 2016/17 this Council has been a member of the Lancashire Business Rates Pool.

In a Business Rates 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 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 10 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%. This arrangement operated for one year only, and then reverted to the 50% business rates retention scheme, and it has operated on this basis since.

Local authority membership of the pooling arrangement has varied over the years since 2016/17, but current membership has been the same since 2020/21.

The business rates income allocations in 2022/23 and 2023/24 are shown in the table below:

|                                    | Lancashire Business Rates Pool - Income Allocations for 2022/23 and 2023/24 |
|------------------------------------|---|
| 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 Ribble Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

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

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

| Lancashire Business Rates Pool Members 2023/24 | Authority Type | Tariffs and Top-Ups in Respect of 2023/24<br>£ | Retained Levy on Growth 2023/24<br>£ | 10% Retained Levy Payable to/received by Lancashire County Council<br>£ | Net Retained Levy 2023/24<br>£ |
|--|----------------|--|--------------------------------------|---|--------------------------------|
| Burnley Borough Council                        | Tariff         | 6,644,696                                      | 1,181,762                            | -118,176  | 1,063,586                      |
| Chorley Borough Council                        | Tariff         | 7,526,179                                      | 1,188,279                            | -118,828  | 1,069,451                      |
| Fylde Borough Council                          | Tariff         | 8,475,639                                      | 552,646                              | -55,265   | 497,381                        |
| Hyndburn Borough Council                       | Tariff         | 4,852,009                                      | 1,865,276                            | -186,528  | 1,678,748                      |
| Pendle Borough Council                         | Tariff         | 4,490,118                                      | 701,771                              | -70,177   | 631,594                        |
| Ribble Valley Borough Council                  | Tariff         | 5,115,654                                      | 1,128,955                            | -112,896  | 1,016,059                      |
| Rossendale Borough Council                     | Tariff         | 3,482,202                                      | 553,863                              | -55,386   | 498,477                        |
| South Ribble Borough Council                   | Tariff         | 12,432,624                                     | 1,732,651                            | -173,265  | 1,559,386                      |
| West Lancashire Borough Council                | Tariff         | 10,139,515                                     | 1,505,307                            | -150,531  | 1,354,776                      |
| Wyre Borough Council                           | Tariff         | 8,048,002                                      | 1,109,293                            | -110,929  | 998,364                        |
| Lancashire County Council                      | Top-Up         | -162,376,050                                   |                                      | 1,151,981   | 1,151,981                      |
| Central Government                             | -              | 91,169,412                                     |                                      | 0   | 0                              |
| <b>Total</b>                                   |                | <b>0</b>                                       | <b>11,519,803</b>                    | <b>0</b>  | <b>11,519,803</b>              |

| Lancashire Business Rates Pool Members 2022/23 | Authority Type | Tariffs and Top-Ups in Respect of 2022/23<br>£ | Retained Levy on Growth 2022/23<br>£ | 10% Retained Levy Payable to/received by Lancashire County Council<br>£ | Net Retained Levy 2022/23<br>£ |
|--|----------------|--|--------------------------------------|---|--------------------------------|
| 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>             |

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

The valuations are carried out with a valuation date of 31<sup>st</sup> March 2024.

|  | Other Land & Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infrastructure<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Total<br>£'000 |
|--|---------------------------------|---|-------------------------|---------------------------|-------------------------|------------------------------------|----------------|
| <b>Cost or Valuation</b>   |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2023  | 114,764                         | 6,100   | 732                     | 5,324                     | 473                     | 590                                | 127,983        |
| Additions  | 4,861                           | 489   | 206                     | 335                       | -                       | 6,241                              | 12,132         |
| Revaluation increases/(decreases) recognised in the revaluation reserve                          | 4,000                           | -   | -                       | (246)                     | (1)                     | -                                  | 3,753          |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | 4,121                           | -   | -                       | 4                         | (5)                     | -                                  | 4,121          |
| De-recognition - disposals   | (4)                             | (90)  | (26)                    | -                         | -                       | -                                  | (121)          |
| Assets reclassified (to)/from  | 949                             | -   | -                       | (87)                      | -                       | (919)                              | (58)           |
| Other movements in cost or valuation   | -                               | -   | -                       | -                         | -                       | -                                  | -              |
| <b>At 31 March 2024</b>  | <b>128,690</b>                  | <b>6,499</b>                                      | <b>912</b>              | <b>5,330</b>              | <b>468</b>              | <b>5,912</b>                       | <b>147,810</b> |
| <b>Depreciation and Impairment</b>   |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2023  | (1,016)                         | (3,764)   | (435)                   | (1,803)                   | -                       | (18)                               | (7,035)        |
| Depreciation charge  | (1,887)                         | (440)   | (21)                    | (227)                     | -                       | -                                  | (2,575)        |
| Depreciation written out to the revaluation reserve  | 663                             | -   | -                       | 20                        | -                       | -                                  | 683            |
| Depreciation written out to the surplus/deficit on the provision of services                     | 1,176                           | -   | -                       | 1                         | -                       | -                                  | 1,177          |
| Impairment losses/(reversals) recognised in the revaluation reserve                              | (112)                           | -   | -                       | -                         | -                       | -                                  | (112)          |
| Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services     | (338)                           | -   | -                       | -                         | -                       | (405)                              | (744)          |
| De-recognition - disposals   | 1                               | 88  | 17                      | -                         | -                       | -                                  | 105            |
| Assets reclassified (to)/from  | -                               | -   | -                       | -                         | -                       | -                                  | -              |
| Other movements in depreciation and impairment   | 48                              | -   | -                       | 12                        | -                       | -                                  | 61             |
| <b>At 31 March 2024</b>  | <b>(1,466)</b>                  | <b>(4,117)</b>                                    | <b>(439)</b>            | <b>(1,997)</b>            | <b>-</b>                | <b>(423)</b>                       | <b>(8,441)</b> |
| <b>Net Book Value</b>  |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2023  | 113,748                         | 2,336   | 297                     | 3,521                     | 473                     | 573                                | 120,948        |
| Cumulative movements   | 13,477                          | 46  | 176                     | (188)                     | (5)                     | 4,916                              | 18,422         |
| <b>At 31 March 2024</b>  | <b>127,224</b>                  | <b>2,382</b>                                      | <b>473</b>              | <b>3,333</b>              | <b>468</b>              | <b>5,489</b>                       | <b>139,369</b> |

The comparative figures for 2022/23 are as follows:

|  | Other Land & Buildings<br>£'000 | Vehicles, Plant, Furniture and Equipment<br>£'000 | Infrastructure<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under Construction<br>£'000 | Total<br>£'000 |
|--|---------------------------------|---|-------------------------|---------------------------|-------------------------|------------------------------------|----------------|
| <b>Cost or Valuation</b>   |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2022  | 94,481                          | 6,029   | 791                     | 4,962                     | 473                     | 18,123                             | 124,859        |
| Additions  | 1,570                           | 1,258   | 25                      | 43                        | -                       | 9,705                              | 12,601         |
| Revaluation increases/(decreases) recognised in the revaluation reserve                          | 33                              | -   | -                       | 356                       | -                       | -                                  | 389            |
| Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services | (9,615)                         | -   | -                       | (36)                      | -                       | -                                  | (9,652)        |
| De-recognition - disposals   | (387)                           | (1,186)   | (84)                    | -                         | -                       | -                                  | (1,658)        |
| Assets reclassified (to)/from  | 28,682                          | -   | -                       | -                         | -                       | (27,237)                           | 1,444          |
| Other movements in cost or valuation   | -                               | -   | -                       | -                         | -                       | -                                  | -              |
| <b>At 31 March 2023</b>  | <b>114,764</b>                  | <b>6,100</b>                                      | <b>732</b>              | <b>5,324</b>              | <b>473</b>              | <b>590</b>                         | <b>127,983</b> |
| <b>Depreciation and Impairment</b>   |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2022  | (1,382)                         | (4,132)   | (455)                   | (1,601)                   | -                       | (6,835)                            | (14,405)       |
| Depreciation charge  | (1,633)                         | (476)   | (31)                    | (222)                     | -                       | -                                  | (2,362)        |
| Depreciation written out to the revaluation reserve  | 631                             | -   | -                       | 11                        | -                       | -                                  | 642            |
| Depreciation written out to the surplus/deficit on the provision of services                     | 968                             | -   | -                       | 9                         | -                       | -                                  | 977            |
| Impairment losses/(reversals) recognised in the revaluation reserve                              | (21)                            | -   | -                       | -                         | -                       | -                                  | (21)           |
| Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services     | 7,049                           | -   | -                       | -                         | -                       | (18)                               | 7,032          |
| De-recognition - disposals   | 207                             | 844   | 51                      | -                         | -                       | -                                  | 1,103          |
| Assets reclassified (to)/from  | (6,835)                         | -   | -                       | -                         | -                       | 6,835                              | -              |
| Other movements in depreciation and impairment   | -                               | -   | -                       | -                         | -                       | -                                  | -              |
| <b>At 31 March 2023</b>  | <b>(1,016)</b>                  | <b>(3,764)</b>                                    | <b>(435)</b>            | <b>(1,803)</b>            | <b>-</b>                | <b>(18)</b>                        | <b>(7,035)</b> |
| <b>Net Book Value</b>  |                                 |   |                         |                           |                         |                                    |                |
| At 1 April 2022  | 93,099                          | 1,896   | 336                     | 3,361                     | 473                     | 11,288                             | 110,453        |
| Cumulative movements   | 20,649                          | 440   | (38)                    | 159                       | -                       | (10,715)                           | 10,494         |
| <b>At 31 March 2023</b>  | <b>113,748</b>                  | <b>2,336</b>                                      | <b>297</b>              | <b>3,521</b>              | <b>473</b>              | <b>573</b>                         | <b>120,948</b> |

## Fixed Assets Valuations

During 2023/24 the valuations were carried out by Aspin & Co. RICS-qualified Surveyors. The basis of valuation is set out in the Accounting Policies note.

|                                | Other Land & Buildings<br>£'000 | Vehicles, Plant,<br>Furniture and<br>Equipment<br>£'000 | Infrastructure<br>£'000 | Community Assets<br>£'000 | Surplus Assets<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|--------------------------------|---------------------------------|---|-------------------------|---------------------------|-------------------------|---------------------------------------|----------------|
| Carried at historical cost     | 2,920                           | 6,499   | 912                     | 3,293                     | 18                      | 5,912                                 | 19,554         |
| Valued at current value as at: |                                 |   |                         |                           |                         |                                       |                |
| 31 March 2024                  | 106,834                         | -   | -                       | 512                       | 6                       | -                                     | 107,352        |
| 31 March 2023                  | 5,493                           | -   | -                       | 26                        | 230                     | -                                     | 5,749          |
| 31 March 2022                  | 8,702                           | -   | -                       | 626                       | 214                     | -                                     | 9,543          |
| 31 March 2021                  | 3,079                           | -   | -                       | 0                         | -                       | -                                     | 3,079          |
| 31 March 2020                  | 1,661                           | -   | -                       | 872                       | -                       | -                                     | 2,533          |
| <b>Total cost or valuation</b> | <b>128,690</b>                  | <b>6,499</b>  | <b>912</b>              | <b>5,330</b>              | <b>468</b>              | <b>5,912</b>                          | <b>147,810</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 2023/24, 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.

## Depreciation

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

|   | <u>years</u> |
|---|--------------|
| Property (excluding components separately identified) | 5-100        |
| Property components - mechanical                      | 25           |
| Portable office facilities                            | 10-15        |
| Vehicles  | 3-10         |
| IT equipment  | 3-5          |
| Other equipment                                       | 5-15         |

## Capital Commitments

At 31st March 2024, the authority had entered into contracts for the construction or enhancement of property, plant and equipment in 2024/25 totalling £869k (£1.979m major commitments at 31<sup>st</sup> March 2023). The commitments are:

- Bus Shelters across the borough - £0.049m
- CCTV Control Room - £0.095m
- Jubilee Recreation Ground - £0.312m
- Brinscall Baths - £0.166m
- Bengal Street - £0.094m
- Other Schemes - £0.152m

## Impairment Losses/Reversals

During 2023/24 there was £0.847m of impairment losses and reversals. Of which:

- £0.842m impairment losses and £0.107 impairment reversals were recognised in the surplus or deficit on the provision of services
- £0.130 impairment losses and £0.018 impairment reversals were recognised in other comprehensive income and expenditure.

### Material Items of Expenditure

During 2023/24 the authority made additions to PPE assets of £12.132m, which compares to £12.601m in 2022/23.

## 16 HERITAGE ASSETS

| Cost or Valuation                               | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| As at 1 April                                   | 4,036            | 3,385            |
| Additions                                       | 647              | 0                |
| Reclassification to Property, Plant & Equipment | (1,444)          | (67)             |
| Revaluations recognised in Revaluation Reserve  | 146              | 0                |
| Disposals                                       | 0                | 0                |
| <b>As at 31 March</b>                           | <b>3,385</b>     | <b>3,318</b>     |

### HERITAGE ASSETS – FIVE YEAR SUMMARY OF TRANSACTIONS

There were no disposals and no acquisitions during the five years 2019/20 to 2023/24.

### 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.

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| Rental Income from Logistics House                         | (1,661)          | (1,661)          |
| Rental Income from other investment properties             | (66)             | (61)             |
| Direct operating expenses arising from investment property | 0                | 0                |
| <b>Net gain/(loss)</b>                                     | <b>(1,727)</b>   | <b>(1,722)</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.

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| Fair value at the start of the year                   | 32,783           | 33,337           |
| Additions   | 0                | 0                |
| Disposals   | 0                | 0                |
| Net gain/(loss) from fair value adjustments           | 554              | 1,049            |
| Other   |                  | (1)              |
| Transfers:<br>(To)/From Property, Plant and Equipment | 0                | 0                |
| <b>Value at year-end</b>                              | <b>33,337</b>    | <b>34,385</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 2023/24 the amortisation charge of £0.003m was charged principally to the Customer & Digital directorate.

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

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Balance at the start of the year</b>    |                  |                  |
| Gross carrying amount                      | 1,238            | 639              |
| Accumulated amortisation                   | (1,214)          | (634)            |
| <b>Net carrying amount at year start</b>   | <b>24</b>        | <b>5</b>         |
| <b>Movements in the year</b>               |                  |                  |
| Additions in year                          | 0                | 0                |
| Disposals in year                          | (8)              | 0                |
| Amortisation in year                       | (12)             | (3)              |
| Amortisation in respect of disposals       | 0                | 0                |
| <b>Net carrying amount at the year-end</b> | <b>4</b>         | <b>1</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<br>2023<br>£'000 | 31 March<br>2024<br>£'000 | 31 March<br>2023<br>£'000 | 31 March<br>2024<br>£'000 |
| <b>Financial Assets</b>                                 |                           |                           |                           |                           |
| <b><i>Carried at Amortised Cost</i></b>                 |                           |                           |                           |                           |
| Cash & cash equivalents (note 21) net of bank overdraft | 0                         | 0                         | 760                       | 4,812                     |
| Debtors   | 4,688                     | 4,351                     | 3,871                     | 2,520                     |
| <b>Total Debtors</b>                                    | <b>4,688</b>              | <b>4,351</b>              | <b>4,631</b>              | <b>7,332</b>              |
| <b>Financial Liabilities</b>                            |                           |                           |                           |                           |
| <b><i>Carried at Amortised Cost</i></b>                 |                           |                           |                           |                           |
| Borrowing - Principal                                   | (66,503)                  | (64,753)                  | (11,838)                  | (21,838)                  |
| Borrowing – Accrued Interest                            | 0                         | 0                         | (282)                     | (270)                     |
| Creditors   | (1,500)                   | (1,476)                   | (7,080)                   | (4,371)                   |
| <b>Total Creditors</b>                                  | <b>(68,003)</b>           | <b>(66,229)</b>           | <b>(19,200)</b>           | <b>(26,479)</b>           |
| <i>Memo: Items that are not Financial Instruments</i>   |                           |                           |                           |                           |
| Debtors   | 0                         | 0                         | 8,018                     | 3,774                     |
| Creditors   | 0                         | 0                         | (5,571)                   | (6,014)                   |

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 2024, the total outstanding in respect of such payments was £3.999m (31 March 2023 £4.314m). These sums will be recovered from the rental income payable

over the lifetime of the tenancies. An additional impairment allowance of £486k has been made against one of these debtors within short-term debtors.

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:

|                                     | 2022/23                                 |                                      |              | 2023/24                                 |                                      |              |
|-------------------------------------|---|--------------------------------------|--------------|---|--------------------------------------|--------------|
|                                     | 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                   | 1,554                                   | 0                                    | 1,554        | 2,021                                   | 0                                    | 2,021        |
| Impairment Increase/ (Reduction)    | 554                                     | 0                                    | 554          | 0                                       | 0                                    | 0            |
|                                     | <b>2,108</b>                            | <b>0</b>                             | <b>2,108</b> | <b>2,021</b>                            | <b>0</b>                             | <b>2,021</b> |
| Interest income                     | 0                                       | (119)                                | (119)        | 0                                       | (400)                                | (400)        |
| <b>Total income</b>                 | <b>0</b>                                | <b>(119)</b>                         | <b>(119)</b> | <b>0</b>                                | <b>(400)</b>                         | <b>(400)</b> |
| <b>Net (gain)/loss for the year</b> |   |                                      | <b>1,989</b> |   |                                      | <b>1,621</b> |

## 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   | 2022/23                  |                     | 2023/24                  |                     |
|---|--------------------------|---------------------|--------------------------|---------------------|
|   | Carrying Amount<br>£'000 | Fair Value<br>£'000 | Carrying Amount<br>£'000 | Fair Value<br>£'000 |
| PWLB Debt including debt maturing within 1 year                 | (68,623)                 | (48,317)            | (66,772)                 | (44,267)            |
| Short Term Borrowing excluding PWLB debt maturing within 1 year | (10,000)                 | (10,000)            | (20,089)                 | (20,089)            |
| Short Term Creditors  | (7,080)                  | (7,080)             | (4,371)                  | (4,371)             |
| Long Term Creditors   | (1,500)                  | (1,500)             | (1,476)                  | (1,476)             |
| <b>Total Liabilities</b>  | <b>(87,203)</b>          | <b>(66,897)</b>     | <b>(92,708)</b>          | <b>(70,203)</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 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £44.267m 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 £49.713m, 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          | 2022/23                  |                     | 2023/24                  |                     |
|---------------------------|--------------------------|---------------------|--------------------------|---------------------|
|                           | Carrying Amount<br>£'000 | Fair Value<br>£'000 | Carrying Amount<br>£'000 | Fair Value<br>£'000 |
| Cash and Cash Equivalents | 760                      | 760                 | 4,812                    | 4,812               |
| Short Term Debtors        | 3,871                    | 3,871               | 2,520                    | 2,520               |
| Long Term Debtors         | 4,688                    | 4,688               | 4,351                    | 4,351               |
| <b>Total Assets</b>       | <b>9,319</b>             | <b>9,319</b>        | <b>11,683</b>            | <b>11,683</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 2024, the outstanding gross amount was £5.477m (£6.328m at 31 March 2023) and the maximum exposure to credit loss was assessed as £2.956m (£2.458m at 31 March 2023).

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 2024 vary between 1.32% and 4.34%, and the maturity analysis of its borrowing is as follows:

|                       | 31 March 2023<br>£'000 | 31 March 2024<br>£'000 |
|-----------------------|------------------------|------------------------|
| Less than 1 year      | 12,120                 | 22,108                 |
| Between 1 and 2 years | 1,750                  | 1,776                  |
| Between 2 and 5 years | 5,408                  | 7,120                  |
| More than 5 years     | 59,345                 | 55,868                 |
| <b>Total</b>          | <b>78,623</b>          | <b>86,871</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   | (86)        |
| Gain - Impact on Comprehensive Income and Expenditure Statement   | <b>(86)</b> |
| Loss - Increase in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure Statement) | 497         |

**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 2023<br>£'000 | 31 March 2024<br>£'000 |
|------------------------------|------------------------|------------------------|
| Trade Receivables            | 5,007                  | 3,997                  |
| Prepayments                  | 747                    | 967                    |
| Other Receivables            | 9,340                  | 5,263                  |
| <b>Gross Carrying Amount</b> | <b>15,094</b>          | <b>10,227</b>          |
| Less Bad Debt Provisions     | (3,205)                | (3,933)                |
| <b>Net Carrying Amount</b>   | <b>11,889</b>          | <b>6,294</b>           |

## 21 CASH AND CASH EQUIVALENTS

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

|  | 31 March 2023<br>£'000 | 31 March 2024<br>£'000 |
|--|------------------------|------------------------|
| Cash held by the Authority             | (11)                   | 282                    |
| Bank current and call accounts         | 1,271                  | 4,531                  |
| Bank overdraft                         | (501)                  | 0                      |
| <b>Total Cash and Cash Equivalents</b> | <b>760</b>             | <b>4,812</b>           |

## 22 SHORT TERM CREDITORS

|                | 31 March 2023<br>£'000 | 31 March 2024<br>£'000 |
|----------------|------------------------|------------------------|
| Trade Payables | (4,174)                | (4,610)                |
| Other Payables | (8,477)                | (5,775)                |
| <b>Total</b>   | <b>(12,651)</b>        | <b>(10,385)</b>        |

## 23 PROVISIONS

The movements in provisions during the year were as follows.

|                        | Balance 1      |            |              | Balance 31     |
|------------------------|----------------|------------|--------------|----------------|
|                        | April 2023     | Used       | Added        | March 2024     |
|                        | £'000          | £'000      | £'000        | £'000          |
| Business rates appeals | (1,038)        | 388        | (762)        | (1,412)        |
| <b>Total</b>           | <b>(1,038)</b> | <b>388</b> | <b>(762)</b> | <b>(1,412)</b> |

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 2023-24, 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 2024 is £3.529m (£2.595m at 31 March 2023). The council has made a provision for 40% of this figure totalling £1.412m (£1.038m at 31 March 2023). 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 68.

|   | 31 March 2023   | 31 March 2024   |
|---|-----------------|-----------------|
|   | £'000           | £'000           |
| General Fund Working Balance                            | (4,271)         | (4,092)         |
| General Fund Earmarked Reserves                         | (8,059)         | (6,091)         |
| <b>Total General Fund Balance</b>                       | <b>(12,330)</b> | <b>(10,183)</b> |
| Capital Receipts Reserve                                | (297)           | (73)            |
| S106 Contributions from developers                      | (3,607)         | (3,919)         |
| Community Infrastructure Levy (CIL)                     | (6,440)         | (8,825)         |
| Other Capital Grants and Contributions                  | (256)           | (159)           |
| <b>Total Capital Grants and Contributions Unapplied</b> | <b>(10,303)</b> | <b>(12,903)</b> |
| <b>Total Usable Reserves at year-end</b>                | <b>(22,930)</b> | <b>(23,158)</b> |

## 25 UNUSABLE RESERVES

|   | 31 March<br>2023<br>£'000 | 31 March<br>2024<br>£'000 |
|---|---------------------------|---------------------------|
| Revaluation Reserve (Note 25a)                | (19,503)                  | (23,477)                  |
| Capital Adjustment Account (Note 25b)         | (36,756)                  | (43,761)                  |
| Deferred Capital Receipts Reserve (Note 25c)  | (289)                     | (289)                     |
| Pensions Reserve (Note 25d)                   | 2,822                     | 2,689                     |
| Collection Fund Adjustment Account (Note 25e) | (91)                      | 143                       |
| Accumulated Absences Account (Note 25f)       | 201                       | 175                       |
| <b>Total Unusable Reserves at year-end</b>    | <b>(53,616)</b>           | <b>(64,520)</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.

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| <b>Balance at 1 April</b>   | <b>(18,655)</b>  | <b>(19,503)</b>  |
| Upward revaluation of assets  | (2,551)          | (5,172)          |
| Downward revaluation and impairment not charged to the Comprehensive Income & Expenditure Statement | 1,396            | 849              |
| Difference between fair value and historic cost depreciation  | 278              | 349              |
| Revaluation reserve balances written off on disposed assets   | 29               | 0                |
| <b>Balance at 31 March</b>  | <b>(19,503)</b>  | <b>(23,478)</b>  |

## 25b Capital Adjustment Account

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>(31,214)</b>  | <b>(36,756)</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  | (4,670)          | 3,258            |
| Revaluation losses on Property, Plant and Equipment  | 8,675            | (5,298)          |
| Amortisation of intangible assets  | 12               | 3                |
| Revenue expenditure funded from capital under statute  | 897              | 1,180            |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 563              | 16               |
|  | <b>5,477</b>     | <b>(841)</b>     |
| <u>Adjusting amounts written out of the Revaluation Reserve</u>  |                  |                  |
| Difference between fair value and historic cost depreciation   | (278)            | (349)            |
| Revaluation reserve balances written off on disposed assets  | (29)             | 0                |
|  | <b>(307)</b>     | <b>(349)</b>     |
| <i>Net written out amount of the cost of non-current assets consumed in the year</i>                           | <i>5,170</i>     | <i>(1,190)</i>   |
| <u>Capital financing applied in the year</u>   |                  |                  |
| Use of Capital Receipts Reserve to finance new capital expenditure   | (500)            | (224)            |
| Capital grants & contributions credited to the CI&ES that have been applied to capital financing               | (5,463)          | (1,067)          |
| Capital receipts credited to the CI&ES that have been applied to capital financing                             | (7)              | (21)             |
| Application of grants to capital financing from Capital Grants Unapplied                                       | (2,045)          | (1,456)          |
| Statutory & voluntary provision for the repayment of debt  | (1,293)          | (1,442)          |
| Capital expenditure charged to the General Fund Balance  | (850)            | (556)            |
|  | <b>(10,158)</b>  | <b>(4,766)</b>   |
| Movements in the market value of Investment Properties debited or credited to the CI&ES                        | (554)            | (1,049)          |
| <b>Balance at 31 March</b>   | <b>(36,756)</b>  | <b>(43,761)</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.

|   | 2022/23<br>£'000 | 2023/24<br>£'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>                              | (289)            | (289)            |

## 25d Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The 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%.

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | <b>44,428</b>    | <b>2,822</b>     |
| Remeasurement of the net defined benefit liability                             | (57,175)         | (6,650)          |
| Reversal of charges posted to the Comprehensive Income & Expenditure Statement | 4,964            | 1,799            |
| Employers contributions and direct payments to pensioners payable in the year  | (2,115)          | (2,035)          |
| Impact of Asset Ceiling  | 12,720           | 6,753            |
| <b>Balance at 31 March</b>   | <b>2,822</b>     | <b>2,689</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.

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Balance at 1 April</b>  | 2,645            | (91)             |
| 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 | (2,736)          | 234              |
| <b>Balance at 31 March</b>   | <b>(91)</b>      | <b>143</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.

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| <b>Balance at 1 April</b>   | 201              | 201              |
| Settlement or cancellation of accrual made at the end of the preceding year   | (201)            | (201)            |
| Amounts accrued at the end of the current year  | 201              | 175              |
| Amount by which officer remuneration charged to the CI&ES on accruals basis differs from remuneration chargeable in year in accordance with | 0                | (26)             |
| <b>Balance at 31 March</b>  | <b>201</b>       | <b>175</b>       |

## 26 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

|                   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|-------------------|------------------|------------------|
| Interest received | 119              | 400              |
| Interest paid     | (1,565)          | (1,944)          |
|                   | <b>(1,446)</b>   | <b>(1,544)</b>   |

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

| Note 26a: Non-cash movements   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| Depreciation   | 2,362            | 2,524            |
| Impairment and valuation changes   | 1,645            | (4,563)          |
| Amortisation   | 12               | 3                |
| Increase/(decrease) in creditors   | (10,011)         | (5,486)          |
| (Increase)/decrease in debtors   | (3,435)          | 4,569            |
| (Increase)/decrease in impairment for bad debts  | 295              | 898              |
| Movement in pension liability  | 3,299            | (236)            |
| Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised | 563              | 16               |
| Other non-cash items charged to the net surplus or deficit on the provision of services          | (833)            | (675)            |
|  | <b>(6,103)</b>   | <b>(2,951)</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   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (73)             | (21)             |
| Any other items for which the cash effects are investing or financing cash flows                   | (7,448)          | (5,122)          |
|  | <b>(7,521)</b>   | <b>(5,142)</b>   |

## 27 CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| Purchase of property, plant & equipment, investment property, heritage assets and intangible assets. | (13,130)         | (10,650)         |
| Other payments for investing activities  | (46)             | (1)              |
| Proceeds from the sale of assets.  | 73               | 21               |
| Other receipts from investing activities   | 8,608            | 5,673            |
| <b>Net cash flows from investing activities</b>  | <b>(4,495)</b>   | <b>(4,958)</b>   |

## 28 CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| Cash receipts from short- and long-term borrowing | 15,000           | 30,000           |
| Other Receipts from Financing Activities          | 2                | 0                |
| Repayment of Short and Long Term Borrowing        | (6,923)          | (21,855)         |
| Other receipts from financing activities          | 322              | 2,046            |
| <b>Net cash flows from financing activities</b>   | <b>8,401</b>     | <b>10,191</b>    |

### Reconciliation of Liabilities arising from Financing Activities

|   | 1 April 2023<br>£'000 | Financing Cash Flows |                    | Other non-cash<br>£'000 | 31 March 2024<br>£'000 |
|---|-----------------------|----------------------|--------------------|-------------------------|------------------------|
|   |                       | Acquisition<br>£'000 | Repayment<br>£'000 |                         |                        |
| Long-term borrowing   | 66,502                | 0                    |                    | (1,749)                 | 64,753                 |
| Short-term borrowing  | 12,121                | 30,000               | (21,839)           | 1,826                   | 22,108                 |
| Total borrowing   | 78,623                | 30,000               | (21,839)           | 77                      | 86,861                 |
| Creditors - Council Tax & NNDR due to Preceptors and Central Government | (400)                 | 2,046                |                    |                         | 1,646                  |
| Deferred Liabilities  | 16                    |                      | (16)               |                         | 0                      |
| <b>TOTAL</b>  | <b>78,239</b>         | <b>32,046</b>        | <b>(21,855)</b>    | <b>77</b>               | <b>88,507</b>          |

## 29 MEMBERS ALLOWANCES

|                 | 2022/23<br>£'000 | 2023/24<br>£'000 |
|-----------------|------------------|------------------|
| Allowances      | 320              | 340              |
| Expenses        | 3                | 2                |
| Backdated Costs | 0                | 44               |
| <b>Total</b>    | <b>323</b>       | <b>386</b>       |

### 30 OFFICERS REMUNERATION

Remuneration of Senior Employees was as follows:

| 2023/24 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    | 154    | 0                     | 0                               | 0                | 29                   | 183                | (92)                  | 0                       | 92              |
| Deputy Chief Executive                   | B    | 0      | 0                     | 0                               | 0                | 0                    | 0                  | 0                     | 15                      | 15              |
| Interim Deputy Chief Executive           | C    | 108    | 0                     | 0                               | 0                | 0                    | 108                | (54)                  | 0                       | 54              |
| Director (Customer & Digital)            | D    | 97     | 0                     | 0                               | 0                | 18                   | 115                | (58)                  | 0                       | 58              |
| Director (Planning and Property)         | E    | 0      | 0                     | 0                               | 0                | 0                    | 0                  | 0                     | 9                       | 9               |
| Interim Director (Commercial & Property) | F    | 35     | 0                     | 0                               | 0                | 0                    | 35                 | (18)                  | 0                       | 18              |
| Director (Communities)                   | G    | 0      | 0                     | 0                               | 0                | 0                    | 0                  | 0                     | 51                      | 51              |
| Director (Governance)                    | H    | 0      | 0                     | 0                               | 0                | 0                    | 0                  | 0                     | 50                      | 50              |
| Director (Finance & s151 Officer)        | I    | 92     | 0                     | 0                               | 0                | 17                   | 109                | (55)                  | 0                       | 55              |
| Director (Change & Delivery)             | J    | 20     | 0                     | 0                               | 0                | 4                    | 24                 | (12)                  | 0                       | 12              |

**Note A:** The Chief Executive is employed by Chorley Borough Council since 1st January 2023. The Chief Executive is a shared post with Chorley 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 B:** The Deputy Chief Executive is a shared post with Chorley Borough Council; the postholder is employed by South Ribble Borough Council since 8th January 2024 and Chorley Borough Council have been charged 50% of the cost of the post.

**Note C:** The Interim Deputy Chief Executive was contracted by Chorley Borough Council through an employment agency between 1st August 2023 to 9th February 2024. The Post was a shared post and South Ribble Borough Council have been charged 50% of the cost.

**Note D:** The Director (Customer & Digital) is a shared post with Chorley 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 (Planning & Property) is a shared post with Chorley Borough Council; the postholder was employed by Chorley Borough Council from 29th January 2024 and South Ribble Borough Council have been charged 50% of the cost of the post.

**Note F:** The Interim Director (Commercial & Property) was contracted by Chorley Borough Council through an employment agency from 5th December 2022 to 6th July 2023. The Interim Director (Commercial & Property) was a shared post with Chorley 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 G:** The Director (Communities) is a shared post with Chorley 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 Chorley 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 Chorley 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 (Change & Delivery) is employed by Chorley Borough Council from 8th January 2024. The Director (Change & Delivery) is a shared post with Chorley 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>2022/23 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                            | 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.



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

| Remuneration Band | 2022/23 Number of Employees | 2023/24 Number of Employees |
|-------------------|-----------------------------|-----------------------------|
| £50,000 - £54,999 | 7                           | 4                           |
| £55,000 - £59,999 | 3                           | 3                           |
| £60,000 - £64,999 | 4                           | 5                           |
| £65,000 - £69,999 | 2                           | 5                           |
| £70,000 - £74,999 | 1                           | 1                           |
| £75,000 - £79,999 | -                           | 1                           |
| £80,000 - £84,999 | -                           | 1                           |
| £90,000 - £94,999 | 1                           | -                           |

### 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 |           |
|-------------------------|-----------------------------------|----------|-----------------------------------|----------|--|----------|--|-----------|
|                         | 2022/23                           | 2023/24  | 2022/23                           | 2023/24  | 2022/23                                    | 2023/24  | 2022/23  | 2023/24   |
| £0 - £20,000            | 0                                 | 0        | 3                                 | 5        | 3  | 5        | 20   | 44        |
| £20,001 - £40,000       | 0                                 | 0        | 2                                 | 1        | 2  | 1        | 50   | 24        |
| £40,001 - £60,000       | 0                                 | 0        | 1                                 | 0        | 1  | 0        | 44   | 0         |
| £60,001 - £80,000       | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £80,001 - £100,000      | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £100,001 - £150,000     | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £150,001 - £200,000     | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £200,001 - £250,000     | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £250,001 - £300,000     | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| £300,001 - £350,000     | 0                                 | 0        | 0                                 | 0        | 0  | 0        | 0  | 0         |
| <b>Total</b>            | <b>0</b>                          | <b>0</b> | <b>6</b>                          | <b>6</b> | <b>6</b>                                   | <b>6</b> | <b>114</b>                                     | <b>67</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 2023/24 were as follows.

|  | <b>2022/23<br/>£'000</b> | <b>2023/24<br/>£'000</b> |
|--|--------------------------|--------------------------|
| Fees for statutory inspection and audit                | 42                       | 145                      |
| Additional Fees outside of Scale Fee                   | 34                       | 0                        |
| Audit Variation for ISA 315                            |                          | 8                        |
| Fees for the certification of grant claims and returns | 43                       | 47                       |
| <b>Total</b>   | <b>119</b>               | <b>199</b>               |

### 33 GRANT INCOME

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

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b><u>Credited to Taxation and Non-Specific Grant Income (TNSGI) (Note 14)</u></b> |                  |                  |
| New Homes Bonus grant  | (886)            | (297)            |
| Covid-19 Funding Grants (CARF)   | 41               | 0                |
| Section 31 Grants - Business Rates Reliefs   | (2,489)          | (3,329)          |
| Other revenue grants   | (954)            | (1,409)          |
| Capital Contributions – S106 Contributions   | (88)             | (1,304)          |
| Capital Contributions – Community Infrastructure Levy                              | (1,727)          | (2,816)          |
| Capital other grants and contributions   | (4,795)          | 51               |
| <b>Total</b>   | <b>(10,898)</b>  | <b>(9,104)</b>   |
| <b><u>Credited to Services</u></b>   |                  |                  |
| Grants – benefits related  | (18,284)         | (19,388)         |
| Covid-19 Funding Grants  | (413)            | 0                |
| Grants – other   | (3,685)          | (3,936)          |
| Contribution – County Council reimbursement  | (337)            | (1,073)          |
| Contributions – other  | (763)            | (1,454)          |
| <b>Total</b>   | <b>(23,482)</b>  | <b>(25,851)</b>  |

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 2022/23 and 2023/24 there were no individual material amounts. The totals were as follows:

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Grant Receipts in Advance - Capital</b> |                  |                  |
| Various grants and contributions           | (1,815)          | (2,029)          |
| <b>Total</b>                               | <b>(1,815)</b>   | <b>(2,029)</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 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.

There were no 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 £118.2k during the 2023-24 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.

- **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, ICT, Democratic Services, Communications and Visitor Economy, 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 2023/24 gross expenditure of £13.629m (2022/23 £10.792m) 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 2024, there are outstanding creditor / debtor balances of £901k and £770k respectively.

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

- Chorley and South Ribble Shopmobility

- Payment of subsidy of £18.8k 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 2023/24 (£17k 2022/23).

- 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 2023/24 the Council operated two wholly owned companies - Chorley Leisure Ltd and Chorley BC Property Ltd.

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

## 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.

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| Opening Capital Financing Requirement                       | 98,349           | 102,335          |
| Capital investment  |                  |                  |
| Property, Plant and Equipment (Note 15)                     | 12,601           | 12,005           |
| Heritage Assets (Note 16)                                   | 647              | 0                |
| Investment Properties (Note 17)                             | 0                | 0                |
| Intangible Assets (Note 18)                                 | 0                | 0                |
| Revenue Expenditure Funded from Capital under Statute       | 897              | 1,180            |
| Sources of finance  |                  |                  |
| Capital Receipts  | (507)            | (245)            |
| Government Grants and Other Contributions                   | (7,509)          | (2,523)          |
| Sums set aside from revenue                                 |                  |                  |
| Revenue Financing (Note 25b)                                | (850)            | (557)            |
| Minimum Revenue Provision – statutory (Note 25b)            | (1,293)          | (1,442)          |
| <b>Closing Capital Financing Requirement</b>                | <b>102,335</b>   | <b>110,753</b>   |
| Explanation of movements in year                            |                  |                  |
| Increase in prudential borrowing                            | 5,279            | 9,860            |
| Provision made for debt repayment                           | (1,293)          | (1,442)          |
| <b>Increase/(Decrease) in Capital Financing Requirement</b> | <b>3,986</b>     | <b>8,418</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 2023     |                   | 31 March 2024     |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | Payments<br>£'000 | Receipts<br>£'000 | Payments<br>£'000 | Receipts<br>£'000 |
| Not later than 1 year               | 336               | 0                 | 319               | 0                 |
| Later than 1 year, not later than 5 | 930               | 0                 | 931               | 0                 |
| Later than 5 years                  | 222               | 0                 | 0                 | 0                 |
| <b>Minimum lease payments</b>       | <b>1,488</b>      | <b>0</b>          | <b>1,251</b>      | <b>0</b>          |

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

|                               | 2022/23<br>£'000 | 2023/24<br>£'000 |
|-------------------------------|------------------|------------------|
| Minimum lease payments        | 354              | 342              |
| Sub-lease payments receivable | 0                | 0                |
| <b>Total payable rentals</b>  | <b>354</b>       | <b>342</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<br>2023<br>£'000 | 31 March<br>2024<br>£'000 |
|--|---------------------------|---------------------------|
| Finance lease debtor (present value of minimum lease payments) |                           |                           |
| • Current  | 0                         | 0                         |
| • Non-Current  | 289                       | 289                       |
| Unearned finance income  | 2,045                     | 2,021                     |
| <b>Gross investment in the lease</b>                           | <b>2,334</b>              | <b>2,310</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 2023                 | 31 March 2024 | 31 March 2023          | 31 March 2024 |
|                                   | £'000                         | £'000         | £'000                  | £'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                | 2,215                         | 2,191         | 2,215                  | 2,191         |
| <b>Total</b>                      | <b>2,334</b>                  | <b>2,310</b>  | <b>2,334</b>           | <b>2,310</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 2023  | 31 March 2024  |
|---|----------------|----------------|
|   | £'000          | £'000          |
| Not later than one year                           | 4,911          | 5,358          |
| Later than one year and not later than five years | 17,184         | 18,625         |
| Later than five years                             | 102,442        | 101,090        |
| <b>Total receivable rentals</b>                   | <b>124,537</b> | <b>125,073</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, 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:

|   | 2022/23<br>£'000 | 2023/24<br>£'000 |
|---|------------------|------------------|
| <b><u>Comprehensive Income &amp; Expenditure Statement</u></b>  |                  |                  |
| Cost of Services:   |                  |                  |
| Administration  | 53               | 59               |
| Current service cost  | 3,553            | 1,654            |
| Past service cost   | 0                | 0                |
| Settlement and curtailment  | 144              | 0                |
| Net interest on the net defined benefit liability:  |                  |                  |
| Interest costs  | 4,739            | 5,445            |
| Interest on surplus above asset ceiling   | 0                | 605              |
| Expected return on scheme assets  | (3,525)          | (5,964)          |
| <b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>           | <b>4,964</b>     | <b>1,799</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  | 3,120            | (4,345)          |
| Actuarial experience (gains) & losses   | 10,715           | 1,019            |
| Actuarial (gains) & losses from changes in demographic assumptions  | (3,960)          | (1,601)          |
| Actuarial (gains) & losses from changes in financial assumptions  | (67,050)         | (1,723)          |
| Changes in the effect of the asset ceiling  | 12,720           | 6,753            |
| <b>Total re-measurements recognised in Other Comprehensive Income</b>                                       | <b>(44,455)</b>  | <b>103</b>       |
| <b>Total post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>        | <b>(39,491)</b>  | <b>1,902</b>     |
| <b><u>Movement in Reserves Statement</u></b>  |                  |                  |
| Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services                          | (4,964)          | (1,799)          |
| Actual employer contributions to the scheme   | 2,115            | 2,035            |

### 37e Pensions Assets and Liabilities Recognised in the Balance Sheet

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

|   | Scheme Liabilities<br>Local Government Pension |                  |
|---|--|------------------|
|   | 2022/23<br>£'000                               | 2023/24<br>£'000 |
| Present value of the defined benefit obligation                               | (115,420)                                      | (116,272)        |
| Fair value of plan assets   | 125,318  | 133,661          |
| <b>Net asset/(liability) arising from defined benefit obligation</b>          | <b>9,898</b>                                   | <b>17,389</b>    |
| Impact of Asset Ceiling   | (12,720)                                       | (20,078)         |
| <b>Reported Net asset/(liability) arising from defined benefit obligation</b> | <b>(2,822)</b>                                 | <b>(2,689)</b>   |

The valuation of the Local Government Pension Scheme has resulted in a net defined benefit asset. Regulations state that this must be measured at the lower of the surplus in the defined benefit plan and the "asset ceiling". An asset ceiling is the limit above which further increases in net pension cease to be recognised for accounting purposes. The asset ceiling for Chorley Council is nil meaning that the surplus of £17.389 million cannot be recognised and has been adjusted for by way of an "Impact of Asset Ceiling" adjustment.

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

|  | Scheme Assets<br>Local Government Pension |                  |
|--|---|------------------|
|  | 2022/23<br>£'000                          | 2023/24<br>£'000 |
| <b>Opening fair value of scheme assets</b>                           | <b>127,179</b>                            | <b>125,318</b>   |
| Interest income  | 3,525                                     | 5,964            |
| <b>Re-measurement gain/(loss)</b>                                    |   |                  |
| Return on plan assets, excluding amount included in interest expense | (3,120)                                   | 4,345            |
| Employer contributions   | 1,665                                     | 2,035            |
| Employee contributions   | 592                                       | 586              |
| Benefits paid  | (4,470)                                   | (4,528)          |
| Other  | (53)                                      | (59)             |
| <b>Closing fair value of scheme assets</b>                           | <b>125,318</b>                            | <b>133,661</b>   |

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

|   | Scheme Liabilities       |                  |
|---|--------------------------|------------------|
|   | Local Government Pension |                  |
|   | 2022/23<br>£'000         | 2023/24<br>£'000 |
| <b>Opening Balance at 1 April</b>                   | <b>(171,157)</b>         | <b>(115,420)</b> |
| Current service cost                                | (3,553)                  | (1,654)          |
| Interest cost                                       | (4,739)                  | (5,445)          |
| Contributions by scheme participants                | (592)                    | (586)            |
| <b>Re-measurement gains and (losses)</b>            |                          |                  |
| Gains and (losses) in demographic assumptions       | 3,960                    | 1,601            |
| Gains and (losses) Changes in financial assumptions | 67,050                   | 1,723            |
| Experience gain or (loss)                           | (10,715)                 | (1,019)          |
| Other   | 0                        | 0                |
| Benefits paid                                       | 4,470                    | 4,528            |
| Curtailment   | (144)                    | 0                |
| Past service costs                                  | 0                        | 0                |
| <b>Closing Balance at 31 March</b>                  | <b>(115,420)</b>         | <b>(116,272)</b> |

The employers' liability contains an "unfunded" element. This means that it is not a liability of the Local Government Pension Scheme and is instead met by Chorley Council as the employer from its own financial resources; at 31st March 2024 the unfunded liability was £2.688 million. This element exists every year within the overall net defined liability.

### 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 £1.800m expected contributions to the scheme in 2024/25.

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 |                           |                |                           |
|---------------------------------|----------------------|---------------------------|----------------|---------------------------|
|                                 | 2022/23              | Percentage total of asset | 2023/24        | Percentage total of asset |
|                                 | £'000                | %                         | £'000          | %                         |
| <b>Cash</b>                     |                      |                           |                |                           |
| Cash and cash equivalents       |                      | 0.00%                     |                | 0.00%                     |
| Cash Accounts                   | 995                  | 0.79%                     | 2,469          | 1.85%                     |
| Net Current Assets              | 111                  | 0.09%                     | 123            | 0.09%                     |
|                                 | <b>1,106</b>         | <b>0.88%</b>              | <b>2,592</b>   | <b>1.94%</b>              |
| <b>Bonds</b>                    |                      |                           |                |                           |
| UK corporate                    | 0                    | 0.00%                     | 0              | 0.00%                     |
| Overseas corporate              | 258                  | 0.21%                     | 106            | 0.08%                     |
| Government                      |                      | 0.00%                     |                | 0.00%                     |
| Overseas Fixed Interest         |                      | 0.00%                     |                | 0.00%                     |
| <b>Sub-total bonds</b>          | <b>258</b>           | <b>0.21%</b>              | <b>106</b>     | <b>0.08%</b>              |
| <b>Property</b>                 |                      |                           |                |                           |
| Offices                         | 23                   | 0.02%                     | 23             | 0.02%                     |
| Retail Warehouse                | 0                    | 0.00%                     | 0              | 0.00%                     |
| Shops                           | 252                  | 0.20%                     | 447            | 0.33%                     |
| Commercial                      | 1,611                | 1.29%                     | 1,246          | 0.93%                     |
| <b>Sub-total property</b>       | <b>1,886</b>         | <b>1.51%</b>              | <b>1,716</b>   | <b>1.28%</b>              |
| <b>Private equity</b>           |                      |                           |                |                           |
| UK                              | 2,167                | 1.73%                     | 2,162          | 1.62%                     |
| Overseas *                      | 8,326                | 6.64%                     | 7,894          | 5.91%                     |
| <b>Sub-total private equity</b> | <b>10,493</b>        | <b>8.37%</b>              | <b>10,056</b>  | <b>7.53%</b>              |
| <b>Other</b>                    |                      |                           |                |                           |
| Infrastructure                  | 19,476               | 15.54%                    | 20,195         | 15.11%                    |
| Indirect Property Funds         | 11,022               | 8.80%                     | 10,619         | 7.94%                     |
| Credit funds                    | 18,169               | 14.50%                    | 19,748         | 14.78%                    |
| Equities                        | 146                  | 0.12%                     | 147            | 0.11%                     |
| Pooled Fixed Income             | 1,804                | 1.44%                     | 5,157          | 3.86%                     |
| UK Pooled Equity Funds          | 1,325                | 1.06%                     | 404            | 0.30%                     |
| Overseas Pooled Equity Funds    | 59,633               | 47.57%                    | 62,920         | 47.07%                    |
| <b>Sub-total alternatives</b>   | <b>111,575</b>       | <b>89.03%</b>             | <b>119,190</b> | <b>89.17%</b>             |
|                                 | <b>125,318</b>       | <b>100.00%</b>            | <b>133,660</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 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 Government Pension Scheme |         |
|---|---------------------------------|---------|
|   | 2022/23                         | 2023/24 |
| <b>Mortality assumptions</b>                  |                                 |         |
| <i>Longevity at 65 for current pensioners</i> |                                 |         |
| Men   | 21.5                            | 21.1    |
| Women   | 23.8                            | 23.5    |
| <i>Longevity at 65 for future pensioners</i>  |                                 |         |
| Men   | 22.8                            | 22.4    |
| Women   | 25.6                            | 25.3    |
| Rate of inflation (CPI)                       | 2.70%                           | 2.70%   |
| Rate of increase in salaries                  | 4.20%                           | 4.20%   |
| Rate of increase in pensions                  | 2.80%                           | 2.80%   |
| Rate for discounting scheme liabilities       | 4.80%                           | 4.90%   |

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<br>£'000 |
|--|---|
| Longevity (increase 1 year)                                | 2,823   |
| Rate of inflation (increase of 0.25% p.a.)                 | 4,234   |
| Salary inflation (increase of 0.25% p.a.)                  | 572   |
| Rate for discounting scheme liabilities (increase of 0.5%) | (8,026)   |
| Change in 2022/23 investment returns (increase of 1.0%)    | (1,326)   |

### **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 2024 there is one year 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).

| 2022/23                 |                      | Collection Fund   | 2023/24                 |                      |
|-------------------------|----------------------|---|-------------------------|----------------------|
| Business Rates<br>£'000 | Council Tax<br>£'000 |   | Business Rates<br>£'000 | Council Tax<br>£'000 |
|                         | (78,677)             | <b>INCOME</b>   |                         |                      |
| (23,865)                |                      | Council Tax Receivable  |                         | (82,368)             |
|                         |                      | Business Rates Receivable   | (27,568)                |                      |
| <b>(23,865)</b>         | <b>(78,677)</b>      | <b>Total Income</b>   | <b>(27,568)</b>         | <b>(82,368)</b>      |
|                         |                      | <b>EXPENDITURE</b>  |                         |                      |
|                         |                      | <b>Apportionment of previous year's estimated Surplus/(Deficit)</b> |                         |                      |
| (2,934)                 |                      | Central Government  | 327                     |                      |
| (2,347)                 | 105                  | Chorley Council (Note 14)   | 262                     | (98)                 |
| (528)                   | 712                  | Lancashire County Council   | 59                      | (664)                |
| (59)                    | 35                   | Lancashire Combined Fire Authority                                  | 7                       | (34)                 |
|                         | 112                  | Police & Crime Commissioner for Lancashire                          |                         | (102)                |
| <b>(5,868)</b>          | <b>964</b>           |   | <b>655</b>              | <b>(898)</b>         |
|                         |                      | <b>Precepts, Demands and Shares</b>                                 |                         |                      |
| 11,508                  |                      | Central Government  | 13,284                  |                      |
| 9,206                   | 8,397                | Chorley Council (Note 14)   | 10,627                  | 8,615                |
| 2,071                   | 57,707               | Lancashire County Council   | 2,391                   | 60,378               |
| 230                     | 2,945                | Lancashire Combined Fire Authority                                  | 266                     | 3,154                |
|                         | 9,011                | Police & Crime Commissioner for Lancashire                          |                         | 9,641                |
| <b>23,015</b>           | <b>78,060</b>        |   | <b>26,568</b>           | <b>81,788</b>        |
| <b>17,147</b>           | <b>79,024</b>        | <b>Total Expenditure</b>  | <b>27,223</b>           | <b>80,890</b>        |
|                         |                      | <b>Transfers From General Fund</b>                                  |                         |                      |
|                         | 0                    | Discretionary Discounts   |                         | (168)                |
|                         |                      | <b>Charges to Collection Fund</b>                                   |                         |                      |
| (26)                    | 0                    | Write offs of uncollectable amounts                                 | 0                       | 0                    |
| 91                      | 793                  | (Increase)/Decrease in Bad Debt Provision                           | 199                     | 1,044                |
| (662)                   |                      | (Increase)/Decrease in Provision for Appeals                        | 935                     |                      |
| 131                     |                      | Cost of Collection  | 135                     |                      |
| 35                      |                      | Transitional Protection Payments                                    | (170)                   |                      |
| <b>(431)</b>            | <b>793</b>           | <b>Total Charges to Collection Fund</b>                             | <b>1,099</b>            | <b>876</b>           |
| <b>(7,149)</b>          | <b>1,140</b>         | <b>(Surplus)/Deficit arising during the year</b>                    | <b>754</b>              | <b>(602)</b>         |
|                         |                      | <b>Collection Fund Balance</b>                                      |                         |                      |
| 6,720                   | (403)                | Balance brought forward at 1 April                                  | (429)                   | 737                  |
| (7,149)                 | 1,140                | (Surplus)/Deficit for the year                                      | 754                     | (602)                |
| <b>(429)</b>            | <b>737</b>           | <b>Balance carried forward at 31 March</b>                          | <b>325</b>              | <b>135</b>           |
|                         |                      | <b>Allocated to</b>   |                         |                      |
| (172)                   | 81                   | Chorley Council - Collection Fund Adjustment Account                | 130                     | 14                   |
| (214)                   |                      | Central Government  | 163                     |                      |
| (39)                    | 545                  | Lancashire County Council   | 29                      | 100                  |
| (4)                     | 83                   | Lancashire Combined Fire Authority                                  | 3                       | 16                   |
|                         | 28                   | Police & Crime Commissioner for Lancashire                          |                         | 5                    |
| <b>(429)</b>            | <b>737</b>           | <b>(Surplus)/Deficit at 31 March</b>                                | <b>325</b>              | <b>135</b>           |



**NOTE:** The presentation of the collection fund statement has changed from previous years, with income values now displayed in brackets.

## 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 2023/24 was calculated as follows:

| Band   | Dwellings     | Dwellings adj. for discounts & exemptions | Proportion of Band D Charge | Band D Equivalent |
|--|---------------|---|-----------------------------|-------------------|
| <b>A (disabled)</b>  | 19            | 18.00                                     | 5/9                         | 10.00             |
| <b>A</b>   | 15,117        | 12,642.75                                 | 6/9                         | 8,428.50          |
| <b>B</b>   | 12,076        | 10,637.75                                 | 7/9                         | 8,273.81          |
| <b>C</b>   | 9,705         | 8,771.75                                  | 8/9                         | 7,797.11          |
| <b>D</b>   | 6,947         | 6,432.25                                  | 9/9                         | 6,432.25          |
| <b>E</b>   | 5,342         | 5,062.75                                  | 11/9                        | 6,187.81          |
| <b>F</b>   | 2,318         | 2,207.25                                  | 13/9                        | 3,188.25          |
| <b>G</b>   | 998           | 953.00                                    | 15/9                        | 1,588.33          |
| <b>H</b>   | 58            | 51.25                                     | 18/9                        | 102.50            |
| <b>Total</b>   | <b>52,580</b> | <b>46,776.75</b>                          |                             | <b>42,008.56</b>  |
| Less adjustments for anticipated losses on collection            |               |   |                             | <b>(579.23)</b>   |
| Add adjustment for new properties/technical changes to discounts |               |   |                             | <b>287.94</b>     |
| Less local Council Tax Support Scheme discounts                  |               |   |                             | <b>(3,374.74)</b> |
| Band D Equivalent Number of Properties                           |               |   |                             | <b>38,342.53</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 £2,090.24 for 2023/24 (£2,006.27 for 2022/23). 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 surplus apportioned in 2023/24 was £0.655m, being the estimated deficit for 2023/24 included on the council's NNDR1 form, as completed in January 2023. The amount that can be distributed in 2023/24 is restricted to this figure. The actual outturn position at the end of 2022/23 was a deficit of £0.428m, leaving a balance of £0.226m for distribution in 2024/25.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income to be £3.066m (compared to net income in 2022/23 of £3.012m). This is reconciled to Chorley Council's share of Business Rates Income in the Collection Fund statement in the following table:

| <b>2022/23</b><br><b>£'000</b> |   | <b>2023/24</b><br><b>£'000</b> |
|--------------------------------|---|--------------------------------|
| 9,206                          | Chorley Council share of Business Rates   | 10,627                         |
| (6,503)                        | Tariff payable to Lancashire Business Rates Pool  | (7,561)                        |
| (203)                          | Levy payable to Lancashire Business Rates Pool  | (119)                          |
| 2,859                          | Chorley Council share of surplus or (deficit) for year (transferred to Collection Fund Adjustment Account - Note 25e) | (302)                          |
| (2,347)                        | Chorley Council share of previous year's surplus or (deficit)   | 262                            |
|                                | Prior year adjustment   | 125                            |
| <b>3,012</b>                   | <b>NNDR net income per Note 14</b>  | <b>3,032</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(a).

### **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 2023/24 (49.9p in 2022/23); and one for larger businesses at 51.2p in 2023/24 (51.2p in 2022/23).

The Business Rates Income after reliefs and interest was £23.569m for 2023/24 (£24.463m in 2022/23).

The rateable value for the Council's area at the end of the financial year 2023/24 was £77.680m (£67.658m in 2022/23).

# 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 2023/24, 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 Ltd 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. A new Managing Director was appointed in September 2023.

Chorley BC Property Ltd is a company wholly owned by Chorley Council. The company was incorporated on 12 March 2020 and remained dormant until 2023/24 and currently contains the lease in respect of Logistics House.

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 Ltd and Chorley BC Property Ltd produce accounts with a year-end date of 31 March. The accounts for the period from 1 April 2023 to 31 March 2024 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 Ltd and Chorley BC Property Ltd are 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.

| 2022/23           |                 |                 |   | 2023/24           |                 |                 |
|-------------------|-----------------|-----------------|---|-------------------|-----------------|-----------------|
| Gross Expenditure | Gross Income    | Net Expenditure |   | Gross Expenditure | Gross Income    | Net Expenditure |
| £'000             | £'000           | £'000           |   | £'000             | £'000           | £'000           |
| 5,896             | (3,004)         | 2,892           | Communities and Leisure   | 7,087             | (4,041)         | 3,046           |
| 1,516             | 482             | 1,998           | Corporate   | 719               | (1,073)         | (354)           |
| 959               | (1,377)         | (418)           | Covid   | 715               | (715)           | 0               |
| 28,717            | (21,606)        | 7,111           | Customer & Digital  | 29,998            | (23,245)        | 6,753           |
| 4,844             | (5,892)         | (1,048)         | Major Projects  | 383               | (4,475)         | (4,092)         |
| 2,401             | (1,360)         | 1,041           | Planning  | 1,980             | (1,257)         | 723             |
| 7,123             | (2,292)         | 4,831           | Policy & Governance   | 9,316             | (2,780)         | 6,536           |
| 6,039             | (2,692)         | 3,347           | Property  | 4,229             | (5,121)         | (892)           |
| <b>57,495</b>     | <b>(37,741)</b> | <b>19,754</b>   | <b>Cost of Services</b>   | <b>54,427</b>     | <b>(42,707)</b> | <b>11,720</b>   |
| 1,233             | 0               | 1,233           | Other operating expenditure                                       | 802               | 0               | 802             |
| 5,943             | (5,371)         | 572             | Financing and investment income and expenditure                   | 7,249             | (5,799)         | 1,450           |
| 6,976             | (29,264)        | (22,288)        | Taxation and non-specific grant income                            | 651               | (21,371)        | (20,720)        |
| <b>71,647</b>     | <b>(72,376)</b> | <b>(729)</b>    | <b>(Surplus) / deficit on provision of services</b>               | <b>63,129</b>     | <b>(69,877)</b> | <b>(6,748)</b>  |
|                   |                 | (1,155)         | (Surplus)/deficit on revaluation of Property, Plant and Equipment |                   |                 | (4,324)         |
|                   |                 | (44,861)        | Re-measurement of the net defined benefit liability (note 3c)     |                   |                 | 90              |
|                   |                 | <b>(46,016)</b> | <b>Other Comprehensive (Income) and Expenditure</b>               |                   |                 | <b>(4,234)</b>  |
|                   |                 | <b>(46,745)</b> | <b>Total Comprehensive (Income) and Expenditure</b>               |                   |                 | <b>(10,982)</b> |

## Reconciliation of Financing and Investment Income and Expenditure

|  | Gross Expenditure | Gross Income   | Net Expenditure |
|--|-------------------|----------------|-----------------|
|  | £'000             | £'000          | £'000           |
| Financing and investment income and expenditure              | 7,249             | (7,459)        | (210)           |
| Inter company Transfers *                                    | 0                 | 1,660          | 1,660           |
| <b>Group Financing and investment income and expenditure</b> | <b>7,249</b>      | <b>(5,799)</b> | <b>1,450</b>    |

\* Income on property rental from Chorley BC to Chorley BC Property Limited is treated as Financing and Investment income in the authority accounts but as operating expenditure in the Chorley BC Property accounts.

## 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<br>£'000 | Capital Receipts Reserve<br>£'000 | Capital Grants Unapplied<br>£'000 | Total Usable Reserves<br>£'000 | Unusable Reserves<br>£'000 | Total Reserves<br>£'000 |
|--|-----------------------|-----------------------------------|-----------------------------------|--------------------------------|----------------------------|-------------------------|
| <b>Balance at 31 March 2022</b>                      | <b>(15,703)</b>       | <b>(724)</b>                      | <b>(10,363)</b>                   | <b>(26,790)</b>                | <b>(2,962)</b>             | <b>(29,752)</b>         |
| <b><u>Movements in 2022/23</u></b>                   |                       |                                   |                                   |                                |                            |                         |
| Total Comprehensive Income & Expenditure             | (731)                 | 0                                 | 0                                 | (731)                          | (46,018)                   | (46,749)                |
| To correct previous years misstatement of reserves   | (230)                 | 0                                 | 0                                 | (230)                          | 230                        | 0                       |
| Adjustments between accounting basis & funding basis | 4,363                 | 427                               | 60                                | 4,850                          | (4,850)                    | 0                       |
| <b>(Increase) / Decrease in year</b>                 | <b>3,402</b>          | <b>427</b>                        | <b>60</b>                         | <b>3,889</b>                   | <b>(50,638)</b>            | <b>(46,749)</b>         |
| <b>Balance at 31 March 2023</b>                      | <b>(12,301)</b>       | <b>(297)</b>                      | <b>(10,303)</b>                   | <b>(22,901)</b>                | <b>(53,600)</b>            | <b>(76,501)</b>         |
| <b><u>Movements in 2023/24</u></b>                   |                       |                                   |                                   |                                |                            |                         |
| Total Comprehensive Income & Expenditure             | (6,750)               | 0                                 | 0                                 | (6,750)                        | (4,234)                    | (10,984)                |
| Adjustments between accounting basis & funding basis | 9,063                 | 224                               | (2,599)                           | 6,688                          | (6,688)                    | 0                       |
| <b>(Increase) / Decrease in year</b>                 | <b>2,313</b>          | <b>224</b>                        | <b>(2,599)</b>                    | <b>(62)</b>                    | <b>(10,922)</b>            | <b>(10,984)</b>         |
| <b>Balance at 31 March 2024</b>                      | <b>(9,988)</b>        | <b>(73)</b>                       | <b>(12,902)</b>                   | <b>(22,963)</b>                | <b>(64,522)</b>            | <b>(87,485)</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 2023   |  | 31 March 2024   |
|-----------------|--|-----------------|
| £'000           |  | £'000           |
| 120,947         | Property, Plant & Equipment            | 139,369         |
| 3,385           | Heritage Assets                        | 3,318           |
| 33,337          | Investment Property                    | 34,385          |
| 5               | Intangible Assets                      | 1               |
| 4,688           | Long-Term Debtors                      | 4,351           |
| <b>162,362</b>  | <b>Long-Term Assets</b>                | <b>181,424</b>  |
| 11,590          | Short-Term Debtors                     | 6,296           |
| 1,400           | Cash and Cash Equivalents              | 5,045           |
| <b>12,990</b>   | <b>Current Assets</b>                  | <b>11,341</b>   |
| (12,120)        | Short-Term Borrowing                   | (22,108)        |
| (13,022)        | Short-Term Creditors                   | (10,816)        |
| (1,038)         | Provisions                             | (1,412)         |
| <b>(26,180)</b> | <b>Current Liabilities</b>             | <b>(34,336)</b> |
| (1,500)         | Long-Term Creditors                    | (1,476)         |
| (66,503)        | Long-Term Borrowing                    | (64,753)        |
| (2,837)         | Other Long-Term Liabilities – pensions | (2,687)         |
| (16)            | Other Long-Term Liabilities – other    | 0               |
| (1,815)         | Grant Receipts in Advance - Capital    | (2,029)         |
| <b>(72,671)</b> | <b>Long Term Liabilities</b>           | <b>(70,945)</b> |
| <b>76,501</b>   | <b>Net Assets</b>                      | <b>87,484</b>   |
| (22,901)        | Usable Reserves                        | (22,962)        |
| (53,600)        | Unusable Reserves                      | (64,522)        |
| <b>(76,501)</b> | <b>Total Reserves</b>                  | <b>(87,484)</b> |



Louise Mattinson  
Director of Finance and Section 151 Officer  
Date:

## 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 Ltd and Chorley BC Property Ltd have been consolidated within a cash flow statement for the group. All Chorley Leisure Ltd's and Chorley BC Property Ltd's cash flows in 2023/24 arose from operating activities. There were no investing or financing activities.

| 2022/23<br>£'000 |   | 2023/24<br>£'000 |
|------------------|---|------------------|
| 729              | Net surplus or (deficit) on the provision of services   | 6,748            |
| (5,332)          | Adjustments to net surplus or deficit on the provision of services for non-cash movements   | (3,192)          |
| (7,521)          | Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities | (5,142)          |
| <b>(12,124)</b>  | <b>Net cash flows from Operating Activities</b>   | <b>(1,587)</b>   |
| (4,495)          | Investing Activities  | (4,958)          |
| 8,401            | Financing Activities  | 10,191           |
| <b>(8,218)</b>   | <b>Net increase or (decrease) in cash and cash equivalents</b>  | <b>3,646</b>     |
| 9,618            | Cash and cash equivalents at the beginning of the reporting period  | 1,400            |
| <b>1,400</b>     | <b>Cash and cash equivalents at the end of the reporting period</b>   | <b>5,046</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.

| 2022/23  |  |   |  | 2023/24  |  |   |
|--|--|---|--|--|--|---|
| 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   |
| 2,663  | 229  | 2,892   | Communities and Leisure                                      | 3,103  | (59)   | 3,044   |
| 604  | 374  | 978   | Corporate  | (483)  | 129  | (354)   |
| (416)  | (2)  | (418)   | Covid  | 1  | (1)  | 0   |
| 5,697  | 1,414  | 7,111   | Customer & Digital   | 7,024  | (271)  | 6,753   |
| (2,470)  | 2,442  | (28)  | Major Projects   | (1,000)  | (3,092)  | (4,092)   |
| 1,541  | (500)  | 1,041   | Planning   | 763  | (40)   | 723   |
| 4,727  | 104  | 4,831   | Policy & Governance  | 6,482  | 54   | 6,536   |
| 2,912  | 435  | 3,347   | Property   | (1,044)  | 152  | (892)   |
| <b>15,258</b>  | <b>4,496</b>   | <b>19,754</b>   | <b>Net cost of Service</b>                                   | <b>14,846</b>  | <b>(3,128)</b>                                       | <b>11,718</b>   |
| (11,624)   | (8,859)  | (20,483)  | Other Income and Expenditure                                 | (14,194)   | (5,934)  | (20,128)  |
| <b>3,634</b>   | <b>(4,363)</b>                                       | <b>(729)</b>  | <b>(Surplus) / Deficit in year</b>                           | <b>652</b>   | <b>(9,062)</b>                                       | <b>(8,410)</b>  |
| <b>(15,703)</b>  |  |   | <b>Opening General Fund Balance at 1 April</b>               | <b>(12,299)</b>  |  |   |
| 3,634  |  |   | Add (Surplus) / Less Deficit on General Fund Balance in Year | 2,311  |  |   |
| (230)  |  |   | Adjustment in respect of previous years pension              |  |  |   |
| <b>(12,299)</b>  |  |   | <b>Closing General Fund Balance at 31 March</b>              | <b>(9,988)</b>   |  |   |



## 2 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

|  | 2022/23<br>£'000 | 2023/24<br>£'000 |
|--|------------------|------------------|
| <b>Expenditure/Income</b>                              |                  |                  |
| <b>Expenditure</b>                                     |                  |                  |
| Employee benefits expenses                             | 17,338           | 15,890           |
| Other service expenses                                 | 36,616           | 42,813           |
| Depreciation, amortisation, impairment                 | 4,018            | (2,037)          |
| Interest payments                                      | 6,293            | 7,445            |
| Precepts, tariffs and levies                           | 7,457            | 8,363            |
| Loss on the disposal of assets                         | 483              | (5)              |
| Changes in the fair values of investment properties    |                  |                  |
| <b>Total expenditure</b>                               | <b>72,204</b>    | <b>72,469</b>    |
| <b>Income</b>  |                  |                  |
| Fees, charges and other service income                 | (15,884)         | (17,586)         |
| Interest and investment income                         | (3,645)          | (5,738)          |
| Changes in the fair values of investment properties    | (554)            | (1,049)          |
| Income from council tax and non-domestic rates         | (18,096)         | (19,171)         |
| Government grants and contributions                    | (25,318)         | (27,170)         |
| Other grants and contributions                         | (9,436)          | (8,503)          |
| Gain on the disposal of assets                         | 0                | 0                |
| <b>Total income</b>                                    | <b>(72,933)</b>  | <b>(79,217)</b>  |
|  |                  |                  |
| <b>Surplus or Deficit on the Provision of Services</b> | <b>(729)</b>     | <b>(6,748)</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:

|   | <b>2022/23</b><br><b>£'000</b> | <b>2023/24</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| <b><u>Comprehensive Income &amp; Expenditure Statement</u></b>  |                                |                                |
| Cost of Services:   |                                |                                |
| Administration  | 59                             | 66                             |
| Current service cost  | 3,949                          | 1,784                          |
| Past service cost   | 0                              | 0                              |
| Settlement and curtailment  | 144                            | 0                              |
| Net interest on the net defined benefit liability:  |                                |                                |
| Interest costs  | 4,740                          | 5,444                          |
| Interest on surplus above asset ceiling   | 0                              | 605                            |
| Expected return on scheme assets  | (3,525)                        | (5,964)                        |
| <b>Total post-employment benefit charged to the (Surplus)/Deficit on the Provision of Service</b>           | <b>5,367</b>                   | <b>1,935</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  | 3,102                          | (4,363)                        |
| Actuarial experience (gains) & losses   | 10,809                         | 1,025                          |
| Actuarial (gains) & losses from changes in demographic assumptions  | (3,975)                        | (1,607)                        |
| Actuarial (gains) & losses from changes in financial assumptions  | (67,517)                       | (1,786)                        |
| Changes in the effect of the asset ceiling  | 12,720                         | 6,821                          |
| <b>Total re-measurements recognised in Other Comprehensive Income</b>                                       | <b>(44,861)</b>                | <b>90</b>                      |
| <b>Total post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>        | <b>(39,494)</b>                | <b>2,025</b>                   |
| <b><u>Movement in Reserves Statement</u></b>  |                                |                                |
| Reversal of net charges made to the (Surplus)/Deficit on the Provision of Services                          | (5,367)                        | (1,935)                        |
| Actual employer contributions to the scheme   | 2,246                          | 2,175                          |

### 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;

|   | <b>Scheme Liabilities</b>       |                |
|---|---------------------------------|----------------|
|   | <b>Local Government Pension</b> |                |
|   | <b>2022/23</b>                  | <b>2023/24</b> |
|   | <b>£'000</b>                    | <b>£'000</b>   |
| Present value of the defined benefit obligation                               | (115,759)                       | (116,813)      |
| Fair value of plan assets   | 125,640                         | 134,270        |
| <b>Net asset/(liability) arising from defined benefit obligation</b>          | <b>9,881</b>                    | <b>17,457</b>  |
| Impact of Asset Ceiling   | (12,720)                        | (20,144)       |
| <b>Reported Net asset/(liability) arising from defined benefit obligation</b> | <b>(2,839)</b>                  | <b>(2,687)</b> |

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

|  | <b>Scheme Assets</b>            |                |
|--|---------------------------------|----------------|
|  | <b>Local Government Pension</b> |                |
|  | <b>2022/23</b>                  | <b>2023/24</b> |
|  | <b>£'000</b>                    | <b>£'000</b>   |
| <b>Opening fair value of scheme assets</b>                           | <b>127,284</b>                  | <b>125,640</b> |
| Interest income  | 3,531                           | 5,985          |
| <b>Re-measurement gain/(loss)</b>                                    |                                 |                |
| Return on plan assets, excluding amount included in interest expense | (3,102)                         | 4,363          |
| Employer contributions   | 1,796                           | 2,175          |
| Employee contributions   | 654                             | 646            |
| Benefits paid  | (4,464)                         | (4,473)        |
| Other  | (59)                            | (66)           |
| <b>Closing fair value of scheme assets</b>                           | <b>125,640</b>                  | <b>134,270</b> |

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

|   | Scheme Liabilities<br>Local Government Pension |                  |
|---|--|------------------|
|   | 2022/23<br>£'000                               | 2023/24<br>£'000 |
| <b>Opening Balance at 1 April</b>                   | <b>(171,413)</b>                               | <b>(115,759)</b> |
| Current service cost                                | (3,949)  | (1,784)          |
| Interest cost                                       | (4,746)  | (5,465)          |
| Contributions by scheme participants                | (654)  | (646)            |
| <b>Re-measurement gains and (losses)</b>            |  |                  |
| Gains and (losses) in demographic assumptions       | 3,975  | 1,607            |
| Gains and (losses) Changes in financial assumptions | 67,517   | 1,786            |
| Experience gain or (loss)                           | (10,809)                                       | (1,025)          |
| Other   | 0  | 0                |
| Benefits paid                                       | 4,464  | 4,473            |
| Curtailment   | (144)  | 0                |
| Past service costs                                  | 0  | 0                |
| <b>Closing Balance at 31 March</b>                  | <b>(115,759)</b>                               | <b>(116,813)</b> |

### 3g Local Government Pension Scheme assets comprised

|                                 | Fair value of scheme |                           |                |                           |
|---------------------------------|----------------------|---------------------------|----------------|---------------------------|
|                                 | 2022/23              | Percentage total of asset | 2023/24        | Percentage total of asset |
|                                 | £'000                | %                         | £'000          | %                         |
| <b>Cash</b>                     |                      |                           |                |                           |
| Cash and cash equivalents       | 0                    | 0.00%                     | 0              | 0.00%                     |
| Cash Accounts                   | 998                  | 0.79%                     | 2,480          | 1.85%                     |
| Net Current Assets              | 111                  | 0.09%                     | 123            | 0.09%                     |
|                                 | <b>1,109</b>         | <b>0.88%</b>              | <b>2,603</b>   | <b>1.94%</b>              |
| <b>Equities</b>                 |                      |                           |                |                           |
| Financials                      | (1)                  | 0.00%                     | 0              | 0.00%                     |
|                                 | <b>(1)</b>           | <b>0.00%</b>              | <b>0</b>       | <b>0.00%</b>              |
| <b>Bonds</b>                    |                      |                           |                |                           |
| UK corporate                    | 0                    | 0.00%                     | 0              | 0.00%                     |
| Overseas corporate              | 258                  | 0.21%                     | 106            | 0.08%                     |
| Government                      | 1                    | 0.00%                     | 1              | 0.00%                     |
| Overseas Fixed Interest         | 0                    | 0.00%                     | 0              | 0.00%                     |
| <b>Sub-total bonds</b>          | <b>259</b>           | <b>0.21%</b>              | <b>107</b>     | <b>0.08%</b>              |
| <b>Property</b>                 |                      |                           |                |                           |
| Offices                         | 23                   | 0.02%                     | 23             | 0.02%                     |
| General Property                | 5                    | 0.00%                     | 8              | 0.01%                     |
| Retail Warehouse                | 0                    | 0.00%                     | 0              | 0.00%                     |
| Shops                           | 252                  | 0.20%                     | 447            | 0.33%                     |
| Commercial                      | 1,611                | 1.28%                     | 1,246          | 0.93%                     |
| <b>Sub-total property</b>       | <b>1,891</b>         | <b>1.51%</b>              | <b>1,724</b>   | <b>1.28%</b>              |
| <b>Private equity</b>           |                      |                           |                |                           |
| UK                              | 2,167                | 1.72%                     | 2,162          | 1.61%                     |
| Overseas *                      | 8,326                | 6.63%                     | 7,894          | 5.88%                     |
| <b>Sub-total private equity</b> | <b>10,493</b>        | <b>8.35%</b>              | <b>10,056</b>  | <b>7.49%</b>              |
| <b>Other</b>                    |                      |                           |                |                           |
| Infrastructure                  | 19,476               | 15.50%                    | 20,195         | 15.04%                    |
| Other                           | 314                  | 0.25%                     | 589            | 0.44%                     |
| Indirect Property Funds         | 11,022               | 8.77%                     | 10,619         | 7.91%                     |
| Credit funds                    | 18,169               | 14.46%                    | 19,748         | 14.71%                    |
| Equities                        | 146                  | 0.12%                     | 147            | 0.11%                     |
| Pooled Fixed Income             | 1,804                | 1.44%                     | 5,157          | 3.84%                     |
| UK Pooled Equity Funds          | 1,325                | 1.05%                     | 404            | 0.30%                     |
| Overseas Pooled Equity Funds    | 59,633               | 47.46%                    | 62,921         | 46.86%                    |
| <b>Sub-total alternatives</b>   | <b>111,889</b>       | <b>89.06%</b>             | <b>119,780</b> | <b>89.21%</b>             |
|                                 | <b>125,640</b>       | <b>100.00%</b>            | <b>134,270</b> | <b>100.00%</b>            |

# Annual Governance Statement (AGS)

## 1. INTRODUCTION

The Annual Governance Statement is a point in time assessment of the council's governance framework. It considers information assembled over the course of the previous 12 months to make an evidence-based assessment of the systems, processes, culture and values that feed into our internal control environment and our compliance with them. This document draws the evidence together and provides a valued judgement of our governance environment.

The AGS provides an overview of the council's key governance systems and explains how they are tested and the assurance that can be relied upon to show that these systems and processes operating effectively. The Statement comprises an overview of the key elements of its governance framework and what evidence has been received in order to determine the effectiveness of the arrangements. In addition, the Statement contains an update on the areas for improvement identified last year, together with proposed areas for improvement for the coming year.

## 2. 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>1</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>1</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 approved by Governance Committee on 15 March 2023 and can be accessed through this hyperlink [here](#).

### **3. 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

## **4. 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. During 2023, an assessment of the skills and knowledge of the Committee was undertaken, and bespoke training delivered to Committee members by CIPFA in October 2023.

In September 2023, the effectiveness of the Governance Committee was measured against CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2022. An action plan has been developed to further strengthen the Committees arrangements. In addition, the Committee were also supportive of the proposal to recruit an independent person with suitable experience to provide additional support.

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**

Following a period of transition all Director roles have now been appointed to, meaning a full membership of the Senior Management Team. Similarly, the Senior Leadership Team has only one vacancy which has been recruited to. This should provide a period of stable management for the council.

### **Head of Paid Service**

The Chief Executive is the Head of paid service and member of the Senior Management Team, in addition the Deputy Chief Executive Role has been appointed to providing support to the Chief Executive and greater organisational resilience.

### **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
- 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.

The CGG terms of reference have been reviewed. These now 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.

## **Service Assurance Statement**

The Service Assurance Statement procedure enables directors and heads of service to review the governance environment in their own services. Different approaches to this exercise have been taken to this process including paper questionnaires, email questionnaires and on-line completion. In response to feedback and the roll out of new software a group session was arranged with all directorates completing the exercise using a voting system. Heads of Service with responsibility for different governance areas, introduced each section and provided information of what a “strong” response would look like. Directorates discussed their services performance and with Heads completing the voting individually. The performance data was provided live and there was a group discussion where good practice was shared and common barriers to compliance highlighted.

The responses were then collated to identify corporate areas of non compliance which have been included in the AGS as improvement actions.

## **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, Head of ICT, Customer and Digital and recently recruited Cyber Security Officer oversees data security, information governance and compliance. The terms of reference have been 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.

There has been a noticeable improvement in completion of mandatory training demonstrating that the enhanced monitoring arrangements have improved performance.

## **Corporate Complaints / Local Ombudsman**

The Council are aware of 6 complaints which were made to the Local Government Ombudsman in the year 2023/24. All have been determined and none upheld.

## **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 2022/23 concluded in January 2024) whilst continuing to make 4 Key Recommendations for improvements has acknowledged the Council's continued commitment to enhance the governance environment, The 4 Key Recommendations which were identified in the previous years audit (concluded in August 2023) related to issues identified by the council and were being addressed in existing management actions. The Council has continued to engage with External Audit in raising awareness of issues identified and work with them to keep them informed of planned actions and improvements, maintaining an open and transparent relationship.

## **Approach to Risk Management**

Significant work has been undertaken to develop the council's approach to risk management. Internal Audit have provided further training and assistance to teams on the use of GRACE, the Council's risk management system, In addition there is evidence that directorates are reviewing their risks and the Corporate Governance Group are also reviewing that risk reviews are being undertaken.

A Risk Appetite Escalation process has been produced to support the Risk Management Strategy and provides guidance to staff on both scoring risks and corporate ownership of red rated residual risks which will be required to be reported to SMT for agreement.

Wyre Council recently completed an audit of the Council's Risk Management Arrangements and provided a Reasonable opinion (out of ratings of Substantial, Reasonable, Limited and Minimal). It should be noted that of the risks examined 3 were rated as being substantial and 3 reasonable. This provides independent assurance of the Council's position.

## **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:

Whilst, as this report highlights, there have been 5 Internal Audit reviews awarded limited assurance rating, a large proportion of the agreed actions to strengthen the arrangements have been implemented in year. Taking this into account, alongside the significant increase in the percentage of audit actions implemented, indicates a strengthened control environment.

The actions identified in the 2023 Annual Governance Statement are either implemented or are in the process of being implemented with only a small number being carried forward to the 2024 action plan.

The Council's risk management arrangements have been externally reviewed and found to be of a sound nature.

**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 2024.**

## 5. Governance Environment

Significant progress has been made in the last 12 months in embedding improvements to the Governance Environment of the council. Implementation rates of Internal Audit Management Actions and AGS Improvement Actions have improved, demonstrating a commitment by the organisation to strong governance and compliance. This improvement is reflected in the proposed actions detailed in this section.

However, it must be recognised that there continue to be issues which need to be addressed. Assurance can be taken that these are increasingly isolated both in terms of frequency and organisationally, but these failings continue to have potentially serious consequences for the council.

### AGS Management Actions 2023/24

These have been categorised into

Completed – the action has been implemented in full.

Partially Implemented – where the action has been partially implemented, but in the view of the organisation the partial implementation has mitigated the risk so that it does not need to be carried forward. These improvements will continue to be monitored independently of the AGS Improvement Actions

Carried Forward – where there are still outstanding issues.

Of the 15 actions 11 are marked completed or partially implemented.

There are 4 actions proposed to be carried forward to next year.

| Theme              | Areas of identified failings  | Suggested improvement   | Current Position   |
|--------------------|---|---|--|
| Process/<br>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 | completed  |
|                    | 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      | Carry forward to 2024/25 – process has been prepared and is in process of being implemented by IT. |



|                   |  |  |   |
|-------------------|--|--|---|
|                   | Contract Management System                             | Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current “live” contracts.   | Carry forward to 2024/25 – work has been taken to strengthen the individual controls and Procurement have been identified to own the procedures. A new Procurement Team Leader has been appointed and they will be tasked with developing a process to co-ordinate the existing controls. |
|                   | Inventories  | To improve the quality of the council’s asset inventory records to enable accurate insurance cover to be provided  | completed   |
|                   | 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.   | completed   |
|                   | 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.  | Partially Implemented – the form and process have been reviewed operation of the processes will be monitored  |
| Staff development | Performance Development Review                         | Undertake a review of the PDR process to identify barriers for its use and improvements to the system  | completed   |
|                   | 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> | Partially Implemented – there has been a significant improvement in completion rates for mandatory training, whilst it has not reach 100% compliance to meet the action, it is not seen as being a significant risk to the council.   |

|           |  |  |  |
|-----------|--|--|--|
| Corporate | Constitution                             | Constitution to be reviewed and updated where applicable. This is to specifically include the Financial Procedure Rules and Scheme of Delegation.  | Carried forward 2024/25 – both the code of conduct and the social media protocol have been reviewed. The scheme of delegation has been reviewed and will be approved shortly. The Financial Procedure Rules and Contract Procedure Rules will be considered when the Procurement Legislation is fully implemented. |
|           | Business continuity                      | Business Continuity Plans to be held using the dedicated system and allocated into Category A and B Services.<br><br>Testing Exercise of the Business Continuity Plans to be undertaken                                | Complete   |
|           | Data Security and Information Management | Embed the Information Security Council and processes for owning and monitoring performance.<br><br>Review existing data security and information policies.<br><br>Establish reporting into Corporate Governance Group. | complete   |
|           | Transparency Code                        | Full review of all obligations and performance to ensure the publication of all mandatory data sets  | Carried forward to 2024/25 – progress has been made on this action, however, it is not yet complete.   |
|           | Agreed Audit Actions                     | Improve percentage implementation rates of service management actions agreed with Internal Audit.  | complete   |
|           | Risk                                     | Define risk management appetite and implement escalation and reporting mechanisms for non-strategic risks  | complete   |
|           | Procurement                              | Review and centralise the conflict of interest procedure.  | Complete   |

|  |  |  |  |
|--|--|--|--|
|  |  | Further develop the contract management process to include registration of the contract on the transparency register and align with the decision-making process. |  |
|--|--|--|--|

### Sundry Debtors

An internal audit review of Sundry Debtors identified failings in compliance with the Fair Funding Charter and policies and processes. In particular, it identified a lack of oversight, failure to adhere to policies and procedures, absence of audit trail for debt collection activities and absence of appropriate reporting of aged debt. On implementation of the improvement actions a debtor was identified who owed the council a sum which would be material to the council accounts. Further consideration highlighted the following failings

Monitoring – no evidence of proper monitoring arrangements were identified in relation to this debt.

Ownership – there was disagreement between services in terms of ownership of the debt.

Approvals – whilst the actions taken may have been reasonable there were no documented decisions in relation to the outstanding sum.

Given the value of the debt, and in addition to the implementation of the agreed management actions, further steps have been taken. This includes a specific action plan being adopted in relation to this debt. These actions include meetings with the debtor, agreeing a repayment plan in relation to elements of the debt, appointment of accountants to act on behalf of the council to review debtors accounts and it is also proposed to appoint an insolvency specialist to support the council in protecting their interests in relation to the debt should there not be an agreement reached in relation to a repayment plan.

### External Audit Key Recommendations

External Audit have made in previous years 4 key recommendations in relation to the councils governance environment. These were initially identified in the year 2021/22 presented to the council in August 2023 and readopted for year 2022/23 received in January this year. The recommendations arose from issues identified by an internal audit review concerning the use of a contractor. All key recommendations had been addressed as actions in the AGS for 2023. Progress against those actions is detailed in the table above. As many of these actions have been implemented in the last 12 months, these will be considered by External Audit when they undertake the value for money assessment for the year 2023/24.

## Improvement Actions

| 2024 AGS Actions                       | Finding                                 | Action  | Time Scale  |
|--|---|---|---|
| <b>Procurement</b>                     | New procurement legislation             | A project team to assess and update CPRs in line with new legislation.<br>CPRs to be relaunched with training and awareness.<br>Procurement Strategy to be developed.   | Quarter 2   |
| <b>GDPR</b>                            | ROPA outdated                           | Ensure ROPA is reviewed and accurate.<br>Implement process to ensure accuracy is maintained.  | Quarter 1   |
| <b>Training</b>                        | Governance essentials                   | Governance Essentials training to be delivered to manager network. (below SLT Level)  | This programme will be developed and delivered throughout the year. |
|  |   | Governance Essentials refresher training to be periodically delivered prior to SLT meetings.  |   |
| <b>Project Management</b>              | Lack of awareness of project management | Project Management Framework to be reviewed and re-launched with training and awareness.  | Quarter 2 for review  |
| <b>Policy / guidance accessibility</b> | Lack of awareness of policies           | Agree corporate approach for the centralised location of all key policies.<br>Ensure most up to date versions are accessible and old versions removed.<br>Re-launch policy of the month (or other method of communicating) to raise awareness of policy and requirements. | Quarter 1   |

|   |  |   |   |
|---|--|---|---|
| <b>Impact Assessments</b>                   | Lack of compliance with equality legislation                       | Training and awareness of equality legislation. Monitoring of Impact Assessment to ensure completion and actions implemented.   | Quarter 2 – training to continue through year |
| <b>Customer complaints / Access Charter</b> | Lack of formal process / lack of awareness                         | Implement a corporate approach to customer complaints.<br>Raise awareness of customer access charter  | Quarter 2                                     |
| <b>Communication</b>                        | Communications Strategy  | strategies to be reviewed and updated.  | Quarter 2                                     |
| <b>Policy review procedure</b>              | A process is required to document review of policies.              | A procedure has been developed and is being implemented as an digital process   | tbc   |
| <b>Contract Management / Procurement</b>    | Ownership of Process needs to be allocated to single team/ officer | Procurement to review existing controls and take on co-ordination role and development of linking process for allocation and monitoring of Contracts.<br><br>Work to be tied to requirements of new Procurement Act | Quarter 2                                     |
| <b>Constitution</b>                         | Requires updating  | Scheme of delegation has been reviewed and will be approved shortly.<br><br>Contract Procedure Rules/ Financial Procedure Rules will be updated to address the Procurement Act changes                              | Quarter 1<br><br>Tbc                          |
| <b>Transparency Code</b>                    | Revisit publication of data to ensure compliance.                  | In particular the council's publicised asset register. The council are updating their asset software which will ensure correct publication  | Tbc   |

## 6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. Whilst, there are a number of issues identified actions are being taken to ensure they are addressed. As part of that process the council will monitor implementation of all actions set out in our Action Plan.



.....

Leader of the Council



.....

Chief Executive

Date: 18/06/2024.....

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

## GLOSSARY

|   |  |
|---|--|
| Annual Audit Letter                               | An External Audit report presented to Council and containing the findings of the Audit Commission's work. It is a requirement of the Code of Practice for Auditors.  |
| Assurance   | An evaluated opinion based on evidence and gained from review.   |
| CIPFA   | Chartered Institute of Public Finance and Accountancy  |
| Control Environment<br>System of Internal Control | Comprises the organisation's policies, procedures and operations in place to :<br>Establish and monitor the achievement of the organisation's priorities; Identify, assess and manage the risks to achieving the organisation's objectives; Facilitate policy and decision making; Ensure the economical, effective and efficient use of resources; Ensure compliance with policies, legislation and regulations; Safeguard the organisation's assets; Ensure the integrity and reliability of information, accounts and data. |
| Corporate Governance                              | Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.  |
| SOLACE  | Society of Local Authority Chief Executives  |

## **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 Levelling Up, Housing and Communities (DLUHC)**

DLUHC 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).