Governance Committee

Wednesday, 23rd November 2022, 2.30 pm
Council Chamber, Town Hall, Chorley and YouTube

Agenda

Meeting contact Nina Neisser on 01257 515140 or email nina.neisser@chorley.gov.uk

9 **RIPA Application Update**

The Monitoring Officer will present a verbal report at the meeting.

10 **Work Programme** (Pages 247 - 248)

To receive and consider the work programme for the Committee.

11 **Any urgent business previously agreed with the Chair**

Gary Hall
Chief Executive

Electronic agendas sent to Members of the Governance Committee Councillor Debra Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Sam Chapman, Gordon France, Margaret France, Michelle Le Marinel, Dedrah Moss, and Neville Whitham.

Electronic agendas sent to Governance Committee reserves for information.

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Minutes of	**Governance Committee**
Meeting date	**Wednesday, 3 August 2022**
Committee Members present:	Councillor Debra Platt (Chair), Councillor Mark Clifford (Vice-Chair) and Councillors Sam Chapman, Gordon France, Margaret France, Michelle Le Marinel, Dedrah Moss, Neville Whitham, Charlotte Fitch and Peter Ripley
Officers:	Gary Hall (Chief Executive), Louise Mattinson (Director of Finance), Chris Moister (Director of Governance), Steve Kenyon (Deputy Director of Finance), Tony Furber (Principal Financial Accountant), Rebecca Aziz-Brook (Transformation and Change Team Leader), and Matthew Pawlyszyn (Democratic and Member Services Officer)

A video recording of the public session of this meeting is available to view on YouTube here

13 Minutes of meeting Wednesday, 1 June 2022 of Governance Committee

Resolved: That the minutes were approved as a correct record.

14 Declarations of Any Interests

No interests were declared.

15 External Audit Progress Report and Sector Update

Georgia Jones, Grant Thornton presented the Audit Progress Report for 2021/2022.

The planning and interim work was completed, the financial statement audit will begin upon receipt of the Financial Statement. The deadline for the signed off audit is 30 November 2022.

The deadline for the Value for Money had been extended and required to be signed off within three months of the audit opinion, however, this is due to be delivered at the same time as the Financial Statement.

Other work completed included the Housing Benefit Claim. There continued to be a good working relationship between Grant Thornton and key officers within the council, knowledge was shared, and developing issues were highlighted.

Upcoming reports to Committee include

- Audit Findings Report
- Auditors Report
- Auditor’s Annual Report
- Auditor’s Annual Report
- Housing Benefit Subsidy - Certification

Resolved: That the report was noted

16 External Audit Annual Report 2020/21

Georgia Jones, Grant Thornton presented the External Audit Annual Report.

The report was completed under the revised code of audit practice, issued by the National Audit Office for audits completed from 2021, and was a retrospective exploration into the arrangements in place at the council in 2021.

No significant weaknesses were identified in areas of
- financial sustainability,
- Governance
- Improving Economy Efficiency and Effectiveness

However, improvement recommendations were made for financial sustainability and governance.

Three types of recommendation could be provided, statutory, key and improvement recommendation. The council received no statutory or key recommendations. Within the report, each recommendation came with a ‘why/impact’, ‘auditor judgement’, ‘summary findings’, and ‘management comment’.

Two improvement recommendations were made in relation to financial sustainability.

‘*Refine formal reporting to members on sensitivity analysis and scenario planning, undertaken on key assumptions and estimates, as part of the development of the annual budget and MTFS’*

‘*Provide a clear distinction between discretionary and non-discretionary spending in the budgetary information to members and ensure it is published on the website’*

It was noted that the recommendation is to make a clear distinction between discretionary and non-discretionary spending. It was noted that this was a common recommendation made to various bodies. It was also noted however that it may not be standard practice in many organisations to make such a distinction, however the recommendation has been included in the report as it is considered good practice; Georgia Jones said she appreciated that the council would need to consider the time and resource required to do this, against the benefit delivered. The focus of the recommendation was on transparency to enable the public to see the full decision-making process. It was acknowledged that management responded positively.

Under Governance, one recommendation was made
‘*That the council ensures the Internal Audit function is adequately resourced to deliver the work programme and continue to monitor delivery of the audit plan going forward to ensure sufficient assurance is obtained to support the annual opinion.’*

Due to the council's response to Covid-19. A full opinion could not be given due to the impact on the capacity and ability of internal audit to function.

Members queried a point in the report stating that the acquisition process of Logistics House was not sufficiently robust, and the risks not fully considered in line with the council's own risk management framework for a transaction of such value. The Auditor explained that this was reported in the 2019/20 Value for Money Report previously reported to the Governance Committee. Under the previous audit arrangements a binary conclusion was given of either qualified or not qualified; the 2019/20 report was qualified due to this issue. It was felt that a more robust business case was required demonstrating the practicalities, the risks, and benefits to the council.

Resolved: That the report be noted.

17 Treasury Management Outturn Report (2021/22) & Quarter 1 Monitoring Report (2022/23)

Steve Kenyon, Deputy Director of Finance presented the Treasury Management Outturn Report (2021/22) and Quarter 1 Monitoring Report (2022/23)

The report summarised the treasury management activity over the 12 months of 2021/22 and the first three months of the current financial year. 2021/22 observed high cash balances because of the Covid funds, but a low yield on investments made.

The approach to investment prioritised the security of public money, the liquidity of funds, and then the interest generated. Interest was considered important, but not at the expense of security or liquidity.

The council in 2021/22 continued to receive Covid funding, often at short notice, which would be quickly distributed, which prevented interest being invested for longer periods of time, and in turn, lower rates of return were attained.

The average daily balance was £9.3 million, down from the previous year's figure of £13 million, however, more than expected due to the Covid funds.

Yield was 0.09% against the target of 0.1%.

The council was unable to lend money to other councils due to the reduction in demand, due to the delivery of Covid funding.

Cash return was £8800 in comparison to £13,000 the previous year.

The capital programme was £24 million, notable schemes included Alker Lane (£6 million), Whittle surgery (£2 million), Tatton (£9 million) and Westway Sports Facilities (£1 million). The overall financing requirement was £14.7 million, the programme was funded from available resources and an additional loan of £10m towards the end of the year.

Interests rates increased during quarter 1 of the financial year, Link Asset Services forecast additional increases until December 2023, peaking at 2.753%.

The first three months of the year observed the average daily cash balance reduce to £9 million, but yield on investments increased to 0.58%, with a cash return of £13,700 which was greater than the 2021/22 figure.

No additional borrowing had taken place during the first three months of 2022/23.

The greatest impact of Brexit on treasury management activity was the uncertainty felt across Europe, nationally and locally. Trade agreements had eased some of the uncertainty.

The economic impact was uncertain and difficult to assess due to parallel factors including global economic recovery following the pandemic and the war in Ukraine.

It was confirmed that counterparty limits or prudential indicators had not been breached, last year or this year.

Resolved – that we noted the report.

18 Draft Core Financial Statements 2021/22

Tony Furber, Principal Financial Accountant presented the Draft Core Financial Statements 2021/22. The report highlighted the process for the approval of the Statement of Accounts. It was corrected that within report it stated that the audit would be completed by the end of September, instead of November.

The draft of the accounts was in an advanced state and expected to be completed and delivered to the auditors within a matter of days.

The core statements and the supporting notes had been complied; the supporting notes included the detailed expenditure and funding analysis which reconciled back to the final outturn position which had been reported to the Executive Cabinet.

The Business Rates Grant Exceptional Payment Reserve was associated to Covid funding. The council received a decrease in business rates due to discounts provided, however, the council received an increase in Section 31 grants from central government. This caused a displacement between years, and the reserves were used to fill the deficit, and as expected, the reserve was down just over £1.4 million.

The pensions deficit decreased from £55.5 million to just under £44 million. This was due £14.5 million surplus from the remeasurement of the pension fund assets.

Resolved – That the report be noted

19 CIPFA Resilience Index 2020/21

Steve Kenyon, Deputy Director of Finance presented the report that summarised the annual index compiled by CIPFA, the purpose was to provide an assurance of financial health.

CIPFA produced the reports through various statutory returns submitted during the year, and then reports are produced with 12 councils grouped together that have similar social, demographic, and economic factors. It was highlighted that there were variances in the way councils reported their statutory returns that could create difficulties while making comparisons, however, the council was able to compare its previous performance. Being grouped with South Ribble allowed accurate comparable figures due to the shared finance service.

Reserve sustainability was scored on a scale of 100, and the council scored 100.

The council maintained 96.5% of its annual spend in reserve. The council placed 139th in the country, and the 10th in Lancashire.

All councils experienced an increase in the reserves due to the receipt of Covid-19 funds.

With regard to the council's level of interest payable, this reflected the high level of investment made in the borough. The income stream from the projects were healthy to support the revenue budget, however, the projects were funded from borrowing and required interest payments.

The council was midtable for external debt and scored high on fees and charges related to investment generated income. It was highlighted that the council held a strong council tax base.

Business growth rate was healthy and demonstrated that Chorley was a place that businesses wanted to locate to and grow. It was commented that all of the data within the report was a 'snapshot in time'. With regards to Business Rate growth, South Ribble had a particularly good year in 2020/21 due to a number of large assessments that came on stream that included the opening of a Tesco Supermarket, an Aldi, work completed on one of the trading estates and at the hospital which boosted the business rates for that year.

The council intended on increasing the monitoring of business growth rate to support the annual budget. More analysis to be completed to identify the top ten businesses in the borough, the businesses that were migrating in, and those that are developing and growing in Chorley.

The report provided independent assurance that the council was in a strong position and highlighted the benefits from the council's investments.

Resolved – That the report be noted.

20 Strategic Risk Review

Rebecca Aziz-Brook, Transformation & Change Team Leader presented the report and provided an annual update on the council's strategic risk register which identified any key risks to the organisation and the delivery of services. The report was reviewed by senior management to consider any changes to the risk scores and new actions to help mitigate risks.

The greatest risks involved funding uncertainty due to the current national economic picture and rising inflation. Resourcing and capacity due to the national job market and skill shortage and cyber security which could impact services and cause reputational damage.

To mitigate the risks, strong control measures and actions were in place which included the new People Strategy, the council's governance framework and budget setting and monitoring processes.

From the last Strategic Risk Review, three risks had decreased whereas four increased.

The decreased risks included

- '*R2 – Failure to achieve desired outcomes through partnership working and deterioration in relationships.'*
- *'R4 – Failure to optimize opportunities for new ways of working.'*
- *R16 – Failure to manage the recovery from Covid-19 effectively.*

The decrease was due to the closer working relationships with partners, the familiarity and adoption of digital and workplace strategies and the reduced risk from the Covid-19 pandemic.

The increased risks

- *R3 – Budget challenges in key public and third sector partners having a negative impact on local level service delivery.* This was monitored and managed through the budget planning process.
- *R5 – Lack of resources to deliver the Council's priorities due to public sector funding cuts or lack of staff capacity and skills.* This risk was being mitigated with the review of management capacity to ensure good levels of capacity at leadership level and with the new People Strategy, which included specialist recruitment campaigns for technical roles, greater communication of vacancies with the development of apprentice and graduate programmes to develop from within to fill hard to recruit roles.
- *R10 – Failure to fully realise the benefits of new technology and related impact on driving organisational change.* Mitigated through new dedicated resources to drive the programme forward with the ICT plan.
- *R11 - Reduction in staff satisfaction and morale.* Mitigated through the close monitoring of wellbeing and morale through pulse surveys, and the People Strategy with opportunities for staff engagement, reward and recognition.

The new People Strategy had been drafted and due to launch in September. Proposals in place for the launch initiative around the graduate and apprentice programme, with development days to enable staff to have dedicated time to work on their development and skills in September and October. An action plan was to sit alongside the People Strategy that covered the next 12 months.

Resolved – That the report be noted.

21 RIPA Application Update

Chris Moister, Director of Governance reported that no RIPA applications had been made.

22 Governance Committee Work Programme 2022/23

Resolved – That the work programme be noted

Chair Date
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External audit plan - addendum

Year ending 31 March 2022

Chorley Borough Council

November 2022

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction and headlines

Purpose

This document provides an addendum to our Audit Plan issued in June 2022 and gives an overview of the planned scope and timing of the statutory audit of Chorley Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed *in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw* your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The Council established a wholly-owned subsidiary, Chorley Leisure Ltd in May 2021 and this will require consolidated accounts to be produced to report the group transactions and balances. The draft Statement of Accounts published 16 August 2022 do not include consolidated financial statements and we have requested management produce an updated version for audit.

Materiality

We have determined planning materiality to be £0.966m (PY £0.966m) for the Council, which equates to 1.9% of your prior year gross expenditure for the year. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. We do not consider a reduction in performance materiality is required for 2021-22. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.048m (PY £0.048m).

Value for Money arrangements

Our initial risk assessment regarding your arrangements to secure value for money has not identified any significant risks requiring separate attention.

We will be considering your arrangements across the three key criteria areas of finance, governance and performance. We will continue to monitor and update our risk assessment and responses until we issue Auditor's Annual Report.

Audit logistics

Our audit of the final accounts will take place in September to November 2022. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £63,322 (PY: £75,816) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

The Council will need to complete an assessment of the group boundary for preparing consolidated financial statements however, we expect to perform audit procedures on the material transactions and balances within the subsidiary company.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Chorley Borough Council	Yes		Management override of controls Valuation of land and buildings Valuation of net pension fund liability	Full scope audit performed by Grant Thornton UK LLP
Chorley Leisure Ltd	No		Management override of controls Valuation of net pension fund liability	Specific scope procedures on leisure income and expenditure to be performed by the audit team.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions – rebutted	Group accounts and Council	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Chorley Borough Council mean that all forms of fraud are seen as unacceptable	As we do not consider this to be a significant risk for the Council we will not be undertaking any specific work in this area other than our normal audit procedures.
Management over-ride of controls	Group accounts and Council	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which is one of the most significant assessed risks of material misstatement. We have also previously identified weak controls around authorisation of journal postings.	We will: • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions

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Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Group accounts and Council	The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements The pension fund net liability of £56,703m (2020-21) is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Lancashire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

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Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Council only	The Council revalues its land and buildings on a rolling five-yearly basis. This valuation of £85.094m (2020-21) represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used. Investment Properties: All investment properties should be valued and reported at fair value under relevant accounting principles. Again, this valuation of £32.783m (2020-21) represents a significant estimate by management in the financial statements due to the size of the numbers involved compared to Council's materiality and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of land and buildings, including investment properties, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • Review progress with the recommendations reported in the prior year Audit Findings Report

Grant Thornton

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This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.
This draft has been created from the template dated DD MMM YYYY

The Audit Findings for Chorley Borough Council

Year ended 31 March 2022

November 2022

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Georgia Jones

Name : Georgia Jones
For Grant Thornton UK LLP
Date : November 2022

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Chorley Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements, including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on site/remotely during August to November. Our findings are summarised on pages 7 to 21. We have identified 2 adjustments to the financial statements that have resulted in a £0m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters;

- Completion of substantive testing of grant income, leisure income and expenditure and payroll changes
- Verification of the NNDR appeals provision data
- Completion of substantive testing of Council Tax reliefs
- Review of the related parties disclosures
- Evaluation of investment yields by our specialist valuations team
- Receipt of the IAS 19 assurance letter from the pension fund auditor
- Review of amendments to the financial statements and disclosures
- Review of evidence for one journal sample
- Review of the final version of the financial statements
- Managements consideration of events after the reporting period
- Final file reviews by the engagement manager and engagement lead
- Receipt of management representation letter;

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by February 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work on this is underway and an update is set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Annual Auditor's report in February 2023.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- An evaluation of the component of the group based on a measure of materiality considering each as a percentage of the Council's gross revenue expenditure to assess the significance of the component and to determine the planned audit response.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you in June 2022, to reflect the requirement of the Council to prepare group accounts.

Conclusion

We have substantially completed our audit of your financial statements and subject to the items listed on page 3 being resolved, we anticipate issuing an unqualified audit opinion following the Governance Committee meeting on 23 November 2022, as detailed in Appendix E.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality benchmark levels remain the same as reported in our audit plan in June 2022. However on receipt of the draft financial statements the materiality figure was recalculated using those benchmarks, This was to appropriately reflect the increase in Council expenditure in 2021/22. Materiality at the planning stage was £966k. We have also now assessed group materiality given the Council is required to prepare group accounts.

We detail in the table aside our determination of materiality for Chorley Borough Council and group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	1,159,000	1,158,000	We have used planning materiality which equates to around 1.9% of your gross operating expenditure for 2021/22. This is considered to be the level above which users of the financial statements would wish to be aware in the context of overall expenditure.
Performance materiality	868,000	868,000	Assessed as 75% of financial statements materiality and based on our knowledge of the Authority and consideration of previous audit findings and adjustments.
Trivial matters	57,900	57,900	Assessed as 5% of financial statements materiality
Materiality for senior officer remuneration	N/A	20,000	The senior officer remuneration disclosures has been identified as an area operating specific materiality due to the sensitive nature of disclosures in this area. This has been assessed as £20k.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. . We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which is one of the most significant assessed risks of material misstatement. We have also previously identified weak controls around authorisation of journal postings.	We have: - evaluated the design effectiveness of management controls over journals - analysed the journals listing and determined the criteria for selecting high risk unusual journals - identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness - evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions We have not identified any changes to accounting policies or the estimation process. Our work in this area is substantially complete and we have not identified any issues in respect of management override of controls.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: there is little incentive to manipulate revenue recognition opportunities to manipulate revenue recognition are very limited the culture and ethical frameworks of local authorities, including Chorley Borough Council mean that all forms of fraud are seen as unacceptable	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: there is little incentive to manipulate revenue recognition opportunities to manipulate revenue recognition are very limited the culture and ethical frameworks of local authorities, including Chorley Borough Council, mean that all forms of fraud are seen as unacceptable. Therefore and as reported in our Audit Plan, we do not consider this to be a significant risk. Whilst not a significant risk, we have performed audit procedures and testing of material revenue items. Our testing in this area is ongoing. Performance of procedures to sample test income have not identified any matters to report to date and have not identified any matters that would lead to a change in our risk assessment.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements The pension fund net liability of £43.978m (£56,444m in 2020-21) is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.	We have: - updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; - evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; - assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; - assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; - tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; - undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and - obtained assurances from the auditor of Lancashire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. This work is complete pending receipt of the final assurance letter from the pension fund auditor. We have not identified any material issues in respect of the valuation of the Council's pension fund net liability. We identified a misclassification between actuarial gains and losses in demographic and financial assumptions in the pensions disclosures notes however, this has not resulted in a misstatement of the net liability.

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2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Land and Buildings and Investment Properties The Council revalues its land and buildings on a rolling five-yearly basis. This valuation of £95.544m (£84.052m in 2020-21) represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used. Investment Properties: All investment properties should be valued and reported at fair value under relevant accounting principles. Again, this valuation of £32.783m (£32.783m in 2020-21) represents a significant estimate by management in the financial statements due to the size of the numbers involved compared to Council's materiality and the sensitivity of this estimate to changes in key assumptions. We therefore identified valuation of land and buildings, including investment properties, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • discussed with the valuer the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • Reviewed management's assessment of the risk of impairment of Assets Under Construction We identified that the Council had not commissioned a full valuation of the Whittle GP Surgery as required by the CIPFA code when a land and building asset is brought into use. This valuation has now been obtained. At the time of writing our work in this area is almost complete and we have not identified any issues in respect of valuation of land and buildings and investment properties.

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2. Financial Statements – Key findings arising from the group audit

Component	Component auditor	Findings	Group audit impact
Chorley Borough Council	Grant Thornton	The Group accounts were provided for audit on 21 October 2022 We reviewed the Council's procedures and consolidation calculations for the consolidation of Chorley Leisure Ltd with the Council's accounts. No issues were identified. • We have obtained sufficient assurances over any material balances and transactions outside the group boundary. • We completed a review of the group consolidation process and there are no issues identified that need reporting to the Governance Committee.	• Our group audit work is now completed and we have not identified any issues to report as a result of our findings. • We are satisfied that the Group accounts after taking account intercompany transactions, are not materially misstated.
Chorley Leisure Ltd	Not applicable	Risks identified as per our audit plan addendum were: - Management override of controls - Valuation of Pension Fund Liability • We have completed a review of the group consolidation process and there are no issues identified that need reporting to the Audit Committee. • We have substantively tested a sample of the income and expenditure transactions in the leisure company Our work in this area is ongoing, pending completion of the income and expenditure testing	Our work is ongoing. We have no findings to report to date

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2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £95.544m Investment Properties - £32.783m	Other land and buildings includes specialised assets such as leisure centres which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged Lea Hough & Co to complete the valuation of properties as at 31 March 2022 on a five yearly cyclical basis. 63% of total assets were revalued during 2020/22. Management have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 31 March 2022. This has been supported by a desktop review of assets by Lea Hough & Co. Management identified material changes to the valuation of properties. Where applicable, the identified assets were subject to a full revaluation.	We have • undertaken an assessment of management's experts • reviewed the completeness and accuracy of the underlying information used to determine the estimate • reviewed the impact of any changes to valuation method • checked the consistency of estimate against near neighbours • agreed the reasonableness of the increase/decrease in estimate • reviewed the adequacy of disclosure of estimate in the financial statements. The valuation method remains consistent with the prior year. The Valuer has prepared their valuations in accordance with RICS Valuation – Global Standards. Our work in this area is ongoing. Based on our work completed, we have not identified any issues in respect of valuation of land and buildings and investment properties We expected to obtain sufficient and appropriate audit assurance to conclude that: • the basis of the valuation of land and buildings and investment properties is appropriate • the assumptions and processes used by management in determining the estimate of valuation of property are reasonable. • the valuation of land and buildings disclosed in the financial statements is reasonable. • management's approach to this significant estimate is appropriate • management's assessment of assets not revalued is reasonable	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate | **Summary of management's approach** | **Audit Comments** | **Assessment**

Net pension liability – £43.978m

The Council's net pension liability at 31 March 2022 is £43.978m comprising the Lancashire Pension Fund Local Government Scheme and £3.128m of unfunded defined benefit pension scheme obligations. The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.

We have:

- Undertaken an assessment of management's expert
- Assessed the actuary's approach and undertaken detailed work to confirm reasonableness of that approach
- Used PwC as our auditor expert to assess actuary and assumptions made by actuary

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.8%	2.7-2.8%	
Pension increase rate	3.5%	3.0-3.5%	
Salary growth	4.9%	4.3-5.0%	
Life expectancy – Males currently aged 45 / 65	23.7 / 22.3	22.2-24.8 / 20.7-23.3	
Life expectancy – Females currently aged 45 / 65	26.8 / 25	25.7-27.5 / 23.8-25.5	

We have also reviewed:

- the completeness and accuracy of the underlying information used to determine the estimate
- Impact of any changes to valuation method
- Reasonableness of the Authority's share of LPS pension assets.
- Reasonableness of increase/decrease in estimate
- Adequacy of disclosure of estimate in the financial statements

We have also obtained assurances from the auditor of the Local Government Pension scheme in order to conclude our work in this area.

Assessment: Light Purple

Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Provisions for {NNDR appeals} - £1.303m	The Council are responsible for repaying a proportion of successful rateable value appeals. Chorley's calculation is based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) for the 2010 listing and previous success rates. Whilst earlier outstanding appeals have fallen, the Council has included an estimate for appeals from 2017-18 to 2021-22 of approximately 4.0 per cent. The provision has increased £0.095m from 31 March 2021.	We have: • reviewed the appropriateness of the underlying information used to determine the estimate • reviewed the impact of any changes to valuation method • checked the consistency of estimate against industry practice • agreed the reasonableness of the increase in estimate • reviewed the adequacy of disclosure of estimate in the financial statements. Our work in this area is ongoing.	Light Purple
Heritage assets - £2.530m	The Council holds Astley Hall as a heritage asset which is valued using the historical cost basis which is permitted in the CIPFA Code where it is not practicable to obtain a valuation. The building was revalued to a nominal £1 at 31 March 2011 following a condition survey. During 2020-21, the Council capitalised £0.3m of expenditure in relation to the restoration of Astley Hall. At 31 March 2021, the building was then revalued to £1. During 2021-22 further capital expenditure of £0.864m has been incurred and this has been recognised in the Property , Plant and Equipment Assets Under Construction.	At 31 March 2022, the restoration works were substantially complete. Astley Hall reopened to the public in May 2022. The £0.864m additions to Astley Hall has been adjusted to be included in the Heritage Assets. As the restoration works have been completed and the asset is in use in 2022-23, the current valuation basis will no longer be appropriate. We have previously recommended that the Council reviews the basis of valuation for Astley Hall going forward to ensure the value is not materially misstated. See Appendix B for this recommendation.	Light Purple

Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income Recognition and Presentation- £46.028m	The Council receives a number of grants and contributions and must determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council is acting as the principal and credited the following grants, to the Comprehensive Income and Expenditure Statement: • Covid-19 funding • Benefits related grants • Business rates reliefs • Developer contributions The Council is acting as an agent and does not recognise grant income in respect of £6.959m of Covid-19 funding to support local businesses. The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.	Our audit work included consideration of: • whether the Council is acting as the principal or agent which would determine whether the authority recognises the grant at all • Completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income • Impact for grants received, whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES. • Adequacy of disclosure of judgement in the financial statements Our work in this area is ongoing. We have completed our procedures on the grant funding where the Council is acting as an agent. We have not identified any issues to report.	Light Purple

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Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £5.623m	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The Council's policy for MRP for pre 2008 borrowing is a charge at the rate of 4% in accordance with the Regulatory Method. In the case of all capital spend finance by Prudential Borrowing; this is subject to MRP under the Asset Life Method – equal instalments charged over the estimated useful life of the asset. MRP is based on the estimated life of the assets, in accordance with the regulations. The year end MRP charge was £5.623m, a net increase of £3.910m from 2020/21.	We have examined: • whether the MRP has been calculated in line with the statutory guidance • whether the Council's policy on MRP complies with statutory guidance. • Assessed whether any changes to the Council's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full council • Reasonableness of the increase/decrease in MRP charge At 31 March 2022, the Council's MRP was £5.623m. At 31 March 2021 the MRP was £1.713m. The MRP represents 5.72% of the Council's overall Capital Financing Requirement. This has increased from 1.92% at 31 March 2021. Government have consulted on changes to the regulations that underpin MRP, to clarify that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted. The consultation highlighted that the intention is not to change policy, but to clearly set out in legislation, the practices that authorities should already be following. Government will issue a full response to the consultation in due course.	Light Purple

Assessment

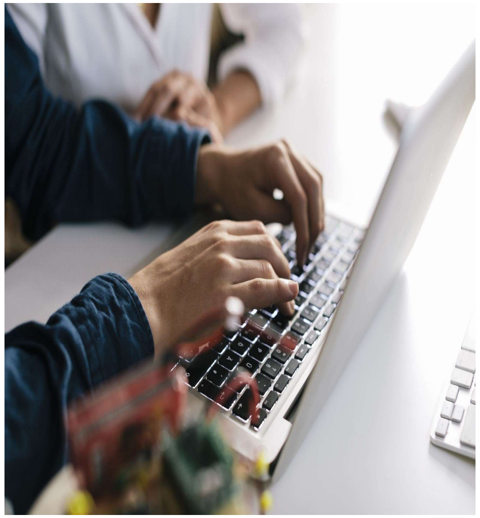
- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Governance Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, this is included in the agenda for the meeting

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's bankers. This permission was granted and the requests were sent and were returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	We have not encountered any significant difficulties during the audit.

2. Financial Statements - other communication requirements

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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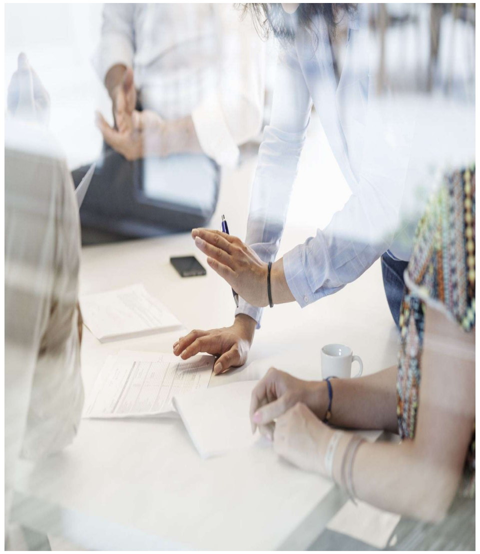
2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to appendix E
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness We have nothing to report on these matters.



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. However, the Group Instructions in relation to the work have not yet been issued by the NAO. We expect the Council to be below the threshold as has been the case in previous years.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audit of Chorley Borough Council in the audit report, as detailed in Appendix E, due to VFM work being incomplete and WGA.

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

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3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report by January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risks of significant weakness to date.

Our work on the value for money key criteria and our conclusions will be reported in our Auditor's Annual Report.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Claim	22,080	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £22,080 in comparison to the total fee for the audit of £63,322 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Home England Compliance Audit Checklist 2021-22	5,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,500 in comparison to the total fee for the audit of £63,322 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Governance Committee. None of the services provided are subject to contingent fees.

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Appendices

A. Action plan – Audit of Financial Statements

We have identified one recommendation for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	Cash to bank reconciliation Our review and testing of the year-end reconciliation of cash balances in the accounting ledger to the bank account has identified some deficiencies. The reconciliation only includes the Council's main bank account however, there are other bank accounts which should also be reconciled and reviewed at year-end. The accounting ledger contains several reconciling items which could not be substantiated with supporting evidence. The total net value is £38k however, the gross value is £46k. As part of our procedures we have reconciled the cash balances to the bank account, obtained direct confirmations from the banks and verified items that cleared in the bank after the reporting date. Therefore, we are satisfied the cash balance is not materially misstated.	Management should review the cash to bank reconciliation process to ensure it covers all applicable cash balances in the account, remove any historic or erroneous reconciling items and ensure it is fit for purpose as an effective check on the year-end balance. Management response Management fully agree with the recommendation made and will ensure it is implemented as quickly as possibly (By 31st December 2022)

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Chorley Borough Council's 2020/21 financial statements, which resulted in two recommendations being reported in our 2020/21 Audit Findings report.

We have followed up on the implementation of our recommendations and note one is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Valuation of heritage assets The Council holds Astley Hall as a heritage asset which is valued using the historical cost basis which is permitted in the CIPFA Code where it is not practicable to obtain a valuation. The building was revalued to a nominal £1 at 31 March 2021 following a condition survey. During 2020-21, the Council capitalised £0.3m of expenditure in relation to the restoration of Astley Hall. At 31 March 2021, the building was then revalued to £1. As the restoration works progress towards completion in 2022-23, the current valuation basis will no longer be appropriate.	At 31 March 2022, the restoration works were substantially complete. Astley Hall reopened to the public in May 2022. As the restoration works have been completed and the asset is in use in 2022-23, the current valuation basis will no longer be appropriate. We have previously recommended that the Council reviews the basis of valuation for Astley Hall going forward to ensure the value is not materially misstated.
✓	Minimum Revenue Provision At 31 March 2021, the Council's MRP was £1.713m. At 31 March 2020 the MRP was £0.569m. The MRP represents 1.92% of the Council's overall Capital Financing Requirement. This has increased from 0.64% at 31 March 2020. This is measure of the pace at which charges to revenue (GF) are being made to finance capital expenditure that has not previously been financed. The overarching requirement is for authorities to determine a "prudent" provision, rather than to follow a particular basis of calculation. If the MRP is too low, the burden of financing capital assets will fall on future generations of taxpayers.	The Council has increased the Minimum Revenue Provision to 5.72% of the Capital Financing Requirement via a transfer of £4.188m from capital receipts unapplied reserve in line with the 2021-22 budget and capital strategy.

Assessment

✓ Action completed

X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Misclassification of actuarial gains and losses between changes in demographic assumptions and changes in financial assumptions.	Actuarial gains and losses from changes in demographic assumptions (£1,297) Actuarial gains and losses from changes in financial assumptions £1,297	-	-
Capital expenditure for the renovation of Astley Hall has been classified as Property, Plant & Equipment instead of Heritage assets	-	Property, plant & equipment (£864) Heritage assets £864	-
Overall impact	£0	£0	£0

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C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Details	Adjusted?
Prior year comparatives	The Council made some amendments to the prior year comparative figures which had been brought forward into the draft accounts inaccurately.	✓
Accounts consistency	Updates made to references in the accounts and minor amendments to ensure consistency.	✓
Narrative report	Updates to the narrative report to explain the change in group structure	✓
Remuneration disclosures	The Council made some amendments to the disclosures in the Officers Remuneration note. We identified some inaccuracies in the disclosures of exit packages paid during the year.	✓
Related parties	Additional disclosures of related parties in respect of the subsidiary Chorley Leisure Ltd	✓
Interest in subsidiary	Additional disclosure of the Council's interest in the subsidiary Chorley Leisure Ltd	✓
Critical judgements & uncertainty	The Council has amended the disclosures in note 4 to remove unnecessary narrative around the group accounts.	✓
Exit packages	Updates to correct the prior year disclosures	✓
Financial instruments	Updates made to disclosures of financial instruments	✓
Audit fees	Updates made to disclosure the full external audit costs in the accounts.	✓

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The current account cash balance in the trial balance is (£242k) at 31 March 2022, reflecting uncleared payments initiated prior to the year end which cleared the bank account in April 2022. As a technical overdraft, this represents a liability and should be presented within the creditors balance in the Statement of Financial Position.	-	Cash & cash equivalents £242 Creditors (£242)	-	Not material
Overall impact	£0	£0	£0	

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Agenda Item 4

C. Audit Adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
The reconciliation of employee benefits expenditure reported in the Comprehensive Income and Expenditure Statement to the supporting payroll data identified an unresolved difference indicating an overstatement of expenditure.	Employee benefits expenditure (£85)	General reserve £85	(£85)
Grant income and other service expenditure in the Comprehensive Income and Expenditure Statement are understated by the same amount due to the incorrect allocation of grant monies received for Covid-19 classified as agency income	Taxation and non-specific grant income (£675) Other service expenditure £675	-	-
Overall impact	(£760)	£760	(£760)

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D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

The fees reconcile to the financial statements.

Audit fees	Proposed fee	Final fee
Council Audit	63,322	tbc
Total audit fees (excluding VAT)	£63,322	tbc

Non-audit fees for other services	Proposed fee	Final fee
Certification of Housing Benefit Claim	£22,080	tbc
Homes England Compliance Audit Checklist 2021-22	£5,500	£5,500
Total non-audit fees (excluding VAT)	**£27,580**	**tbc**

E. Draft audit opinion

Our draft audit opinion is included below.

We anticipate we will provide the Council with an unmodified audit report

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

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Chorley Borough Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

• give a true and fair view of the financial position of the group and of the Authority as at 31 March 2022 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;

• have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and

• have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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E. Draft audit opinion

The responsibilities of the Director of Finance with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

• we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 014 in the course of, or at the conclusion of the audit; or

• we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

• we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

• we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

E. Draft audit opinion

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Governance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972 and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012 .

• We enquired of senior officers and the Governance Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;

- the detection and response to the risks of fraud; and

- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

• We enquired of senior officers, internal audit and the Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

• We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- journal entries that impacted income and expenditure or posted during the accounts production

- potential management bias in accounting estimates; and

- transactions outside the normal course of business.

• .

E. Draft audit opinion

- Our audit procedures involved:
- evaluation of the design effectiveness of controls that the Director of Finance has in place to prevent and detect fraud;
- journal entry testing, with a focus on journals which impacted income and expenditure or posted during the accounts production;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of valuation of land and buildings, the valuation of investment property and defined benefit pensions liability valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

• These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

• The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to the valuation of land and buildings, the valuation of investment property and defined benefit pensions l•

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government sector

- understanding of the legal and regulatory requirements specific to the Authority and group including

- the provisions of the applicable legislation

- guidance issued by CIPFA, LASAAC and SOLACE

- the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

Responsibilities of the Authority

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

E. Draft audit opinion

- Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources
- We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.
- We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:
- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.
- We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

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

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

• our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its se of resources and issued our Auditor's Annual Report,

• the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

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

Use of our report

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

Signature:

Georgia Jones, Key Audit Partner

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

Liverpool

Date:

F. Audit letter in respect of delayed VFM work

Chair of Governance Committee

Civic Offices, Union St, Chorley PR7 1A

23 November 2022

Dear Councillor Debra Platt, Chair of Governance Committee

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than January 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Georgia Jones

Engagement Lead

grantthornton.co.uk

Chorley Council

Report of	Meeting	Date
Director (Finance)	Governance Committee	Wednesday, 23 November 2022

Statement of Accounts 2021/22

Is this report confidential?	No

Is this decision key?	No

Purpose of the Report

1. To present for approval the audited Statement of Accounts for 2021/22.

Recommendations to Governance Committee

2. To approve the audited Statement of Accounts for 2021/22 (Appendix A), subject to any amendments which, in the opinion of the Director of Finance (Section 151 Officer), are minor in nature, i.e. defined as non-material to the financial position of the council;

3. To delegate authority to the Director of Finance, in consultation with the Chair of Governance Committee, to make such amendments;

4. If the Director of Finance is of the opinion that any such amendments are material to the financial position of the council, to reconvene the Governance Committee to approve the new Statement of Accounts;

5. To authorise the Director of Finance and Chair of Governance Committee to sign the Letter of Representation (Appendix B).

Reasons for recommendations

6. Approval of the annual Statement of Accounts is a statutory obligation.

Other options considered and rejected

7. The Statement of Accounts are prepared in the form to meet professional accounting standards and to comply with statutory regulations. There are therefore no alternative options that can be adopted.

Corporate priorities

8. The report relates to the following corporate priorities:

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

Background to the report

9. The Accounts and Audit Regulations came into force on the 1st April 2015 and have subsequently been amended, most recently by the Accounts and Audit (Amendment) Regulations 2022, which became effective from 22nd July 2022. These regulations set the statutory timetable for production, approval and audit of the Statement of Accounts

10. The responsible financial officer must sign and date the Draft Statement of Accounts and certify that it presents a true and fair view of the financial position of the Authority at the year end, and of the income and expenditure for the year.

11. The responsible financial officer must then commence the period for the 'exercise of public rights' and notify the local auditor of the date on which that period commenced; for the 2021/22 statements the timescale for doing so was 31st July 2022.

12. There is no requirement for Members to approve the Statement of Accounts at this stage in the process.

13. The responsible financial officer must, on behalf of the authority, publish (which must include publication on the authority's website) the draft Statement of Accounts, along with the Annual Governance Statement and a Narrative Report and a declaration, signed by that officer, to the effect that the status of the statement of accounts is unaudited and that the approved Statement of Accounts, as published, may be subject to change.

14. The regulations also state that the period for the exercise of public rights is deemed to commence on the day following the day on which all of these obligations have been fulfilled. The responsible finance officer must also ensure that commencement of the period for the exercise of public rights takes place on such a day that it includes, for the 2021/22 statements, the first ten working days of August 2022 and continues for a single period of 30 working days.

15. Once the full draft Statement of Accounts have been published, and the public inspection period has begun, then the audit of the accounts by the council's external auditors, Grant Thornton, can commence.

16. Once the audit has been completed, the Regulations specify that the responsible financial officer must reconfirm on behalf of the authority that they are satisfied that the statement of accounts present a true and fair view of the financial position of the authority at the year end, and the income and expenditure for the year. The council is then required to:

- consider, either by way of a committee, or by the members meeting as a whole, the statement of accounts;
- approve the statement of accounts by a resolution of that committee or meeting;
- ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

17. Chorley Council delegates the responsibility for the approval of the accounts to the Governance Committee.

18. For 2021/22, the date for completion of the audit and final approval and publication of the Statement has been determined in the Regulations as 30 November 2022.

19. Once approved the council must, by no later than 30 November, publish:

    - the statement of accounts together with any certificate or opinion, entered by the local auditor;
    - the annual governance statement; and
    - the narrative statement.

20. Publication of the final documents must include publication on the council's website.

Approval of the Statement of Accounts 2021/22

21. The draft Statement of Accounts 2021/22 were signed by the Director of Finance on 12 August 2022 and published on the Council's website, together with details of public inspection rights. Whilst every effort was made, this was slightly beyond the deadline set by government due to resources available within the Finance Team. Grant Thornton, the external auditors, were kept fully informed of the position, and on 12 August the accounts were presented to them for audit.

22. The Auditor's 'Audit Findings Report' is presented as a separate report on this agenda. This sets out adjusted misstatements, unadjusted misstatements, and misclassification and disclosure changes in the current version of the Statement of Accounts. The audit of the accounts has not yet been completed in full. A few matters are still under consideration and so there is a possibility that further changes to the Statement of Accounts may be required. The details of the work yet to be undertaken is stated on page 3 of their report.

23. The Accounts and Audit Regulations 2015, as amended by The Accounts and Audit (Amendment) Regulations 2022, require that the statement should be approved by a meeting of members by 30 November 2022, or should that not prove possible, 'as soon as is reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit'.

24. The full statement for 2021/22 is attached as Appendix A for consideration and approval.

25. Following consideration and approval by this Committee, the Chair is required to sign and date the Statement, which should also be re-certified by the Director of Finance, as soon as is practicable. The Statement of Accounts will then be published on the Chorley Council web site; www.chorley.gov.uk.

26. The Director of Finance and the Chair of Governance Committee should also sign the Letter of Representation which is attached at Appendix B.

27. As the audit has not yet been fully completed, it is recommended that the Director of Finance, in consultation with the Chair of Governance Committee, should approve any further non-material amendments to the Statement of Accounts, if necessary, before the accounts are signed and dated. If the Director of Finance is of the opinion that the amendments are material to the financial position of the council, Governance Committee should be reconvened to approve the new Statement of Accounts.

Changes to Draft Statement of Accounts Published on 12 August 2022

28. Appendix C of the Audit Findings Report sets out the main adjustments made to the Statement of Accounts from the version published on 12 August 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Misclassification of actuarial gains and losses between changes in demographic assumptions and changes in financial assumptions.	Actuarial gains and losses from changes in demographic assumptions (£1,297) Actuarial gains and losses from changes in financial assumptions £1,297	-	-
Capital expenditure for the renovation of Astley Hall has been classified as Property, Plant & Equipment instead of Heritage assets	-	Property, plant & equipment (£864) Heritage assets £864	-
Overall impact	£0	£0	£0

29. In addition, more misclassification and disclosure changes have been made to the accounts as outlined in page 30 of their report.

30. One adjustment that has been identified by the auditors that has not been actioned in the accounts as it is not material to the accounts is detailed on page 31

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The current account cash balance in the trial balance is (£242k) at 31 March 2022, reflecting uncleared payments initiated period to the year end which cleared the bank account in April 2022. As a technical overdraft, this represents a liability and should be presented within the creditors balance in the Statement of Financial Position.	-	Cash & cash equivalents £242 Creditors (£242)	-	Not material
Overall impact	£0	£0	£0	

31. Having considered the position, as the council was not overdrawn at the bank, it was felt appropriate to retain the figure within cash balances rather than creditors, as daily cashflows are managed to ensure they do not go into a physical overdraft position. This unadjusted misstatement is referred to in the Letter of Representation attached to this report at Appendix B.

32. The Annual Governance Statement is unchanged from that approved by the Committee on 1 June 2022.

Climate change and air quality

33. The matters noted in this report have no implications for climate change or air quality.

Equality and diversity

34. This report has no implications for equality and diversity.

Risk

35. Risk implications apply in relation to compliance with the Accounts and Audit Regulations 2015 (as amended) 2022, and in preparing financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

Comments of the Statutory Finance Officer

36. There are no direct financial implications arising from this report. The report meets the statutory accounting requirements for the Statement of Accounts to be produced and is a factual statement of the income and expenditure flows over the course of the 2021/22 financial year, and a snapshot of the Balance Sheet position as at 31st March 2022.

37. All financial implications relating to the final budget outturn position have been set out in the Revenue and Capital Outturn Reports 2021/22, which were considered by Executive Cabinet on 16 June 2022.

Comments of the Monitoring Officer

38. The legal implications are in respect of the Accounts and Audit Regulations 2015 (as amended) 2022, and the requirement that the accounts must be compliant with the relevant accounting standards and codes of practice and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.

Background documents

- Accounts and Audit (England) Regulations 2015 (as amended) 2022
- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

Appendices

Appendix A: Draft (Audited) Financial Statements 2021/22
Appendix B: Draft Letter of Representation 2021/22

Report Author:	Email:	Telephone:	Date:

Louise Mattinson (Director of Finance)	louise.mattinson@chorley.gov.uk	01257 515151	14 Nov 2022

Draft
Statement of Accounts
2021/22

Chorley Borough Council

Chorley Council

Contents

Introduction to the Statement of Accounts

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

This Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code), which is based on International Financial reporting Standards.

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

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

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Narrative Report of the Chief Financial Officer

Introduction

I am pleased to introduce the Statement of Accounts for the 2021/22 financial year for Chorley Council. The accounts are produced annually to give electors, local taxpayers, members of the Council, employees and other interested parties clear information on the Council's finances and the financial outlook for the future.

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting. The accounts provide all of the financial information for the 2021/22 financial year and there is a narrative that provides a high level overview of the key issues that affect the accounts including information on the Council's achievements during the year and a section that looks at the outlook for the future.

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

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

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

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

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

Louise Mattinson ACA
Director of Finance/Section 151 Officer

Key Facts About Chorley

- Chorley Borough is located in Lancashire at the centre of the North West Region, with the M6, M61 and M65 motorways running through it. It has easy access to the West Coast Mainline and Manchester and Liverpool Airports. These good transport links make it an attractive area for people to live for people working across the North West. This is reflected in its steadily increasing population level;

- The latest available Office for National Statistics (ONS) figures estimate that the total population of the borough was estimated at 117,800 in 2022, with people mostly living in urban areas;

- The Borough of Chorley covers 205 square kilometres;

- The Borough of Chorley consists of 14 wards, represented by 42 elected councillors and a member of parliament. Following elections in May 2022, the Council is led by a majority Labour Party administration.

Party	No.
Conservative	13
Labour	29
TOTAL	**42**

Chorley Borough Council Corporate Strategy

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

The delivery of the Corporate Strategy is supported through a series of key projects and service level projects contained within the business plans. In each case, the resources required to deliver the projects and plans were broadly developed through the business planning process, and resources identified during the budget planning process.

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

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

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

The long-term outcomes for this priority are:

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

Astley Hall Renovation

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

Improving Digital Skills

A project to deliver actions to increase digital skills across the borough will be developed and delivery commenced in the first quarter of 2022/23. This project will build on previous digital initiatives delivered through the Covid Recovery Plan, to work with local partners to understand barriers to accessing support that will shape future digital inclusion workstreams, enabling the Council to better support non-digital cohorts in communities and reduce the impacts of exclusion and digital inequality. The work delivered as part of this project will include promoting existing provision as well as strengthening referral pathways to ensure those in need of support are aware of and can access the appropriate schemes. The project will further focus on upskilling volunteers and providing access to digital devices in order to enhance digital training in the borough. Once delivered, this project will ensure more of our residents can access our online services, information, and resources, improving their ability to achieve personal outcomes that have wider health and prosperity impacts.

Tackling Climate Change

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

Performance of key projects

1 Projects rated NOT STARTED

2 Projects rated GREEN

0 Projects rated AMBER

0 Projects rated RED

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

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

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

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

- Deliver actions to increase digital skills across the borough.

Performance of corporate strategy measures

2 Performance is better than target

0 Worse than target but within threshold

1 Worse than target, outside threshold

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

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

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

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

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

Clean, safe, and healthy homes and communities

The long-term outcomes for this priority are:

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

Affordable Housing

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

Tatton Extra Care Facility

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

Improve play and community spaces across the borough

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

Performance of key projects

0 Projects rated COMPLETED

2 Projects rated GREEN

1 Projects rated AMBER

0 Projects rated RED

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

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

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

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

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

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

Performance of corporate strategy measures

5 Performance is better than target

0 Worse than target but within threshold

1 Worse than target, outside threshold

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

Five indicators are performing on or better than target:

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

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

Indicator:		**Target:**	**Performance:**
	Number of affordable homes delivered	100	63
Reason below target:	The period of operation for the local plan is close to its expiration. Under the plan there are few allocated housing sites remaining for development for new affordable homes, therefore, reducing the number of affordable homes being delivered.		
Action required:	The Central Lancashire Local Plan is being progressed with additional resources being injected to accelerate the process, which will deliver new supply of allocated housing sites and deliver affordable housing over the next local plan period. As part of the 2021 Corporate Strategy, the project to deliver more affordable housing in the borough will address some supply issues and the shortfall in provision, involving two elements: • Firstly, working with Registered Providers to increase the number of social housing available through choice-based lettings, strengthening pathways to affordable homes. • Secondly, the Council will seek to purchase housing units to increase the provision of affordable rental properties.		
Trend:	The figure has increase by 34% from the 47 reported in quarter four 2020/21. The indicator is performing lower than the figure of 202 reported in quarter four 2019/20 and 166 reported in quarter four 2018/19.		

A strong local economy

The long-term outcomes for this priority are:

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

Supporting Economic Development

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

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

Improvements to the Town Centre

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

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

Strawberry Meadows Development

The project to deliver Strawberry Meadows employment site has continued for completion in 2022/23 and across the site, landscaping has made significant progress and the roadways continue to be defined. The marketing of the facility is ongoing with offers received on the majority of units, and negotiations in train with many of these. Once complete, Strawberry Meadows will provide essential commercial buildings to accommodate the ambitions of the business sector, supporting economic growth in the borough by promoting inward investment.

Performance of key projects

1 Projects rated NOT STARTED

3 Projects rated GREEN

0 Projects rated AMBER

0 Projects rated RED

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

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

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

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

- Provide support for enterprise across the borough post Covid.

Performance of corporate strategy measures

3 Performance is better than target

1 Worse than target but within threshold

2 Worse than target, outside threshold

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

Three indicators are performing on or above target:

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

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

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

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

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

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

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

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

The long-term outcomes for this priority are:

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

Deliver Shared Services

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

Borough-wide Streetscene improvements and delivering the Green Agenda

The project to deliver street level improvements to ensure cleaner and greener streets and neighbours across the borough has achieved progress. The asset management software has now gone live across key services, including culvert inspections, pre-use checks on machinery and fleet vehicles, tree inspections, town centre and litter bins. This will improve the efficiency and responsiveness of service delivery through the utilisation of technology and help us meet potential increases in future service demand. Work to quantify the volume of waste that is collected by the Council is being conducted, which will be used to measure the effectiveness of waste collection and inform future service plans. The proposed procurement of a small electric van fleet has been approved, with the specification drafted ahead of the commencement of the tender exercise in quarter one. A new quad bike has also been purchased and installed with a weed spraying kit to aid with weed treatment work. As part of the seasonal work, installation of the mini-meadows and wildlife corridors commenced in quarter, with ground preparation and sowing works.

Future Workplace Strategy

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

Deliver sustainable public services

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

Performance of key projects

1
Projects rated
NOT STARTED

3
Projects rated
GREEN

0
Projects rated
AMBER

0
Projects rated
RED

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

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

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

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

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

Performance of corporate strategy measures

3 Performance is better than target

0 Worse than target but within threshold

0 Worse than target, outside threshold

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

All three indicators are performing on or above target:

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

PERFORMANCE OF KEY SERVICE MEASURES

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

4 Performance is better than target

1 Worse than target but within threshold

1 Worse than target, outside threshold

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

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

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

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

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

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

Performance of Corporate Strategy Key Measures 2021/22

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

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

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

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

Strategic Risk Register

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

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

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

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

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

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

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

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

Changes to risk scores

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

The risks which have decreased in score include:

- **R2- Failure to achieve desired outcomes through partnership working and deterioration in relationships.** The inherent risk score has been reduced from 16 (high) to 12 (high) based on closer working relationships between partners, including the Chorley and South Ribble Partnership, which means that whilst achieving outcomes is still dependent on strategic partners, the partnerships themselves are more robust.

- **R4- Failure to optimise opportunities for new ways of working** has been reduced from a residual risk of 8 (medium) to 6 (medium) to reflect how the council has adapted to more agile and flexible working as a result of the Covid-19 pandemic, including through the Digital and Workplace strategies. The council will have to ensure that it continues to monitor and identify opportunities for new ways of working which may emerge in the future.

- **R16- Failure to manage the recovery from Covid-19 effectively** has been reduced from an inherent risk of 12 (high) to 9 (medium) and residual risk from 12 (high) to 6 (medium.) This reflects the reduction in risk from the Covid-19 pandemic as measures have relaxed, and indications that the council has adapted well to new ways of working and service needs, for example, a refreshed Economic Development Strategy is being developed to reflect the changing needs of the borough. It is anticipated that this will move to business as usual management over the next year, as the recovery from Covid-19 is further embedded.

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

- **R3- Budget challenges in key public and third sector partners having a negative impact on local level service delivery** has been increased in residual risk from 8 (medium) to 12 (high.) This reflects that whilst the council retains a strong financial position, there is an increased uncertainty in public sector costs and funding, due to the impact of increasing inflation and the cost of living crisis. New actions have been identified within the risk register to ensure that Chorley can continue to deliver on local service delivery including accessing schemes linked to the Levelling Up agenda.

- **R5- Lack of resources to deliver the Council's priorities due to public sector funding cuts or lack of staff capacity and skills**. The inherent risk score for R5 has been increased from 12 (high) to 16 (high) to reflect the national uncertainties in relation to costs and funding and the job market shortage which has an impact on successful recruitment and retention of skilled staff. Several new areas of work are being delivered to mitigate this risk, including a People Strategy being developed to support workforce capacity, succession planning and identifying skills gaps earlier.

- **R10- Failure to fully realise the benefits of new technology and related impact on driving organisational change** has been increased from 12 (high) to 16 (high) and residual risk from 6 (medium) to 9 (medium.) Whilst the council continues to aim to maximise the benefits of all new technology, the ICT plan includes a large programme of work to be delivered, which provides the basis of infrastructure and technology to support the effective use of new technology. There has been limited ICT capacity to drive forward this plan with several roles within the service currently being recruited to but there is now a plan in place to move forward with delivery, which will be monitored and supported through the Programme Management Office.

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

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

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

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

Risk No.	Description of Risk	Inherent Score	Residual Score	Direction	Comment	Planned actions
					projects, the MTFS and budget setting process to identify current and new resources, and resilience from shared services arrangements and the OD strategy to identify skills gaps.	The new People Strategy will also support recruitment, retention and staff development through: - delivery of a review of recruitment and onboarding to ensure this is as efficient as possible - consistent graduate and apprentice process to grow our own - annual development day to give staff more time for developing their skills - annual workforce review to provide information on any current or upcoming skills gaps
R6	Failure to react to changing service demand including any change in demand due to the recovery from COVID-19 and internal skill gaps to address this	**8**	**6**	➔	Risk level maintained. Current measures in place to mitigate risk include use of system data to assess service demands, self-service, and the ICT and Digital Strategy to help manage demand more effectively through new technology.	A new action has been identified to reflect emerging service demand in relation to Ukraine and the cost of living crisis including adapting community support (such as a sponsor support network) and monitoring of any council requirements (such as administration of grants or rebates.) To ensure that the right skills are in place across the organisation to meet service demand, a new People Strategy is in the process of being developed to identify workforce capacity and skill gaps.
R7	Reduction in satisfaction with the Council	**6**	**6**	➔	The resident survey 2021 shows increased resident satisfaction with the council, however there is still a need to	A further action to be delivered is additional investment in priority areas, to be identified through the annual budget process.

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

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

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

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

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

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

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

The Structure of the Council

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

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

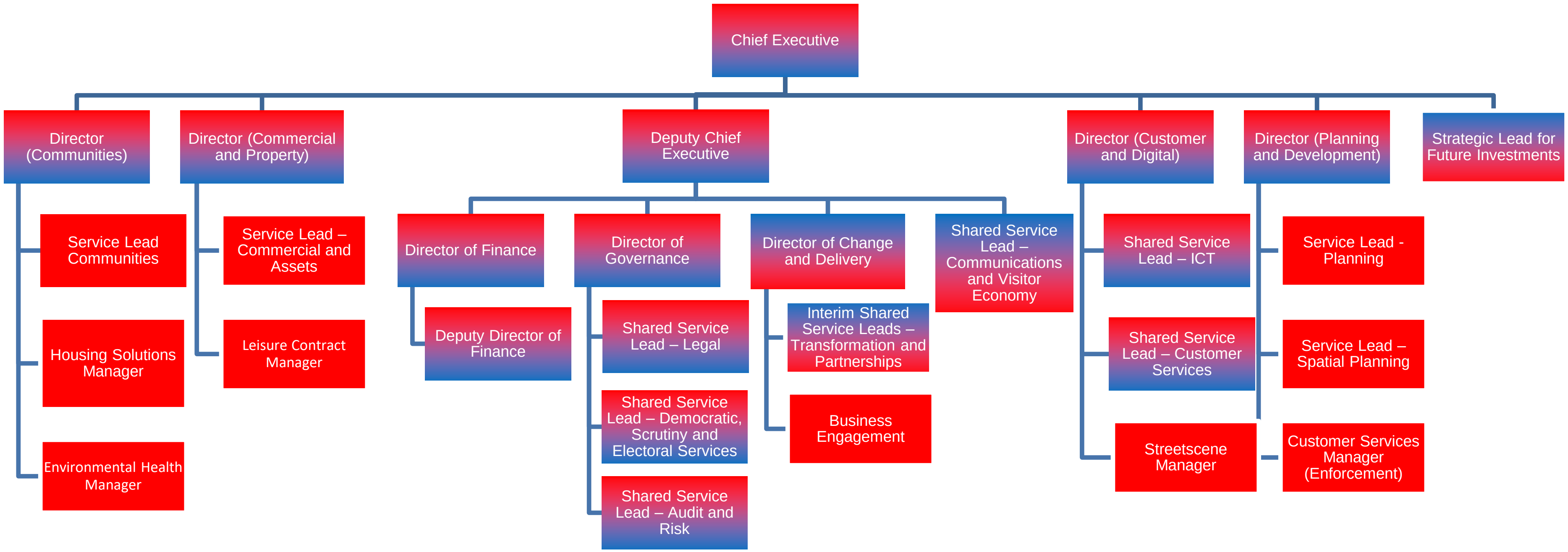
Shared Senior Management Team

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

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

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

Leadership and Management Structure – Chorley Council



The following key has been used:

	South Ribble
	Chorley
	Shared

Financial Performance in 2021/22

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

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

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

The outturn position is summarised in the table below:

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

It was approved to utilise the underspend as follows:

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

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

In recent years austerity measures have been implemented by Central Government to reduce overall public sector spending. This has resulted in changes in the way the Council is funded and has seen the withdrawal of central government grants including the revenue support grant and, in the future, the anticipated withdrawal of New Homes Bonus. This has been in part replaced by an increase in locally retained business rates as the Council, as part of the Lancashire Business Rate Pooling arrangement, benefits annually by approximately £0.950m per annum through this pooling.

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

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

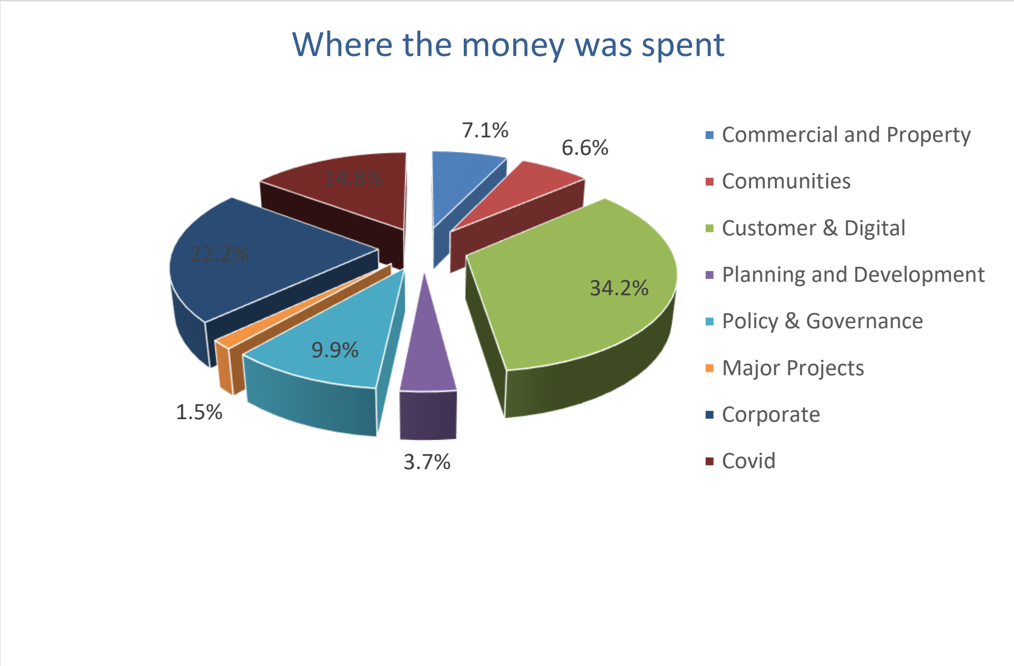
Total reserves for the Council were £15.945m by the end of 2021/22 of which £4.140m is held in a general reserve. The remaining reserves are earmarked for specific programmes of work or costs that are known to the Council. Monitoring of reserves will continue to ensure they remain appropriate and reflect the level of risk that exists around unplanned/unforeseen expenditure or loss of income. A detailed breakdown of the individual reserves held is shown in Note 11 of the Statement of Accounts. In addition, the Council has set aside £0.300m of Covid-19 specific reserves to enable the Council to recover from the impact of the pandemic in 2022/23 onwards.

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

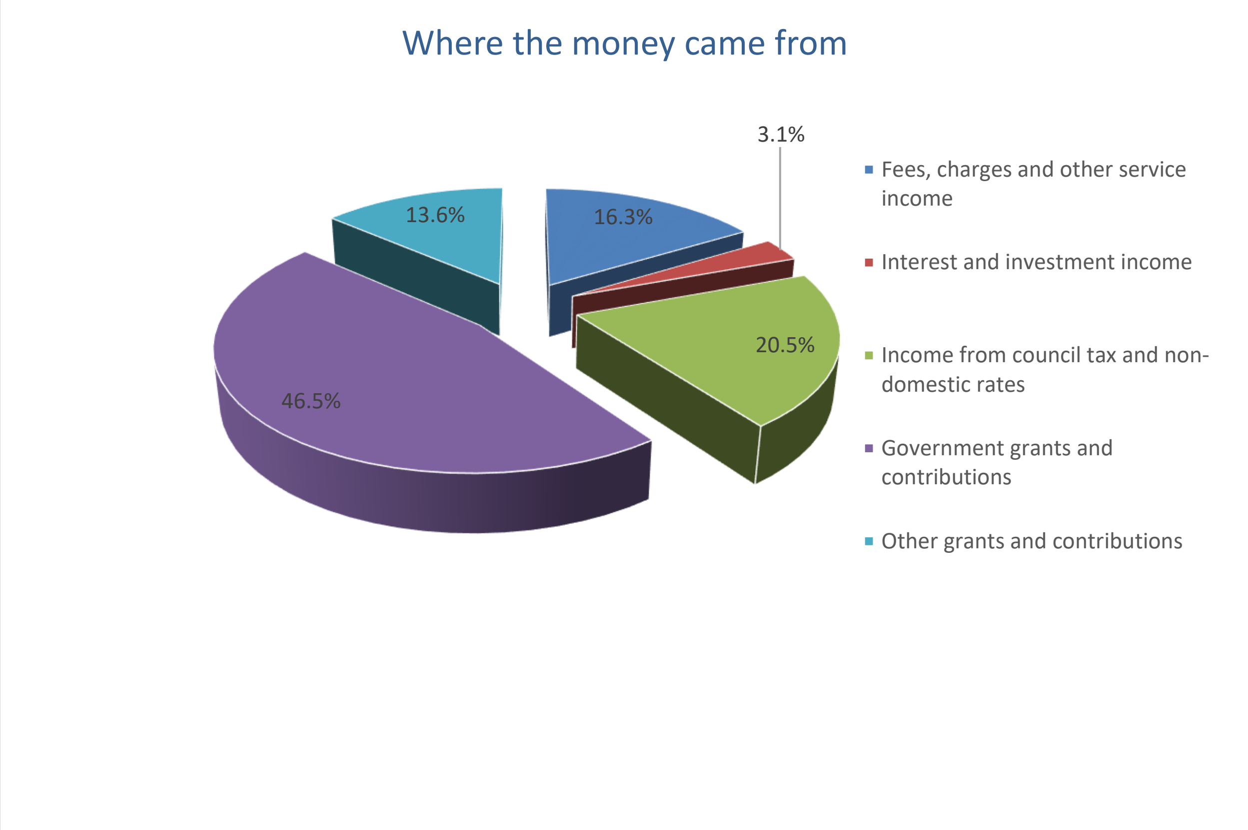
General Fund Reserves as at 31 March 2022	£'000
Amounts as per Outturn Report Appendix 3	
Earmarked Reserves	8,900
General Reserve	4,131
	13,031
Final Transfers to/from Business Rates Grants Exceptional Payments Reserve	2,968
Transfer of balance of Covid-19 Council Tax Hardship Fund to fund reliefs granted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

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

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



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



Capital Programme 2021/22

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

- A strong local economy (£11.051m) - including completion of the Strawberry Meadows development , works to the public realm in the Town Centre and works on the council's own properties; the Town Hall and the former White Hart.

- An ambitious council that does more to meet the needs of residents and the local areas (£1.570m) – including works on Chorley Health centre, projects to deliver the green agenda, and advances to drive forward the IT transformation project including procurement and roll-out of ICT mobile devices, the move to a Citrix operating environment, new CCTV and also software and Cloud based system upgrades.

- Clean, safe and healthy homes and communities (£14.475m) – including completion of the Tatton Extra Care Scheme, improvements to our leisure centres, improvements to play, recreation and opens spaces and the purchase of further properties to support refugees.

- Involving residents in improving their local area and equality of access for all (£0.489m) – completion of the restoration works at Astley Hall and developments at the Westway playing fields and sports campus.

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

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

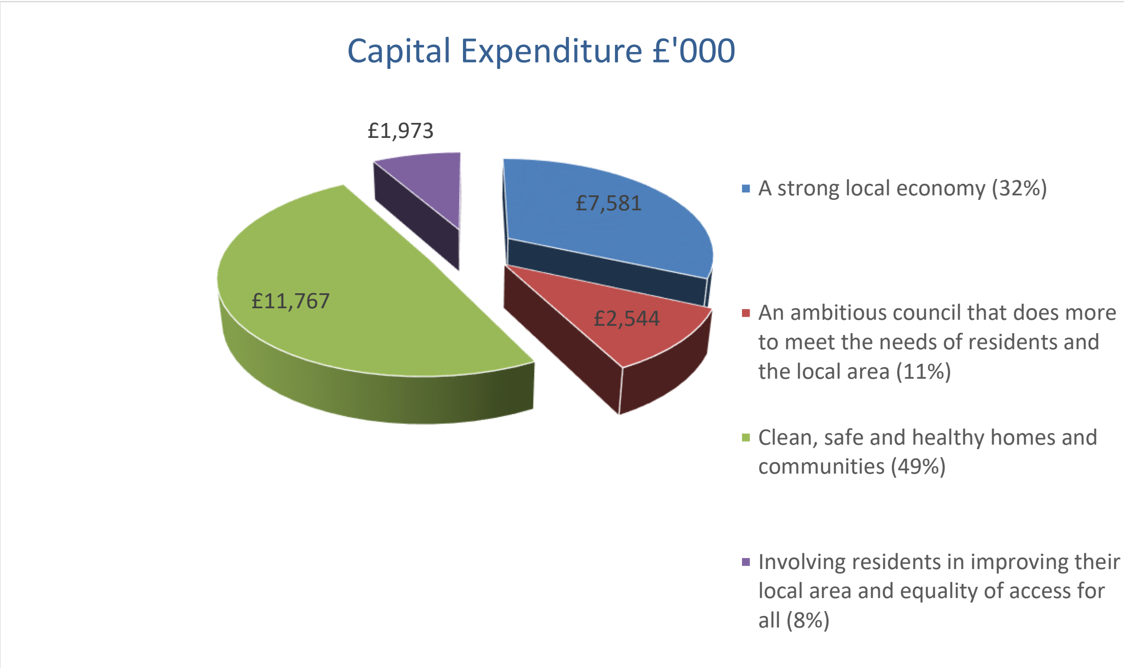
Capital Programme Outturn 2021/22

2021/22 Capital Programme

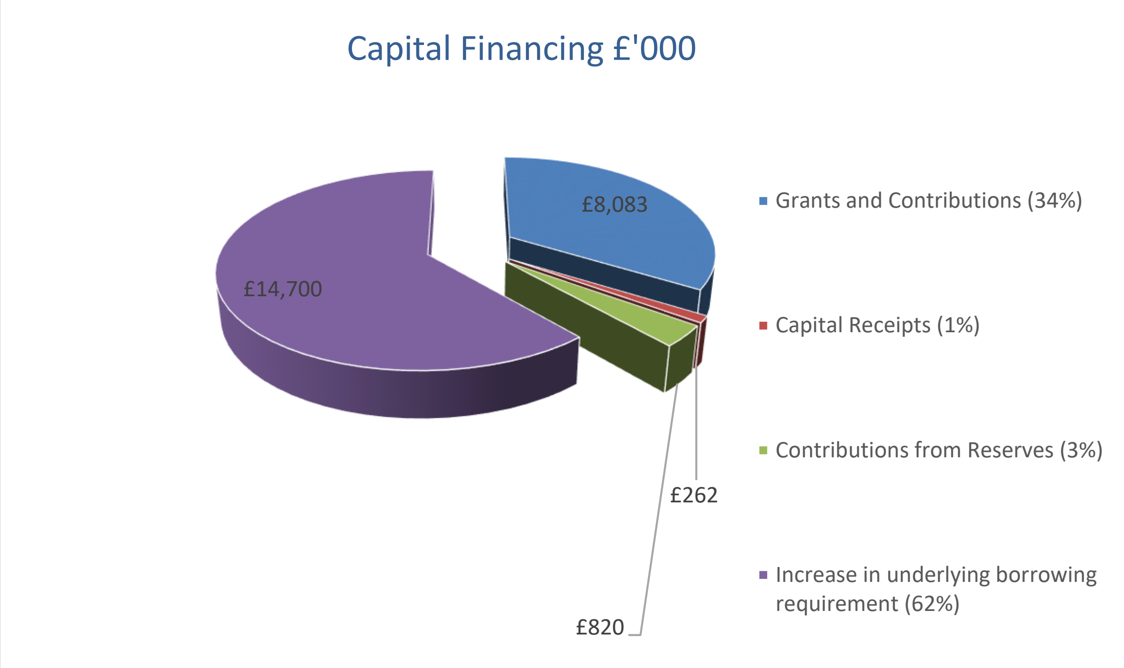
Scheme Name	Original Budget 2021/22	Revised Budget 2021/22	Slippage and reprofiling of budget (to 22/23)/from 22/23	Outturn 2021/22
A strong local economy				
Strawberry Meadows	7,268	9,810	(3,608)	6,202
Asset improvements	674	444	(172)	272
Buckshaw Village Rail Station	696	-		-
Strawberry Fields Digital Office Park	-	102	(35)	67
Market Walk	485	554	(60)	494
Council accommodation	1,800	89	(66)	23
Public Realm Town Centre	4,300	580	(58)	522
A strong local economy	**15,223**	**11,579**	**(3,999)**	**7,580**
				-
An ambitious council that does more to meet the needs of residents and the local area				-
Includes - Whittle Health Hub and delivery of the green agenda	**2,497**	**2,805**	**(261)**	**2,544**
Clean, safe and healthy homes and communities				-
Chorley Adaptation Grant (formerly DFG)	925	795	(15)	780
Duxbury Park site	450	450	(8)	442
Land for tree planting	-	250	(250)	-
Leisure Centre improvements	2,250	100	(46)	54

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

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



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



Reserves and Balances

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

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

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

Treasury Management

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

The key facts for 2021/22 were:

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

- In determining Council Tax charges authorities have to make a specific provision for the financing of capital expenditure. The outstanding amount for which provision has to be made is known as the Capital Financing Requirement (CFR). During the year the CFR increased from £89.271m to £98.349m. Further detail of the financing of capital expenditure is shown in Note 35.

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

Pension Fund Liability

The pension fund deficit has reduced during the year, by £11.842m, from £55.820m to £43.978m. This reflects the value of pension liabilities which the Council is required to pay in the future when they fall due, offset by the value of assets invested in the pension fund. In addition, the Council's pension fund has to be revalued every three years to set future contributions into the fund. The latest valuation was in 2019 which reported a funding level of just over 100%, the result of the Lancashire County Pension Fund being one of the most successful Local Authority funds in the country. The Council has a deficit recovery plan in place with the Administering Authority to maintain a 100% funding level by making additional Deficit Recovery Contributions over a 16 year period. The next valuation will be as at 31 March 2022 and is currently underway.

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

Coronavirus Pandemic

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

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

Outlook for the Future

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

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

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

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

The Council continues to deliver its ambitious capital programme utilising its own reserves, external funds and borrowing, where the appropriate business case exists to repay debt, to facilitate this transformational programme for its residents. This focus is on both front line service delivery and back office support such that the Council has the resilience for growth from within existing resources.

Going Concern

Chorley Council's MTFS outlines the strategies it will pursue to meet current and future funding shortfalls. A balanced budget for 2022/23 has been approved and there is no reason to believe that the risks to the approval of the council's budget in future years will not be entirely mitigated through the transformation programme. As such, it is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Receipt of Further Information

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

Statement of Responsibilities

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

The Council's responsibilities

The Council shall:

- make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for preparing the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing this Statement of Accounts, he has:

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

He has also:

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

Certificate

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

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

Comprehensive Income and Expenditure Statement

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

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

Movement in Reserves Statement

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

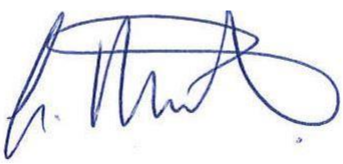
	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2020	**(10,762)**	**(973)**	**(13,223)**	**(24,958)**	**(171)**	**(25,129)**
Movements in 2020/21						
Total Comprehensive Income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

Balance Sheet

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

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

The unaudited accounts were issued on 12 August 2022.



Louise Mattinson
Director of Finance
Date: 12 August 2022

Cash Flow Statement

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

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

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

Notes to the Main Financial Statements

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

1 EXPENDITURE AND FUNDING ANALYSIS – NOTE TO MAIN FINANCIAL STATEMENT

The Expenditure and Funding Analysis, which is a note to the Main Financial Statements, shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

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

2 ACCOUNTING POLICIES

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

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy 2021/22 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS).

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

2.2 Accruals of Income and Expenditure (Revenue Recognition)

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

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

2.3 Cash and Cash Equivalents

Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand. Cash consists of cash in hand and deposits repayable without penalty on notice of not more than 24 hours.

Cash Equivalents consist of highly liquid investments which mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.4 Charges to Revenue for Non-Current Assets

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

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

2.5 Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and National Non-Domestic Rates

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

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

2.6 Contingent Assets and Liabilities

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

2.7 Exceptional Items

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

2.8 Employee Benefits

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

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

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

Post-employment benefits

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

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

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

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

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

Service cost comprising:

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

Re-measurement comprising:

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

Contributions paid to the pension fund:

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

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

Discretionary Benefits

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

2.9 Events after the Reporting Period

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

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

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

2.10 Financial Instruments

<u>Financial Liabilities</u>

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.

<u>Financial Assets</u>

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.

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

2.13 Heritage Assets

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

Astley Hall

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

Other Heritage Assets

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

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

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

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

2.14 Intangible assets

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

The cost is amortised over the economic life to reflect the pattern of consumption, the first year of charge being that in which the expenditure is incurred. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

2.15 Investment Properties

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

They are measured initially at cost and subsequently at fair value. They are not depreciated but are re-valued annually by a RICS-qualified valuer. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Gains and losses on revaluation and disposal are not permitted by statute to impact on the council tax. A reversal is therefore done between the General Fund Balance and the Capital Adjustment Account (or, in the case of sale proceeds exceeding £10,000, to the Capital Receipts Reserve).

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

2.16 Leasing

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

If the lease covers both land and buildings, then the land and building elements are considered separately for classification.

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

The Authority as lessee

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

The Authority as lessor

Finance Leases
Where the Authority grants a finance lease over an asset, it is written out of the Balance Sheet and charged to the "gain or loss on disposals" line in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The Authority's net investment in the lease is credited to the same line, matched by a Long-Term Debtor in the Balance Sheet.

Lease rental receipts are split between finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement), and the principal element applied to write down the Long-Term Debtor.

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

2.17 Non-Current Assets Held for Sale

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

2.18 Overheads

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

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

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

Changes in accounting policies are only made when required by proper accounting practice or if the change provides more reliable or relevant information about the effect of transactions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods. Material errors will also require a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

2.20 Property Plant and Equipment (PPE)

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

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

Assets are then carried in the Balance Sheet using the following measurement bases:
- Infrastructure, Community Assets, Assets under Construction, and equipment, are held at depreciated historical cost.
- Surplus assets have a current value measurement base of fair value, which is estimated at highest and best use from a market participant's perspective.
- All other assets are measured at current value, determined as the amount that would be paid for the asset in its existing use.

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

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

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

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

Depreciation
Non-current assets held for sale, assets under construction, and assets without a determinable finite useful life (such as freehold land and certain community assets) are not depreciated.

Other property is depreciated over its useful life on a straight line basis. Depreciation is based on the opening value of assets, weighted for part-year acquisitions or disposals if appropriate. Components are separately depreciated if:
- The total value of the host asset (excluding land) exceeds £0.5m and
- The value of the component exceeds 20% of the asset value (excluding land)

Depreciation periods are as follows:

	years
Property (excluding components separately identified)	5-70
Property components - mechanical	25
Portable office facilities	10-15
Vehicles	3-10
IT equipment	3-5
Other equipment	5-15

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

Impairment
All assets are reviewed annually for impairment. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised for the shortfall. Impairment losses are charged against revaluation gains held in the Revaluation Reserve. If these are inadequate the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

If an impairment loss is subsequently reversed, the reversal, up to the amount of the original loss adjusted for depreciation, is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

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

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

2.21 Provisions

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

2.22 Reserves

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

2.23 Revenue Expenditure Funded from Capital Under Statute

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

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

2.24 Value Added Tax

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

2.25 Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

The 2021/22 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2021/22 and 2022/23 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

- IFRS 16 Leases

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards
  - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - IAS 37 (Onerous contracts) – clarifies the intention of the standard
  - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

  None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA/LASAAC did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Fair Values

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

Business Rates Appeals

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

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

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

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

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

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

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

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

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

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

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

6 MATERIAL ITEMS OF INCOME AND EXPENSE

All material items have been disclosed in the statement or in the notes to the main financial statements. For the purposes of this note the council considers material items to be those greater than £0.966m (2020/21 £1.015m). This equates to 1.9% (2020/21 1.9%) of the council's gross service expenditure for the preceding financial year and matches the threshold stated by the council's auditor in their Audit Plan, although the actual audit materiality level that will be applied for 2021/22 remains subject to confirmation.

7 EVENTS AFTER THE REPORTING PERIOD

The unaudited Statement of Accounts was authorised for issue by the Section 151 Officer on 22 August 2022. Subsequent events are not reflected in the financial statements or in the notes. Where events taking place before this date provided information about conditions existing at 31 March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

8 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

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

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

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

Note A Adjustments for Capital Purposes

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

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

Note B Net Change for Pension Adjustments

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

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

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

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

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

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

9 EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows

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

10 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

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

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

11 TRANSFERS TO/FROM EARMARKED RESERVES

The movements in reserves during the year were as follows

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

Purpose of Earmarked Reserves

- **Rephasing of planned expenditure –** there are a number of directorate initiatives which span more than one financial year or for which funds have been budgeted but not yet started. These reserves will ensure that such initiatives can be completed. They include ICT projects and infrastructure £78k, slippage from 2021/22 and earlier years £477k, Shared Services implementation £12k, transformation challenge and public service reform £48k and neighbourhood working £45k. Plus various other minor reserves for future expenditure

- **Rephasing Investment Projects –** there are a number of specific investment packages included in the Council's annual revenue budget aimed at delivering corporate priorities. As delivery on these schemes will be made over more than one year, these reserves enable unspent balances to be carried forward to future years. They include investment budgets carried forward to 2022/23 £680k and an investment fund for realising income generation £381k.

- **Grants reserved for specific expenditure –** this represents income from government grants received which have no conditions attached or where no expenditure has yet been incurred.

- **Financing of capital expenditure –** Funding has been set aside for significant ICT expenditure as hybrid working becomes prevalent (£820k). In addition there is also work set aside for renovations at Strawberry Fields and Market Walk £485k. There are funds set aside for the Green Agenda £721k to be spent over the coming years.

- **Planning purposes including appeals –** this reserve has been established to mitigate future costs of planning appeals and the funding of the local plan.

- **Restructuring of services –** this reserve is provided to support the one-off staffing cost implications of service transformation programmes.

- **Retail Investment –** this reserve represents the council's investment in the borough through the Retail Grants Programme which provides specific funding for local businesses in the form of refurbishment grants and business rate subsidy.

- **Apprenticeships and Graduates –** this reserve provides funding for apprenticeships and graduates across the organisation in the coming years.

- **Resource equalisation –** this represents the Business Rates Retention reserve £1,415k and income equalisation reserves for Market Walk (£536k) and Logistics House (£450k). These are established to minimise the risk of fluctuations in future income levels from Business Rates and from the council owned shopping precinct and warehousing and distribution facility.

- **Maintenance of Council buildings –** this reserve has been established to provide funding for future asset improvement works in relation to the council owned Market Walk retail precinct and other Council properties.

- **Maintenance of Grounds -** this reserve provides for future investment in the council's parks and open spaces.

- **Elections –** this has been established to equalise the costs of holding local elections over the Council's four year election cycle.

- **Covid-19 funding** – this contains two elements – one a £300k reserve to support recovery in the borough following Covid 19 and a further £207k of NHS funding to support ongoing health activities.

- **Business Rates grants exceptional payments** - in 2021/22, the continuing Government support measures in respect of the Covid 19 pandemic again resulted in a surplus in grant income for Business Rates Reliefs and a corresponding shortfall in Business Rates income, although at a lower level than for 2021/22. As was done in 2020/21, this additional grant income has been transferred to a reserve, to be applied to cover deficits allocated to the council in future years. In addition, a transfer of £4.383m was made from the reserve to cover the share of the 2020/21 deficit borne by the council in 2021/22 (there was no corresponding transfer in 2020/21).

- **Other –** this represents other balances set aside in reserves including for Mayoral Charities and Astley Hall Art Works.

12 OTHER OPERATING EXPENDITURE

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

13 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

14 TAXATION AND NON-SPECIFIC GRANT INCOME & EXPENDITURE

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

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

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

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

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

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

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

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

14(b) LANCASHIRE BUSINESS RATES POOL

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

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

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

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

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

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

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

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

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

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

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

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

15 PROPERTY PLANT AND EQUIPMENT

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

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

The comparative figures for 2020/21 are as follows:

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

Fixed Assets Valuations

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

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

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

Capital Commitments

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

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

Impairment Losses

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

Material Items of Expenditure

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

16 HERITAGE ASSETS

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

HERITAGE ASSETS – FIVE YEAR SUMMARY OF TRANSACTIONS

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

HERITAGE ASSETS – FURTHER INFORMATION

The assets included within Heritage assets are as follows:

Civic Regalia

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

Astley Hall

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

Astley Hall furniture and art collection

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

Astley Park Entrance

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

Benjamin Disraeli Statue

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

Preservation and management

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

17 INVESTMENT PROPERTIES

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

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

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or its right to receipt of income or the proceeds of disposal. The authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

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

Fair Value Hierarchy

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

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels during the year.

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

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

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the council's investment property is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

18 INTANGIBLE ASSETS

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. Useful lives assigned to the major software suites used by the Authority are:

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

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

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

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

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

19 FINANCIAL INSTRUMENTS

19a Categories of Financial Instruments

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

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

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

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

19b Income, Expense, Gains and Losses

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

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

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

19c Fair Values of Assets and Liabilities

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

- For loans from the Public Works Loans Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the table sets out the alternative fair value measurement applying the premature repayment rates, highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

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

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

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

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

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

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

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

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

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

Overall procedures for managing risk

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

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

Credit risk

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

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

The key areas of the Investment Strategy are as follows:

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

Sundry Debtors

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

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

Liquidity risk

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

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

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

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

Market risk

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

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

	£'000
Loss - Increase in interest payable on variable rate borrowings	0
Gain - Increase in interest receivable on variable rate investments	(93)
Gain - Impact on Comprehensive Income and Expenditure Statement	**(93)**
Gain - Decrease in fair value of fixed rate borrowing (no impact on Comprehensive Income & Expenditure Statement)	(9,322)

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

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

20 DEBTORS

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

21 CASH AND CASH EQUIVALENTS

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

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

22 SHORT TERM CREDITORS

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

23 PROVISIONS

The movements in provisions during the year were as follows.

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

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

Business Rates Appeals – Due to the localisation of Business Rates, which became effective from the 1st April 2013, the council now bears part of the risk for future appeals against rateable valuations of business premises. Therefore, the council has set aside a provision for any potential liabilities as a result of appeals. At the end of 2021-22, the council is responsible for a 40% share of this liability along with the Department of Levelling Up, Housing and Communities (50%), Lancashire County Council (10%) and the Lancashire Fire Authority (1%). These were borne wholly by the Government under the old scheme. The council's estimate of the value of outstanding appeals up to 31 March 2022 is £3.256m (£3.018m at 31 March 2021). The council has made a provision for 40% of this figure totalling £1.303m (£1.208m at 31 March 2021). Appeals are assessed and decided by the Valuation Office Agency, an executive agency of HM Revenue & Customs, rather than by the council and as such the timing of the settlement of any successful appeals is uncertain.

24 USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement (page 53). The purpose of General Fund Earmarked Reserves is detailed in Note 11 page 77).

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

25 UNUSABLE RESERVES

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

25a Revaluation Reserve

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

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

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

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

25b Capital Adjustment Account

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

This account contains the following:

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

25c Deferred Capital Receipts Reserve

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

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

25d Pensions Reserve

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

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

25e Collection Fund Adjustment Account

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

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

25f Accumulated Absences Account

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

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

26 CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

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

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

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

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

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

27 CASH FLOW STATEMENT – INVESTING ACTIVITIES

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

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

28 CASH FLOW STATEMENT – FINANCING ACTIVITIES

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

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

Reconciliation of Liabilities arising from Financing Activities

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

29 MEMBERS ALLOWANCES

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

30 OFFICERS REMUNERATION

Remuneration of Senior Employees was as follows:

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

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

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

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

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

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

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

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

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

The comparative information for the preceding year is as follows:

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

Note a: The Chief Executive left the Authority on 27th March 2021. For the duration of the financial year the postholder took on the additional role of Interim Chief Executive at South Ribble Borough Council (Head of Paid Service). His time was divided equally between the two councils and an additional payment was received in respect of the additional duties. South Ribble Borough Council have been charged 50% of the cost of the post for the duration that the interim arrangements were in place and the figures above are net of this contribution. From 5th April 2021 he will be employed by South Ribble Borough Council as Chief Executive for both councils and 50% of the costs will be recharged to Chorley Borough Council. Salary and allowances includes an ex-gratia payment of £40k, which is 50% funded by South Ribble Borough Council.

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

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

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

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

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

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

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

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

31 TERMINATION BENEFITS

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

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

32 EXTERNAL AUDIT COSTS

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

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

33 GRANT INCOME

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

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

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

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

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

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income, because they have conditions attached that could require the monies to be returned to the giver. The balance of such grants is at the end of the year is shown separately on the balance sheet as Grant Receipts in Advance – Capital. At the end of 2021/22 (and also at the end of 2020/21), there were no individual material amounts. The totals were as follows:

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

34 RELATED PARTIES

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

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

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

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

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

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

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

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

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

- **Chorley Youth Zone**

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

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

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

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

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

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

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

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

- **Partnerships, Companies and Trusts**

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

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

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

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

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

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

  Chorley and South Ribble Shopmobility

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

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

35 CAPITAL EXPENDITURE AND FINANCING

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

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

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

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

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

36 LEASES

36a Authority as lessee

Finance leases

The Council has no finance leases

Operating leases

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

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

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

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

36b Authority as Lessor

Finance leases

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

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

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

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

	Gross investment in the lease		Minimum lease payments	
	31 March 2021 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2022 £'000
Not later than 1 year	24	24	24	24
Later than 1 yr. not later than 5	95	95	95	95
Later than 5 years	2,263	2,239	2,263	2,239
Total	**2,381**	**2,358**	**2,381**	**2,358**

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

<u>Operating leases</u>

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

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

No contingent rents were received by the authority.

37 DEFINED BENEFIT PENSION SCHEME

37a Governance

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

37b Funding the liabilities

Regulations require actuarial fund valuations to be carried out every 3 years. Contributions for each employer are set having regard to their individual circumstances. Contributions must be set with a view to targeting the Funds solvency (the detailed provisions are set out in the Fund’s Funding Strategy Statement). The latest valuation, carried out as at 31 March 2019, showed there was a surplus of £12m against the Fund’s solvency funding target. An alternative way of expressing the position is that the Fund’s assets were sufficient to cover just over 100% of its liabilities – this percentage is known as the solvency funding level of the Fund

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

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

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

37c Risks

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

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

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

Sensitivity to these risks is estimated in note 37j.

37d Transactions relating to retirement benefits

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

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

37e Pensions Assets and Liabilities Recognised in the Balance Sheet

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

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

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

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

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

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

37h Impact on the Authority's Future Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a level of 100% over 19 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out as at 31 March 2019 with the next valuation due as at 31 March 2022.

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

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

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

37i Local Government Pension Scheme assets comprised

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

37j Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Mercers, an independent firm of actuaries. Estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31 March 2019.

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

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

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

	Impact on the defined benefit obligation in the scheme £'000
Longevity (increase 1 year)	5,160
Rate of inflation (increase of 0.1% p.a.)	2,881
Salary inflation (increase of 0.1% p.a.)	269
Rate for discounting scheme liabilities (increase of 0.1%)	(2,832)
Change in 2020/21 investment returns (increase of 1.0%)	(1,262)

38 CONTINGENT LIABILITIES

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

39 CONTINGENT ASSETS

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

Collection Fund Statement

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

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

ACCOUNTING FOR COUNCIL TAX

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

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

COUNCIL TAX DETAILS OF CHARGE

For the purpose of calculating Council Tax, residential properties are classified into eight valuation bands. Each valuation band is proportionate to the central Band D property. This enables calculation of the total tax base. The Council Tax Base for 2021/22 was calculated as follows:

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

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year and dividing this by the council tax base. This results in an average Band D charge (excluding Parish Precepts) of £1,950.67 for 2021/22 (£1,874.57 for 2020/21). The other valuation bands are proportionate to this.

ACCOUNTING FOR BUSINESS RATES (NNDR)

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

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

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

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

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

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

NNDR DETAILS OF CHARGE

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

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

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

Group Accounts

INTRODUCTION

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

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

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

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

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

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

The Council maintains control of the company's activities through the scrutiny of the Leisure Strategic Partnership Board, which regularly reviews the financial and operational performance of the company.

Chorley Leisure Limited produce accounts with a year-end date of 31 March. The accounts for the period from 1 August 2021 to 31 March 2022 have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounts are filed at Companies House in accordance with the Companies Act 2006.

ACCOUNTING POLICIES

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

Group Comprehensive Income and Expenditure Statement

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

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

Group Movement in Reserves Statement

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

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

Group Balance Sheet

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

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

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

Group Cash Flow Statement

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

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

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

Group Account Notes

INTRODUCTION

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

1 EXPENDITURE AND FUNDING ANALYSIS

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

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

2 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

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

Annual Governance Statement (AGS)

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

CHORLEY COUNCIL

ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

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

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

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

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

2. The purpose of the governance framework

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

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

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

3. The governance framework

Our Governance Framework is based on the CIPFA/SOLACE Framework[1]. It promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council. It is important to note that a robust governance framework only has value if it is complied with and contains sufficient controls to ensure this.

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

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

Good governance means:-

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

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

Impact of Covid on the Council's governance arrangements

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

4. Review of effectiveness

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

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

Corporate Governance Group / Officer arrangements

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

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

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

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

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

Management Team / Leadership Team

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

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

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

Programme Board

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

Monitoring Officer

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

Scrutiny Committee

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

Governance Committee

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

Standards Sub-Committee

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

Internal Audit

Strong Internal Audit and Risk Management disciplines are embedded and the Shared Audit and Risk Service maintains excellent working relationships with Senior Management, the Governance Committee and the Council's External Auditors to provide an integrated approach to the provision of assurance within the Council.
The Public Sector Internal Audit Standards require the Head of Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance. The Annual Internal Audit report contains the following opinion from the Head of Internal Audit:

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

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

External Audit

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

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

5. Identified Governance Issues

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

Table A

Themes	Improvement Required	
Induction/Recruitment	To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety. Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development	Complete
Corporate Information Source for Officers (The Loop)	To improve the user experience for employees and ensure essential information is easy to access. The following improvements to The Loop should be considered: • Defined area on The Loop for all core policies. • Service areas to review information they have published on the Loop and to remove outdated material. • Create a manager zone within The Loop to ensure all essential guidance and resources for managerial responsibilities are easily sourced.	Substantially complete
Risk Management	Ensure risk management is embedded throughout the organisation and within all Council activities.	Ongoing
GDPR - RoPA	A full review will be undertaken to ensure that the register is up to date with data responsibilities correctly defined, and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.	Carried forward
Key Corporate Policies	Adopt a standardised version control format for all policies and strategies. Review and update key policies and	Carried forward

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

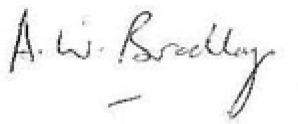
The Council have identified the following improvements which will strengthen our corporate governance arrangements:

Table B

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

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

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



Cllr. A. Bradley
Leader of the Council

G Hall
Chief Executive

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Inventories
Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:
• Goods or other assets purchased for resale
• Consumable stores
• Raw materials and components
• Products and services in intermediate stages of completion
• Finished goods

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

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

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

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

Medium Term Financial Strategy (MTFS)
This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the General Fund revenue budget, and capital programme. At Chorley Borough Council this usually covers a three year timeframe.

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

Non-Domestic Rate (NDR) (also known as Business Rates)
NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

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

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

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

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

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

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

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

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

Public Works Loan Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

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

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

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

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

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

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

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

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

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

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

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

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

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

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

Treasury Management Strategy (TMS)
A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

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

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Our ref:
Your ref:
Date: 23rd November 2022

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS

Dear Ms Jones,

Chorley Borough Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Chorley Borough Council and its subsidiary undertaking, Chorley Leisure Ltd for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Chorley Council

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and buildings, valuation of investment property and the valuation of the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimates used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the group and Council financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the group and Council has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements, and for which International Financial Reporting Standards and the Code require adjustment or disclosure, have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report (also included at appendix 1). We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

xv. The group and Council have complied with all aspects of ring-fenced grants that could have a material effect on the group and the Council's financial statements in the event of non-compliance.

xvi. We have considered the year end value of land and building assets which have not been subject to external valuation and we are satisfied that the basis of valuation remains appropriate and assets are not materially misstated. We have not identified any material changes to the properties.

xvii. We have considered the year end value for heritage assets and we are satisfied that the basis of valuation remains appropriate and assets are not materially misstated.

xviii. We have reviewed the status and related accounting requirements for Chorley Borough Council Property Ltd and are satisfied that group accounts are not required in relation to the company as it has returned dormant accounts to Companies House and no transactions have passed through the company. We confirm it is our understanding that although a lease was signed on 7 April 2021 between Chorley Borough Council and the Property company, the lease dates were incorrect and the lease was not enacted. All transactions have continued to be between Chorley Borough Council and the leasee of Logistics House directly, rather than via the Property Company.

Information Provided

xix. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xx. We have communicated to you all deficiencies in internal control of which management is aware.

xxi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxiii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxiv. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxvi. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxvii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxviii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

01257 515151
chorley.gov.uk

xxix. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Governance Committee at its meeting on 23 November 2022.

Yours faithfully

Name ……………………………

Position Chair of Governance Committee

Date …………………………….

Name ……………………………

Position Director of Finance (S151 Officer)

Date …………………………….

Signed on behalf of the Council

Chorley Council

Appendix A: Unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The current account cash balance in the trial balance is (£242k) at 31 March 2022, reflecting uncleared payments initiated prior to the year end which cleared the bank account in April 2022. As a technical overdraft, this represents a liability and should be presented within the creditors balance in the Statement of Financial Position		Cash and cash equivalents £242 Creditors (£242)		Not material
Overall impact	(0)	0	(0)	

Chorley Council

Report of	Meeting	Date
Director of Finance and Section 151 Officer	Governance Committee	23rd November 2022

Treasury Management Mid-Year Review 2022/23

Is this report confidential?	No

Is this decision key?	No

Purpose of report

1. To report on Treasury Management performance and compliance with Prudential Indicators for the period ended 30th September 2022.

2. To present monitoring figures for the quarter ended 30th September 2022, including updated interest rate forecasts from Link Asset Services.

Recommendation to Governance Committee

3. That the report be noted.

Reasons for recommendations

4. Production of a Mid-Year Report is a requirement under the Treasury Management Code of Practice.

Other options considered and rejected

5. Not applicable

Corporate priorities

6. The report relates to the following corporate priorities:

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

Background to the report

7. At its meeting on 22nd February 2022, Council approved the Treasury Management Policy Statement; Prudential Indicators; Investment Strategy; and the Annual Minimum Revenue Provision (MRP) Policy for 2022/23.

8. The Treasury Management Annual Report for 2021/22 was presented to Governance Committee on 3rd August 2022.

9. The Code of Practice for Treasury Management requires all Councils to review their treasury strategies and activities half yearly. This report satisfies that requirement.

Capital Expenditure and Financing 2022/23

10. The Council undertakes capital expenditure on long-term activities. These activities may either be:

- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no impact on the Council's borrowing need; or

- if sufficient financing is not available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

11. Capital expenditure is monitored monthly and reported to Executive Cabinet every quarter.

12. The report for the quarter ended 30th September 2022 was considered by Executive Cabinet on 10th November 2022 and highlighted a reduced forecast borrowing requirement for the year of £13.130m compared to an original forecast of £15.310m (£14.130m at July 2022).

Table 1 – Forecast Capital Expenditure	Budget 2022/23 Approved at Council Feb 2022	Budget 2022/23 Approved by Cabinet for the 4 months to July 2022	Slippage and reprofiling of budget (to)/from future years	Quarter 2 2022/23 Variations	Revised Budget 2022/23 as at 30th Sept 2022
COSTS					
A strong local economy	9,451	10,447	(2,100)	-	8,347
An ambitious council that does more to meet the needs of residents and the local area	1,570	2,167	-	-	2,167
Clean, safe and healthy homes and communities	12,724	13,756	-	23	13,779
Involving residents in improving their local area and equality of access for all	489	1,176	-	-	1,176
Total Forecast Expenditure	**24,234**	**27,545**	**(2,100)**	**23**	**25,468**
RESOURCES					
Disabled Facilities Grants	775	894			894
Brownfield Release Fund		1,100	(1,100)		-
Homes England	930	930			930
Rural Prosperity Fund					
LEP Grants		3,570			3,570
Other Grants	72	562			562
Total Grants	**1,776**	**7,056**	**(1,100)**	**-**	**5,956**
Capital Receipts	1,000				-
Community Infrastructure Levy (CIL)	1,534	1,654			1,654
Reserves and Revenue	1,795	2,052		13	2,065
Section 106	2,819	2,654		10	2,664
Unsupported Borrowing	$\boxed{15,310}$	14,130	(1,000)		$\boxed{13,130}$
Total Forecast Resources	**24,234**	**27,545**	**(2,100)**	**23**	**25,468**

Full details are outlined in the report to Executive Cabinet 10th November 2022; 2022/23 Corporate Capital Programme and Balance Sheet Monitoring Report Position at 30th September 2022.

Capital Financing Requirement 2022/23

13. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. It represents the unfinanced capital expenditure in 2022/23 plus unfinanced capital expenditure from prior years which has not yet been paid for by revenue or other resources.

14. The CFR is not matched in full by external borrowing, as the Council has "under borrowed" by using its own cash balances to finance capital expenditure. There is some loss of interest as a result, but had external loans been taken, then the interest payable would have been at a higher rate. Use of the Council's own cash balances helps to achieve savings in net interest.

15. The Council's underlying borrowing need is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the borrowing need.

16. The Council's CFR for the year is shown below and represents a key prudential indicator;

Table 2 - Capital Financing Requirement	**2021/22** **Outturn** **£'000**	**2022/23** **Forecast as at 30/9/22** **£'000**
Opening CFR	89,271	98,349
Increase in Borrowing (Table 1)	14,700	13,130
Less MRP	(5,622)	(1,296)
Closing CFR	**98,349**	**110,183**

The CFR and Gross Debt

17. In order to ensure that borrowing levels are prudent over the medium term and are only for capital purposes, the Council ensures that its gross external borrowing does not exceed the total of the CFR.

18. The borrowing position is summarised below, and no additional borrowing has been undertaken to date this financial year. Planned Capital Expenditure will be contained within the Council's overall Treasury position where possible, however further borrowing is likely to be required in the future to fund the planned Capital Programme. The Council will however retain its "under-borrowed" position.

Table 3 - Actual Debt : CFR	2021/22 Actual £'000	2022/23 As at 30/9/22 £'000
Debt < 12 mth	1,924	1,932
Debt > 12 mth	68,341	67,375
Gross Debt	**70,265**	**69,307**
Capital Financing Requirement (Table 2)	98,349	110,183
Under / (Over) Borrowing	**28,084**	**40,876**

19. A detailed analysis of external borrowing as at 30th September 2022 is presented in ***Appendix A.***

20. **The authorised limit**. This is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The limit set for 2022/23 by Council on 22nd February 2022 was £107.815m and actual debt is currently £69.307m. The Council has therefore maintained borrowing within its authorised limit throughout the year.

21. **The operational boundary**. This is the expected borrowing position of the Council during the year. The operational boundary set for 2022/23 was £102.615m and actual debt is currently £69.307m. The Council remained within its operational boundary throughout the year.

Investments

22. The Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved by Council for 2022/23. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data. Link Asset Services, the Council's treasury advisors, provide suggested investment durations for the approved counterparties.

23. The approved Counterparties for 2022/23 are outlined at ***Appendix B***

24. To date, cash has not been invested in term deposits. To manage the Council's cash flow, balances were held only in highly liquid accounts, specifically in call accounts and Money Market Funds (MMFs), with the need for money to be available at short notice.

25. Investment returns dropped to historically low levels from late March 2020 onwards and remained there throughout 2021/22. Yields are now increasing with a return to date of 0.82% (compared to just 0.09% in 2021/22).

26. Given the low returns available compared to borrowing rates, the Council has continued to achieve budget savings by maintaining a position of under borrowing, which means that it has used its own cash balances to finance capital expenditure rather than taking additional external loans.

27. Average Investment performance for the year to date is summarised below;

Table 4 - Average Investment Yield	Average Daily Investment £'000	Earnings to 30/09/22 £	Average Rate %
DMO	519	2,015	0.77
Fixed Term Deposits	0	0	0.00
Call Accounts	3,642	7,223	0.40
Money Market Funds	3,853	23,867	1.12
Total	**8,014**	**33,104**	**0.82%**

This compares to a Link "benchmark" yield of 1.22%. Many of the Council's investments were made prior to recent interest rate rises – hence the shortfall compared to the benchmark, however any new investments will attract higher rates of return. It should also be noted that investment income is forecast to exceed the amount budgeted for.

28. Actual investments as at 30th September 2022 are summarised below;

Table 5 - Actual Investments as at 30/9/22	Type	Amount £'000	Rate %	Term
Fixed Term Deposit sub total		**0**		
Santander	Call	0	0.41%	On Call
Barclays BPA Deposit Account	Call	2,634	0.60%	On Call
Call Accounts sub total		**2,634**		
Federated	MMF	1,000	2.08%	On Call
Aberdeen Standard	MMF	0	2.13%	On Call
Blackrock	MMF	0	2.01%	On Call
Money Market Funds sub total		**1,000**		
Total		**3,634**		

These investments are within the approved Counterparty Limits outlined at ***Appendix B***

Advice of Link Asset Services

29. Link Asset Services' assessment of the Economy and Interest Rates is presented at ***Appendices C & D.***

30. Latest forecasts show PWLB borrowing rates peaking December 2022 - March 2023 then gradually reducing, however the volatility of world and domestic markets must be stressed.

Summary

31. Members are asked to note that the Council has;

- remained within its Prudential Indicators;
- adhered to its approved Counterparty Limits;
- not entered into any further borrowing; however further borrowing is likely to fund the approved Capital Programme;
- retained its "under borrowed" position;
- has achieved an increased investment yield of 0.82%

Climate change and air quality

32. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

33. Not applicable

Risk

34. Regular monitoring and reporting of the Council's Treasury Management position ensure compliance with Prudential Indicators and the Treasury Management Code of Practice.

Comments of the Statutory Finance Officer

35. There are no direct financial implications arising from this report. All financial implications in respect of treasury management activity arise as a result of the annual Treasury Strategy for 2022/23, previously approved by Council. This report presents details of actual performance achieved as a result of implementing the approved strategies.

36. The Council is compliant with its Prudential Indicators, Counterparty limits and the latest PWLB reforms.

Comments of the Monitoring Officer

37. Presentation of this report is required to comply with the CIPFA Code of Practice on Treasury Management in the Public Services (2017 edition).

Background documents

- CIPFA Treasury Management in the Public Services: Code of Practice & Guidance Notes
- Treasury Management Policy Statement 2022/23 to 2024/25 (Council 22nd February 2022)
- Treasury Management Outturn Report 2021/22 (Governance Committee 3rd August 2022)
- 2022/23 Corporate Capital Programme and Balance Sheet Monitoring Report Position at 30th September 2022 (Executive Cabinet 10th November 2022)

Appendices

Appendix A: External Borrowing as at 30th September 2022

Appendix B: Approved Counterparty limits 2022/23

Appendix C: Link Commentary - Economic Outlook

Appendix D: Link Interest Rate Forecasts

Louise Mattinson
Director of Finance (s151 Officer)

Report Author:	Email:	Telephone:	Date:
Steve Kenyon (Interim Deputy Director of Finance)	Steve.kenyon@chorley.gov.uk	n/a	9th November 2022

APPENDIX A

External Borrowing as at 30th September 2022

Type of loan	Loan number	Start date	Maturity date	Interest Rate %	Total £000
PWLB loan - Annuity	502694	29/11/2013	26/11/2063	4.34	1,573
PWLB loan - Annuity	502695	29/11/2013	26/11/2043	4.18	1,613
PWLB loan - Annuity	502696	29/11/2013	26/11/2038	4.02	1,486
PWLB loan - Annuity	502697	29/11/2013	26/05/2033	3.69	1,263
PWLB loan - Annuity	502698	29/11/2013	26/05/2028	3.18	914
PWLB loan - Annuity	502699	29/11/2013	26/05/2023	2.42	226
PWLB loan - Maturity	506764	21/12/2017	21/12/2067	2.31	2,500
PWLB loan - EIP	506766	21/12/2017	21/12/2031	1.76	1,696
PWLB loan - EIP	508381	17/01/2019	17/01/2054	2.51	2,700
PWLB loan - EIP	508382	17/01/2019	17/01/2059	2.58	2,738
PWLB loan - EIP	509178	24/04/2019	24/04/2044	2.23	2,200
PWLB loan - Annuity	509641	09/08/2019	09/08/2059	1.87	30,327
PWLB loan - Annuity	509689	16/08/2019	16/08/2059	1.86	1,896
PWLB loan - EIP	509691	16/08/2019	16/08/2039	1.32	2,550
PWLB loan - EIP	165470	28/02/2020	28/02/2060	2.71	5,625
PWLB loan - Maturity	New	01/03/2022	01/03/2072	2.02	10,000
Public Works Loan Board total					69,307
Local Authorities total					0
External Borrowing total					**69,307**

APPENDIX B

Investment Counterparties 2022/23

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
Banks & Building Societies: Call Accounts /Term Deposits / Certificates of Deposit (CDs)				
Government related/guaranteed entities	DMADF (DMO)	Yellow	6 months	Unlimited
	UK Local Authority	Yellow	1 year 2 years	£3m per LA £2m per LA; £4m in total
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£4m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange Red Green	1 year 6 months 3 months	£5m per group (or institution if independent)
Money Market Funds				
Money Market Funds	MMFs of high credit quality - AAA rated		Instant access	£5m per fund

Yellow	5 years
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	Not to be used

APPENDIX C

Summarised View from Link Treasury Advisors - The Economy and Interest Rates 2022/23

INFLATION / BANK RATES

The CPI measure of inflation is expected to peak at close to 11% in Q4 2022.

We now expect the Monetary Policy Committee (MPC) to swiftly increase the Bank Rate during the remainder of 2022 and into Q2 2023 to combat the sharp increase in inflationary pressures.

We do not think that the MPC will embark on a series of increases in Bank Rate that would take it to more than 4.5%, but it is possible.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

THE BALANCE OF RISKS TO THE UK ECONOMY

The overall balance of risks to economic growth in the UK is to the downside and includes;

Labour and supply shortages prove more enduring and disruptive and depress economic activity.

The Bank of England acts too quickly, or too far, over the next two years to raise Bank Rate and causes UK economic growth to be weaker than we currently anticipate, or

The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy.

UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out remaining issues.

Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

The pound weakens because of a lack of confidence in fiscal policies.

APPENDIX D

Updated Interest Rate Forecasts (as at 8/11/22)

Link Group Interest Rate View 08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

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Chorley Council

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 23 November 2022

Internal Audit Plan October 22 - March 23

Is this report confidential?	No

Is this decision key?	No

Purpose of the Report

1. This report sets out the programme of work to be undertaken by the Internal Audit Service. The Internal Audit Plan is the vehicle by which audit workload is identified and prioritised.

   The main purposes of the report are to:

   - Remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council;
   - Provide details and seek the Committee's approval of the Internal Audit Plan.

Recommendations

2. That the Committee approve the Internal Audit Plan.

Reasons for recommendations

3. Governance Committee approval of the Internal Audit Plan is a requirement of the Public Sector Internal Audit Standards.

Other options considered and rejected

4. Not applicable.

Corporate priorities

5. The report relates to the following corporate priorities:

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

The Role of Management and Internal Audit

6. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with the Shared Senior Management Team. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.

7. Internal Audit is an independent appraisal function whose core objective is to evaluate and report on the adequacy of the Council's system of governance, risk management and internal control. In the main this is achieved through an annual programme of reviews, following a detailed risk assessment of audit need.

Development of the Internal Audit Plan

8. Professional standards for Internal Audit in local government specify that "the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals."

9. To enable Internal Audit to be flexible and responsive to emerging risks across the organisation it was agreed with the Governance Committee in March 2022 that the Internal Audit Plan is developed and approved on a six-monthly basis.

10. The aim of adopting this methodology was to strengthen Internal Audit's approach to risk-based auditing ensuring that resources are focused on the highest risks within the Council. Furthermore, it will ensure that the opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control as required by the Public Sector Internal Audit Standards is reflective of current environment that the Council is operating in.

11. This approach also allows the plan to be accurately tailored to the resources available during each 6-month period.

12. This is only the second plan to be developed using this approach and the benefits of it are already being realised. The attached plan contains reviews which were unknown at the time of planning in February / March. In addition, reviews already undertaken have provided further substantive detail to inform the risk assessment.

Compilation of the Audit Plan

13. The Internal Audit Plan October 22 – March 23 has been constructed after taking into consideration the following:
    - The Council's priorities / strategic plan;
    - A review of corporate strategies;
    - The corporate risk register;
    - Information taken from other assurance processes within, and external to, the Council, including External Audit and inspection reports;
    - Direct engagement with Directors;
    - The skills, knowledge and experience of audit staff;
    - Professional judgement on the risk of fraud and error;
    - Annual Governance Statement and Service Assurance Statements.

14. The Internal Audit Plan contains the programme of reviews for the period of October 22 to March 23 and is shown at **Appendix A.** This clearly shows the link between the work of Internal Audit, strategic and operational risks and corporate objectives. The reviews are clearly highlighted with the quarter for completion. The plan also details our involvement with key project teams assisting with advice and guidance on risk management, internal control and governance.

Audit Resource

15. The Internal Audit Plan will be completed largely by the in-house team with external support procured for specialist ICT reviews and additional capacity provided by some temporary resource. We have also recently successfully appointed to the post of Audit Trainee and this post is included in the resource allocation.

Internal Audit Annual Opinion

16. Successful delivery of the two combined six-month Plans will mean that Internal Audit will have delivered, in total 316 audit days to Chorley Council and 105 days to Chorley Leisure Limited, resulting in 21 audit assurance ratings.

17. This is considered to be sufficient coverage in order to be able to provide the Governance Committee with an annual opinion on the overall adequacy and effectiveness of the organisation’s governance, risk management and control processes as required by the Public Sector Internal Audit Standards.

Climate change and air quality

18. The work noted in this report does not impact the climate change and sustainability targets of the Councils Green Agenda and all environmental considerations are in place.

Equality and diversity

19. The material presented and discussed in this report has no direct implications on equality and diversity.

Risk

20. Risks are outlined through the body of the report.

Comments of the Statutory Finance Officer

21. No comment.

Comments of the Monitoring Officer

22. No comment.

There are no background papers to this report

Appendices

Appendix A – Internal Audit Plan October 22 to March 23

Report Author:	Email:	Telephone:	Date:
Dawn Highton Head of Audit and Risk	dawn.highton@chorley.gov.uk	01772625625	15.9.22

Internal Audit Plan - October 22 to March 23	QTR	CBC	Detailed Rationale	Links to Risk Registers (strategic & operational) / Corporate Plan Projects
CORPORATE				
Anti-Fraud & Corruption	ALL	1	Review and update of probity policies	Annual Governance Statement
NFI	3	5	Submission of data for the 2022 exercise	Annual Governance Statement
COVID - Grant assurance	ALL	6	Continued support with grants / BEIS liaison.	Annual Governance Statement
CUSTOMER AND DIGITAL				
Customer Services				
Revenues and Benefit project support	ALL	2.5	Proactive support to assist with the aligning of processes.	Business plans / transformation
ICT				
Vulnerabilities Management	4	15	Risk based review	Operational
ICT Support	3	10	Proactive support	Operational
Streetscene				
Water and open spaces management	4	15	Risk based review	Operational
PLANNING & DEVELOPMENT				
Community Infrastructure Levy	3	15	Risk-based review	Operational
Licensing	3	15	Risk based review	Operational
COMMERCIAL AND ASSETS				
Project support	ALL	1.5	Proactive support	Corporate Plan projects
COMMUNITIES				
Food Safety	3	15	Risk based review	Operational risk register

Appendix A

Internal Audit Plan - October 22 to March 23	QTR	CBC	Detailed Rationale	Links to Risk Registers (strategic & operational) / Corporate Plan Projects

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Agenda Item 7

Internal Audit Plan - October 22 to March 23	**QTR**	**CBC**	**Detailed Rationale**	**Links to Risk Registers (strategic & operational) / Corporate Plan Projects**
CHANGE AND DELIVERY				
Key Strategic Contract & Partnerships	4	15	Compliance with Framework.	Strategic Risk Register
Payroll	4	15	Risk based review.	Operational
Business Grants	3&4	15	Proactive support with the development of grant process / review compliance	Corporate Plan
GOVERNANCE				
General Data Protection Regulations	4	10	Risk based review. In depth review on data retention.	Operational / Strategic Risk Register
SHARED FINANCIAL SERVICES				
External funding	4	10	Compliance with grant conditions.	Operational / Strategic Risk Register
GENERAL				
Post Audit Reviews	ALL	2.5	Follow up of agreed actions	
Contingency / Irregularities	ALL	2.5	Unplanned reviews / contingency	
PSIAS – Peer Review	ALL	2	Peer Review process	
Internal Audit Effectiveness review	4	3	Effectiveness review	
Committee Reporting / Effectiveness Review	All	5	Preparation of reports and attendance at Governance Committee	
TOTALS		**181**		

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Chorley Council

Report of	Meeting	Date
Head of Audit and Risk	Governance Committee	Wednesday, 23 November 2022

Internal Audit Interim Report as at 30th September 2022

Is this report confidential?	No

Is the decision key?	No

Purpose of the Report

1. The purpose of this report is to advise members of the work undertaken in respect of the Internal Audit Plan from April 2022 to September 2022 and to give an appraisal of the Internal Audit Service's performance to date.

Recommendations to Governance Committee

2. Members are asked to note the position with regard to the Internal Audit Plan.

Reasons for recommendations

3. The production of reports setting out progress against the audit plan is a key requirement of the Public Sector Internal Audit Standards.

Other options considered and rejected

4. Not applicable.

Corporate priorities

5. The report relates to the following corporate priorities:

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

Background to the report

6. The Internal Audit Plan for the six months April to September 2022 was approved by this Committee at its meeting in March 2022 and provides for 135 days of audit work.

Internal Audit Reports

7. **Appendix A** provides a snapshot of the overall progress made in relation to the six month Internal Audit Plan, indicating which audits have been completed and their assurance rating, those that are in progress and those that have yet to start.

8. The table below highlights the main pieces of work undertaken during the period together with any issues identified where applicable:

Name of Review	Assurance Rating	Comments
Annual Governance Statement (AGS)	Not applicable	Proactive input was provided to inform the AGS Action plan presented to the Governance Committee in June 2022.
National Fraud Initiative	Not applicable	Internal Audit are currently working with data holders to meet the Cabinet Office data requirements for the forthcoming main NFI 2022/23. We need to ensure that the Council can supply all mandatory datasets by the deadline (including payroll, taxi licence, trade creditors, housing waiting list, Council Tax Reduction Scheme). Also, we are working with officers to ensure that any outstanding work from the previous exercises is concluded. This includes, Council Tax SPD.
COVID support work / Business Grants Pre and Post Payment Assurance/ Test and Trace	Not applicable	Internal Audit participated in the BEIS post payment assurance verification process; providing the required evidence to support the payments made are compliant with the grant eligibility criteria. In addition, assurance was provided in relation the Containing Outbreak Management Fund and Test and Trace Support Payment grant determination sign-off.
Safeguarding	Adequate	Our review was undertaken during a period of transition in the Council's safeguarding arrangements as both the Lead Designated Safeguarding Officer (DSO) and the Lead Prevent Officer left the organisation during the course of the review. Interim arrangements are in place, but these have not been widely advertised across the organisation, this should be undertaken urgently to ensure that officers and elected members know who to contact should a concern arise. The council has safeguarding policies and procedures in place which are regularly reviewed and accessible for officers and elected members, and the survey undertaken as part of this review indicates that office-

		based staff have a good awareness of both policies and the process to report a safeguarding concern. A range of actions were agreed to improve the control environment by launching the Volunteer Policy, reviewing and strengthening the membership of the Safeguarding Steering Group and ensuring Job descriptions were reflective of the DBS requirements.
Strawberry Fields	Adequate	In the three years that Strawberry Fields Business Centre has been open, the Digital Office Park Manager (DOPM) has put in place suitable processes and developed a trained flexible team to undertake the day to day operations of the Business Centre. The Business Centre's 37 offices are currently fully occupied under lease or licence, and a waiting list of potential future clients is actively being managed. It was however it was identified that the arrangements relating to leases and licenses and property maintenance could be strengthened to ensure the council has robust records / documentations in place.
Review of VAT	Substantial	Our work has established that the Council has a good level of arrangements and that established controls are operating effectively.

Assurance Ratings Key

Assurance Rating	Definition
Full	the Authority can place complete reliance on the controls. No control weaknesses exist.
Substantial	the Authority can place sufficient reliance on the controls. Only minor control weaknesses exist.
Adequate	the Authority can place only partial reliance on the controls. Some control issues need to be resolved.
Limited	the Authority cannot place sufficient reliance on the controls. Substantive control weaknesses exist.

9. For all the reviews completed to date, management have accepted all the findings and the agreed actions in these reports will be followed up and reported on at future meetings of this committee.

Internal Audit Performance

10. **Appendix B** provides information on Internal Audit performance as at 30th September 2022. The majority of the indicators are either above target or slightly below as at the end of September with only the percentage of agreed actions implemented by management for CBC and Shared Services being lower than the agreed target. Internal Audit have reviewed the outstanding actions and have concluded that many of these are currently in progress but are not at the stage of being fully implemented.

Internal Audit Developments

11. Internal Audit have recently successfully recruited to an Audit Trainee post. Access to formal qualifications, alongside structured mentoring/in-service training will mean that there is an established plan to develop this individual into a fully-fledged Auditor role who is able to work independently and subsequently add value to both the Service and the organisation.

Climate change and air quality

12. The work noted in this report does not impact on the Councils Carbon emissions and the wider Climate Emergency and sustainability targets of the Council.

Equality and diversity

13. The material discussed and presented in this report has no impact upon equality and diversity.

Risk

14. The primary role of the Audit and Risk Service is to provide assurance or otherwise that the council is effectively managing its risk and to provide support to all Directorates in relation to risk and control.

Comments of the Statutory Finance Officer

15. No comments.

Comments of the Monitoring Officer

16. No comments.

There are no background papers to this report

Appendices

Appendix A – Internal Audit Plan
Appendix B – Internal Audit Performance Indicators as at 30th September 2022

Report Author:	Email:	Telephone:	Date:
Dawn Highton (Head of Service Audit and Risk)	dawn.highton@chorley.gov.uk	01772625625	14/11/22

Appendix A

Internal Audit Plan - April 2022 to September 2022	QTR	Status of Review	Assurance Rating
CORPORATE			
Annual Governance Statement	1	Complete	Not applicable
Anti-Fraud & Corruption	ALL	On-going over the 12 months	Not applicable
CUSTOMER & DIGITAL			
Customer Services			
Revenues and Benefit project support	ALL	On-going over the 12 months	Not applicable
ICT			
Project support	1&2	On-going over the 12 months	Not applicable
DEVELOPMENT CONTROL			
COVID - Grant assurance / COVID recovery fund / business loans	ALL	On-going over the 12 months	Not applicable
COMMERICAL & ASSETS			
Utilities management	1	Report being drafted	
Strawberry Fields	1	Complete	Adequate
Project support	ALL	On-going over the 12 months	Not applicable
Safeguarding	1	Complete	Adequate
CHANGE & DELIVERY			
Absence Management	2	In progress	
GOVERNANCE			
Code of Conduct	2	Report being drafted	
VAT	2	Complete	Substantial
GENERAL AREAS			
Post Audit Reviews	ALL	On-going over the 12 months	Not applicable
Contingency / Irregularities	ALL	On-going over the 12 months	Not applicable
PSIAS - PEER REVIEW	ALL	On-going over the 12 months	Not applicable
Residual Work from 21.22	1	Complete	
Committee Reporting	All	On-going over the 12 months	Not applicable

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INTERNAL AUDIT PERFORMANCE INDICATORS AS AT 30th SEPTEMBER 2022 (Quarter two)

	Indicator	Audit Plan	Target 2022/23	Quarter One Target	Actual to Date	Comments
1	% of planned time used	CBC	90%	90%	97%	Above target
2	% audit plan completed	CBC	90%	45%	42%	On Target
3	% satisfaction rating (assignment level)	CBC	90%	90%	97%	Above Target
4	% of agreed actions implemented by management	CBC	90%	90%	60%	See body of the report
		SS	90%	90%	83%	

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Chorley Council

Governance Committee Work Programme 2022/23

1 June 2022

Report	Officer
External Audit Progress Report	External Auditor
External Audit Plan 2021-22	External Auditor
Management Response to External Audit Planning Enquiries	Steve Kenyon
Charities and Trust Funds 2021/22	Martin Fisher
Internal Audit Annual Report 21-22	Dawn Highton
Review of the effectiveness of Internal Audit	Dawn Highton
Draft Annual Governance Statement	Chris Moister

3 August 2022

Report	Officer
Treasury Management Annual Report 2021/22 and June Quarter Monitoring report 2022/23	Louise Mattinson
Statement of Accounts for the financial year 2021/22	Louise Mattinson
Audit Progress Report and Sector Update	Grant Thornton

23 November 2022

Report	Officer
Internal Audit Plan October - March	Dawn Highton
Audit and Risk Interim Report	Dawn Highton
Audit Findings Report	Grant Thornton
Audited Statement of Accounts 2021/22	Louise Mattinson
Treasury Management Activity Mid-Year Review 2022/23	Louise Mattinson

18 January 2023

Report	Officer
Audit and Risk Interim Report	Dawn Highton
Annual review of probity policies	Dawn Highton
Governance Committee effectiveness review	Dawn Highton
Audit Progress Report and Sector Update	Grant Thornton

Chorley Council

15 March 2023

Report	**Officer**
Internal Audit Plan April – September	Dawn Highton
Auditors Annual Report	Grant Thornton
Audit Progress Report and Sector Update	Grant Thornton