



Jacqui Sinnott-Lacey
Chief Operating Officer

52 Derby Street
Ormskirk
West Lancashire
L39 2DF

Monday, 22 January 2024

**TO: COUNCILLORS M ANDERSON, M PARLOUR, D DANIELS, MARSH-
PRITCHARD, J FILLIS, S PATEL, E POPE, D WEST AND
D WHITTINGTON**

Dear Councillor,

A meeting of the **AUDIT & GOVERNANCE COMMITTEE** will be held in the **CABINET/COMMITTEE ROOM - 52 DERBY STREET, ORMSKIRK L39 2DF** on **TUESDAY, 30 JANUARY 2024 at 7.00 PM** at which your attendance is requested.

Yours faithfully

A handwritten signature in black ink, appearing to be "JS", with a long horizontal line extending to the right.

Jacqui Sinnott-Lacey
Chief Operating Officer

AGENDA
(Open to the Public)

- 1. APOLOGIES**
- 2. MEMBERSHIP OF THE COMMITTEE**
To be apprised of any changes to the membership of the Committee in accordance with Council Procedure Rule 4.
- 3. URGENT BUSINESS**
Note, no other business is permitted unless, by reason of special circumstances, which shall be specified at the meeting, the Chairman is of the opinion that the item(s) should be considered as a matter of urgency.

4.	DECLARATIONS OF INTEREST If a Member requires advice on Declarations of Interest, he/she is advised to contact the Legal and Democratic Services Manager in advance of the meeting. (For the assistance of members a checklist for use in considering their position on any particular item is included at the end of this agenda sheet).	1 - 2
5.	MINUTES OF PREVIOUS MEETING To receive as a correct record, the minutes of the meeting held on 24 October 2024.	3 - 6
6.	PUBLIC SPEAKING Residents of West Lancashire on giving notice, may address the meeting to make representations on any item on the agenda except where the public and press are to be excluded during consideration of the item. The deadline for submission is 10.00am on Friday 26 January 2024.	7 - 12
7.	STATEMENT OF ACCOUNTS 2020-21, 2021-22 & 2022-23 Report of the Head of Finance, Procurement and Commercial Services (Section 151).	13 - 16
7a	Appendix 1 - Statement of Accounts 2020-21 and Letter of Representation 2020-21	17 - 146
7b	Appendix 2 - Draft Statement of Accounts 2021-22	147 - 274
7c	Appendix 3 - Draft Statement of Accounts 2022-23	275 - 404
8.	EXTERNAL AUDIT FINDINGS REPORT (AFR) To consider the report of the Head of Finance, Procurement and Commercial Services (Section 151).	405 - 470
9.	INTERNAL AUDIT PROGRESS REPORT 2023/24 To consider the report of the Corporate Director of Transformation, Housing & Resources.	471 - 482
10.	QUARTERLY REPORT ON PROCUREMENT EXEMPTIONS To consider the report of the Head of Finance, Procurement and Commercial Property.	483 - 488
11.	REGULATION OF INVESTIGATORY POWERS ACT (RIPA) REGULAR MONITORING OF USE OF POWERS To consider the report of the Head of Legal and Democratic Services.	489 - 490
12.	AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME To note the work program and consider any amendments or additional items for inclusion.	491 - 492

We can provide this document, upon request, on audiotape, in large print, in Braille and in other languages.

FIRE EVACUATION PROCEDURE: Please see attached sheet.

MOBILE PHONES: These should be switched off or to 'silent' at all meetings.

For further information, please contact:-

Duncan Jowitt on 01695 583495 or email duncan.jowitt@westlancs.gov.uk

**FIRE EVACUATION PROCEDURE FOR:
COUNCIL MEETINGS WHERE OFFICERS ARE PRESENT
(52 DERBY STREET, ORMSKIRK)**

PERSON IN CHARGE:	Most Senior Officer Present
ZONE WARDEN:	Member Services Officer / Lawyer
DOOR WARDEN(S)	Usher / Caretaker

IF YOU DISCOVER A FIRE

1. Operate the nearest **FIRE CALL POINT** by breaking the glass.
2. Attack the fire with the extinguishers provided only if you have been trained and it is safe to do so. **Do not** take risks.

ON HEARING THE FIRE ALARM

1. Leave the building via the **NEAREST SAFE EXIT**. **Do not stop** to collect personal belongings.
2. Proceed to the **ASSEMBLY POINT** on the car park and report your presence to the **PERSON IN CHARGE**.
3. **Do NOT** return to the premises until authorised to do so by the **PERSON IN CHARGE**.

NOTES:

Officers are required to direct all visitors regarding these procedures i.e. exit routes and place of assembly.

The only persons not required to report to the Assembly Point are the Door Wardens.

CHECKLIST FOR PERSON IN CHARGE

1. Advise other interested parties present that you are the person in charge in the event of an evacuation.
2. Make yourself familiar with the location of the fire escape routes and inform any interested parties of the escape routes.
3. Make yourself familiar with the location of the assembly point and inform any interested parties of that location.
4. Make yourself familiar with the location of the fire alarm and detection control panel.
5. Ensure that the zone warden and door wardens are aware of their roles and responsibilities.
6. Arrange for a register of attendance to be completed (if considered appropriate / practicable).

IN THE EVENT OF A FIRE, OR THE FIRE ALARM BEING SOUNDED

1. Ensure that the room in which the meeting is being held is cleared of all persons.
2. Evacuate via the nearest safe Fire Exit and proceed to the **ASSEMBLY POINT** in the car park.
3. Delegate a person at the **ASSEMBLY POINT** who will proceed to **HOME CARE LINK** in order to ensure that a back-up call is made to the **FIRE BRIGADE**.
4. Delegate another person to ensure that **DOOR WARDENS** have been posted outside the relevant Fire Exit Doors.

5. Ensure that the **ZONE WARDEN** has reported to you on the results of his checks, i.e. that the rooms in use have been cleared of all persons.
6. If an Attendance Register has been taken, take a **ROLL CALL**.
7. Report the results of these checks to the Fire and Rescue Service on arrival and inform them of the location of the **FIRE ALARM CONTROL PANEL**.
8. Authorise return to the building only when it is cleared to do so by the **FIRE AND RESCUE SERVICE OFFICER IN CHARGE**. Inform the **DOOR WARDENS** to allow re-entry to the building.

NOTE:

The Fire Alarm system will automatically call the Fire Brigade. The purpose of the 999 back-up call is to meet a requirement of the Fire Precautions Act to supplement the automatic call.

CHECKLIST FOR ZONE WARDEN

1. Carry out a physical check of the rooms being used for the meeting, including adjacent toilets, kitchen.
2. Ensure that **ALL PERSONS**, both officers and members of the public are made aware of the **FIRE ALERT**.
3. Ensure that **ALL PERSONS** evacuate **IMMEDIATELY**, in accordance with the **FIRE EVACUATION PROCEDURE**.
4. Proceed to the **ASSEMBLY POINT** and report to the **PERSON IN CHARGE** that the rooms within your control have been cleared.
5. Assist the **PERSON IN CHARGE** to discharge their duties.

It is desirable that the **ZONE WARDEN** should be an **OFFICER** who is normally based in this building and is familiar with the layout of the rooms to be checked.

INSTRUCTIONS FOR DOOR WARDENS

1. Stand outside the **FIRE EXIT DOOR(S)**
2. Keep the **FIRE EXIT DOOR SHUT**.
3. Ensure that **NO PERSON**, whether staff or public enters the building until **YOU** are told by the **PERSON IN CHARGE** that it is safe to do so.
4. If anyone attempts to enter the premises, report this to the **PERSON IN CHARGE**.
5. Do not leave the door **UNATTENDED**.

Agenda Item 4

MEMBERS INTERESTS 2012

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	General		
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	You cannot speak or vote and must withdraw unless you have also ticked 5 below
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	You may speak and vote
3.	<p>I have a pecuniary interest because</p> <p>it affects my financial position or the financial position of a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest</p> <p>or</p> <p>it relates to the determining of any approval consent, licence, permission or registration in relation to me or a connected person or, a body described in 10.1(1)(i) and (ii) and the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest</p>	<input type="checkbox"/> <input type="checkbox"/>	<p>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</p> <p>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</p>
4.	<p>I have a disclosable pecuniary interest (Dispensation 20/09/16) or a pecuniary interest but it relates to the functions of my Council in respect of:</p> <p>(i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease.</p> <p>(ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends.</p> <p>(iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay.</p> <p>(iv) An allowance, payment or indemnity given to Members</p> <p>(v) Any ceremonial honour given to Members</p> <p>(vi) Setting Council tax or a precept under the LGFA 1992</p>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<p>You may speak and vote</p> <p>You may speak and vote</p> <p>You may speak and vote</p> <p>You may speak and vote</p> <p>You may speak and vote</p>
5.	A Standards Committee dispensation applies (relevant lines in the budget – Dispensation 15/09/20 – 14/09/24)	<input type="checkbox"/>	See the terms of the dispensation
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	You may speak but must leave the room once you have finished and cannot vote

‘disclosable pecuniary interest’ (DPI) means an interest of a description specified below which is your interest, your spouse’s or civil partner’s or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

Interest

Prescribed description

Employment, office,
trade, profession or
vocation

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

Page 1

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;

"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;

"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;

"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;

"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;

"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

'non pecuniary interest' means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

'a connected person' means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

'body exercising functions of a public nature' means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

NB Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

Agenda Item 5

AUDIT & GOVERNANCE COMMITTEE

HELD: Tuesday, 24 October 2023

Start: 7.00 pm

Finish: 7.38 pm

PRESENT:

Councillor: M Anderson (Chairman)

Councillors: M Parlour D Daniels
J Fillis K Jukes
D West D Whittington

In attendance: Ben Stern, Grant Thornton

Officers: James Pierce, Head of Finance, Procurement and Commercial Services Section 151 Officer
Catherine Kirwan, Procurement Manager
Jennifer Lunn, Assistant Solicitor
Jacqueline Pendleton, Corporate Compliance & Governance Manager
Alison Wood, Interim Corporate Finance Manager
Duncan Jowitt, Democratic Services Officer

28 **MEMBERSHIP OF THE COMMITTEE**

In accordance with Council Procedure Rule 4, the Committee noted the termination of Councillor Pope, and the appointment of Councillor Jukes for this meeting only, thereby giving effect to the wishes of the Political Groups.

29 **URGENT BUSINESS**

There were no urgent items of business.

30 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

31 **MINUTES OF PREVIOUS MEETING**

RESOLVED: That the Minutes of the meeting held on 26 July 2023 be received as a correct record and signed by the Chairman.

32 **PUBLIC SPEAKING**

There were no items under this heading.

33 **INTERNAL AUDIT ACTIVITIES – PROGRESS REPORT**

The Corporate Director of Transformation, Housing & Resources submitted a report advising Members of progress against the 2023/24 Internal Audit Plan.

The Corporate Compliance & Governance Manager presented the report and also informed the Committee that interviews were to take place the following week for an

Apprentice Internal Auditor.

Councillors asked about updates and replicating the original audit assurance rating in follow up reports and about the future central management of electric charging points.

The Committee considered the Internal Audit Activities Progress Report as contained on pages 203-214 of the Book of Reports, which had been presented to Members for approval.

RESOLVED: That the contents of the Internal Audit Activities - Progress Report at Appendix 1 of the report, summarising progress to date and any significant issues be noted.

34 ANNUAL REPORT OF THE SENIOR INFORMATION RISK OWNER (SIRO) – 2022/23

The Corporate Director of Transformation, Housing & Resources submitted a report, which provided an overview of West Lancashire Borough Council's obligation in meeting statutory regulatory requirements relating to the processing of personal, confidential, or identifiable data under the UK General Data Protection Regulation, the Data Protection Act 2018 and the Council's duty to be transparent through compliance within the Freedom of Information Act 2000.

The Corporate Compliance and Governance Manager outlined the report and informed the Committee that ongoing improvements to the Council web pages were expected to reduce the number of Freedom of Information requests in the future.

The Committee considered the report as contained on pages 215-236 of the Book of Reports.

RESOLVED: That the Annual Report of the Senior Information Risk Owner (SIRO), as set out in Appendix 1 of the report, be noted.

35 LOCAL CODE OF GOVERNANCE

The Corporate Director of Transformation, Housing & Resources submitted a report presenting the Council's updated Local Code of Governance as recommended in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) 2016 Framework, "Delivering Good Governance in Local Government".

The Corporate Compliance and Governance Manager presented the report as contained on pages 237-252 of the Book of Reports. An amendment was suggested in respect of the reference to "Council Plan" on page 6.

RESOLVED: That the Council's updated Local Code of Governance as set out in Appendix 1 of the report, be noted and amended as suggested.

36 QUARTERLY REPORT ON PROCUREMENT EXEMPTIONS

The Head of Finance, Procurement and Commercial Property submitted a report on the Council's use of an exemption from Public Contracts Regulations 2015 and/ or Council's Contract Procedure Rules.

The Procurement and Contracts Manager presented the report and informed Members that there had been no further exemptions since the previous report and that the exemption listed would fall off before the next meeting.

A question was raised and responded to in relation to the Arc GIS Software.

The Committee considered the Quarterly Report on Procurement Exemptions as contained on pages 253 to 258 of the Book of Reports, which had been presented to Members.

RESOLVED: that the Council's exemption activity be noted

37 REGULATION OF INVESTIGATORY POWERS (RIPA) ACT REGULAR MONITORING OF USE OF POWERS

Consideration was given to the report of the Legal and Democratic Services Manager as contained on pages 259-260 of the Book of Reports, on the Council's use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

RESOLVED: That it be noted that the Council had not had cause to use its powers under the Regulation of Investigatory Powers Act 2020 (RIPA) during the last 12 months.

38 STATEMENT OF ACCOUNTS 2021/22

The Head of Finance, Procurement and Commercial Property submitted a report requesting approval of the Statement of Accounts for 2020/21 set out in Appendix 1 of the report.

The Head of Finance, Procurement and Commercial Services presented the report and advised Members that the Statement of Accounts at pages 263-400 of the Book of Reports had taken a considerable length of time and work to prepare as there had been a lot of changes in 2021, which had resulted in different versions of the accounts. He said that there were still some technical and non-material aspects to update and asked that the committee delegate authority to him to make those amendments.

Ben Stern informed the Committee that Grant Thornton had planned to bring the final Audit Findings Report to the meeting and the Audit Progress Report included at Page 393 of the agenda set out some of the issues encountered that had prevented this. The Finance Team had also had continuity issues and he appreciated all the work that had been done in that regard.

Members asked whether there had been issues because of changes to regulations

since 2020-21 and Mr Stern informed them that the passage of time had meant that there had been additional work to do and that he was confident that no further material amendments would be necessary.

RESOLVED: That the Statement of Accounts for 2020/21 set out in Appendix 1 of the report be approved and that authority be delegated to the Head of Finance, Procurement and Commercial Services to make any non-material amendments required to the Statement of Accounts.

39

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Consideration was given to the Committee's 2022/23 Work Programme as set out on page 71 of the Book of Reports and it was questioned whether any dates needed to be added where they were not included and whether the dates that were shown on the Work Programme were achievable. The Head of Finance, Procurement and Commercial Services said that he considered the dates shown to be feasible.

RESOLVED: That the Committee Work Programme 2023/24 be agreed.

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Chairman

PUBLIC SPEAKING – PROTOCOL

(For meetings of Cabinet, Overview & Scrutiny Committees, Audit & Governance Committee and Standards Committee)

1.0 Public Speaking

- 1.1 Residents of West Lancashire may, on giving notice, address any of the above meetings to make representations on any item on the agenda for those meetings, except where the public and press are to be excluded from the meeting during consideration of the item.
- 1.2 A Parish Council Representative may, on giving notice, address any of the above meetings to make representations on any item on the agenda for those meetings, except where the public and press are to be excluded from the meeting during consideration of the item.
- 1.3 The form attached as an Appendix to this Protocol should be used for submitting requests.

2.0 Deadline for submission

- 2.1 The prescribed form should be received by Member Services by 10.00 am on the Friday of the week preceding the meeting. This can be submitted by e-mail to member.services@westlancs.gov.uk or by sending to:

Member Services
West Lancashire Borough Council
52 Derby Street
Ormskirk
West Lancashire
L39 2DF

- 2.2 Completed forms will be collated by Member Services and circulated via e-mail to relevant Members and officers and published on the Council website via Modgov. Only the name of the speaker (and representative) and details of the issue to be raised will be published.
- 2.3 Groups of persons with similar views should elect a spokesperson to speak on their behalf to avoid undue repetition of similar points. Spokespersons should identify in writing on whose behalf they are speaking.

3.0 Scope

- 3.1 Any matters raised must be relevant to an item on the agenda for the meeting.
- 3.2 The Legal & Democratic Services Manager may reject a submission if it:
 - (i) is defamatory, frivolous or offensive;
 - (ii) is substantially the same as representations which have already been submitted at a previous meeting; or
 - (iii) discloses or requires the disclosure of confidential or exempt information.

4.0 Number of items

- 4.1 A maximum of one form per resident will be accepted for each Agenda Item.
- 4.2 There will be a maximum of 10 speakers per meeting. Where there are more than 10 forms submitted by residents, the Legal & Democratic Services Manager will prioritise the list of those allowed to speak. This will be considered having regard to all relevant matters including:
 - a. The order in which forms were received.
 - b. If one resident has asked to speak on a number of items, priority will be given to other residents who also wish to speak
 - c. Whether a request has been submitted in relation to the same issue.

No amendments will be made to the list of speakers once it has been compiled (regardless of withdrawal of a request to speak).

- 4.3 All submissions received will be published on the Council's website and circulated to Members of the relevant body and officers for consideration.

5.0 At the Meeting

- 5.1 Speakers will be shown to their seats. At the commencement of consideration of each agenda item the Leader/Chairman will invite the speakers to make their representations. Speakers will have up to 3 minutes to address the meeting. The address must reflect the issue included on the prescribed form submitted in advance.
- 5.2 Members may discuss what the speaker/s have said, along with any other information/representations submitted under this protocol, when all speakers on that item have finished and will then make a decision. Speakers should not circulate any supporting documentation at the meeting and should not enter into a debate with Councillors.
- 5.4 If residents feel nervous or uncomfortable speaking in public, then they can ask someone else to do it for them, including a Parish or Borough Councillor representative. They can also bring an interpreter if they need one. They should be aware there may be others speaking as well.

(Note: If a Resident wishes to have their Borough Councillor speak on their behalf, the Borough Councillor is not a member of the body considering the item.)

5.5 Speakers may leave the meeting at any time, taking care not to disturb the meeting.

(Please see attached form.)



REQUEST FOR PUBLIC SPEAKING AT MEETINGS

MEETING & DATE

NAME

ADDRESS

Post Code

PHONE

Email

Please indicate if you will be in attendance at the meeting

YES/NO*

*delete as applicable

Please indicate if someone will be speaking on your behalf at the meeting

YES/NO*

*delete as applicable

If someone is speaking on your behalf please provide their contact details:

NAME

PHONE

Email

Note: This page will not be published.

(P.T.O.)

PLEASE PROVIDE DETAILS OF THE MATTER YOU WISH TO RAISE

Agenda Item Number

Title

Details

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Name Dated

Completed forms to be submitted by 10.00am on the Friday of the week preceding the meeting to:-

Member Services, West Lancashire Borough Council, 52 Derby Street, Ormskirk, Lancashire, L39 2DF or

Email: member.services@westlancls.gov.uk

If you require any assistance regarding your attendance at a meeting (including access) or if you have any queries regarding your submission please contact Member Services on 01695 585065

Note: This page will be circulated to Members of the Committee and published.



**Audit & Governance Committee:
30 January 2024**

Report of:	Head of Finance, Procurement and Commercial Services
Relevant Portfolio Holder:	Councillor Rob Molloy
Contact for further information:	James Pierce (E-mail: james.pierce@westlancs.gov.uk)

SUBJECT: STATEMENT OF ACCOUNTS 2020-21, 2021-22 & 2022-23

Wards affected: Borough wide

1.0 PURPOSE OF REPORT

- 1.1 To approve the Council's Annual Statement of Accounts for 2020-21
- 1.2 To note and review the Draft Statement of Accounts for 2021-22 which have been amended following the 2020-21 audit.
- 1.3 To note and review the Draft Statement of Accounts for 2022-23

2.0 RECOMMENDATIONS

- 2.1 That the Statement of Accounts for 2020-21 set out in Appendix A be approved.
- 2.2 That the Statement of Accounts for 2021-22 set out in Appendix B be noted.
- 2.3 That the Statement of Accounts for 2022-23 set out in Appendix C be noted.

3.0 BACKGROUND

- 3.1 The external auditors have now completed their audit on the 2020-21 accounts, and issued their final Audit Findings Report (AFR)
- 3.2 At a meeting of this committee on 24 October 2023 the draft AFR report and the accounts were presented for approval. Members delegated authority to the Head

of Finance, Procurement and Commercial Services to make any non-material amendments required.

- 3.3 A material item in relation to the treatment of a transfer of an asset in the previous financial year resulting in a Prior Period Adjustment (PPA). This was initially removed from the PPA note following discussion with the external auditors however a further review within Grant Thornton amended this opinion and the PPA was therefore re-inserted.
- 3.4 The addition of the material error therefore requires that the Statement of Accounts be represented to this committee for approval.
- 3.5 Following the conclusion of the audit of the 2020-21 Statement of Accounts and a comprehensive review, the 2021-22 Statement have been amended to reflect these changes and ensure that they present a true and fair view.
- 3.6 The Statement of Accounts 2021-22 have previously been presented and published and are re-presented here for completeness as this is the version which will be audited.
- 3.7 The Statement of Accounts 2022-23 have also been amended to reflect the audit adjustments and undergone a comprehensive review process. They will now be published and open for public inspection for a period of 30 days in line with the Accounts and Audit Regulations following approval by the s151 Officer.
- 3.8 The SOA 2021-22 and 2022-23 are now available for the commencement of the external audit process.

4.0 APPROVAL OF STATEMENT OF ACCOUNTS

- 4.1 Members are now asked to approve the Statement of Accounts 2020-21 in accordance with the Accounts and Audit Regulations.
- 4.2 Members are now asked to note the Statement of Accounts 2021-22.
- 4.3 Members are now asked to note the Statement of Accounts 2022-23.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy

6.0 RISK ASSESSMENT

- 6.1 The formal reporting to Council of the Statement of Accounts is part of the overall framework set out in Code of Practice and the Accounts and Audit Regulations.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

Appendices

Statement of Accounts 2020-21
Draft Statement of Accounts 2021-22
Draft Statement of Accounts 2022-23

WEST LANCASHIRE BOROUGH COUNCIL
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021

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INTRODUCTION

We are pleased to introduce West Lancashire Borough Council's Statement of Accounts.

The Statement shows the financial performance and financial position of the Council for 2020/2021. The publication of the Statement is a statutory requirement and demonstrates the Council's stewardship of public money for this year.

Edward Pope

James Pierce

Chair of the Audit and Governance Committee

Head of Finance, Procurement and
Commercial Services (Section 151 Officer)

Date

NARRATIVE REPORT

Introduction

This publication presents the Council's Statement of Accounts for the year ended 31 March 2021. These accounts provide details of the money that the Council spent on delivering services and where this money came from. The accounts also show the Council's financial performance and financial position for the year.

Stewardship of public money and best value

The accounts have been prepared in accordance with the statutory and accounting regulations that govern the Council's financial affairs. These rules are primarily designed to safeguard public money and to promote best value.

The Council's accounts are subject to scrutiny by its elected Councillors and its Internal and External Auditors to verify that these regulations are being followed. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed.

About the Council

The Council employs around 550 people and uses assets of around £254 million to deliver its services.

The Council is structured using a Chief Operating Officer model with two Corporate Directors. The Corporate Director of Place and Community manages Growth and Development Services, Housing and Regulatory Services, Wellbeing and Leisure Services and Environmental Services. The Corporate Director of Transformation and Resources manages Finance, Procurement and Commercial Services, Corporate and Customer Services and Legal and Democratic Services.

Council services cover a wide range of different activities including refuse collection, street cleansing, grounds maintenance, planning, economic development and regeneration, council housing, housing benefits, collecting council tax and business rates income, leisure and cultural activities, environmental health, and community safety.

The Council currently has 54 Borough Councillors serving the 25 wards of the borough. Councillors are elected by a simple majority and serve for four years.

Our Vision is to be a Council which is ambitious for West Lancashire - our Economy, Environment and for Health and Wellbeing. We are ambitious for our economy, and for inclusive growth in West Lancashire, retaining and growing good quality jobs, increasing skills levels and encouraging business and wealth generation. This is matched by our ambitions for a good quality, clean, built and physical environment, and for ensuring the conditions are in place for people in West Lancashire to live healthy and fulfilling lives.

The operating environment over the course of 2020/21 due to the COVID-19 pandemic has been truly exceptional, during this time the Council has led the local response working across a vast range of areas to ensure its residents, customers and businesses receive the support they need.

Through adapting services and working environments to ensure the safety of our staff and customers as well as providing new services such as the West Lancs Together helpline, running

food and medication delivery services and distributing £33m business and just under £100k personal self-isolation grants through dedicated teams brought together from across the Council.

Governance

West Lancashire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Regulation (1) (b) of the Accounts and Audit Regulations (England & Wales) Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to Tawd Valley Developments Company for which it is a shareholder.

In respect of 2020/21, 14 assurance audits were completed, 13 of which recorded an audit opinion (10 moderate assurance and 3 limited assurance) and a further one with no opinion which has been taken into account.

Based upon the work undertaken by Internal Audit in respect of 2020/21, and the implications of the Covid-19 epidemic on the Councils internal control framework, the opinion of the Internal Audit Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is **moderate assurance**.

The 2020/21 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

- The Local Code of Corporate Governance requires an update.
- The Council is not fully GDPR compliant.
- The Council's Medium Term Financial Strategy shows a budget gap of £1.2m in 21/22.
- The way in which the office upgrade work was procured was found not to be in accordance with the Councils Contract Procedure Rules or Public Contracts Regulations 2015.

Operation Model

The Council Plan 2020/21 to 2022/23

In October 2020 the Council formally adopted a Council Plan 2020/21-2022/23 with a vision and priorities. The purpose of the Plan is to deliver the Council's priorities, communicate its direction with the public and stakeholders including staff and to support transparency and accountability.

Vision

West Lancashire together; the place of choice to live, work, visit and invest.

The Council aims to deliver the vision through 6 key priorities of:

1. Create empowered, engaged and inclusive communities.
2. Support businesses to adapt and prosper.
3. Become a Greener West Lancashire.
4. Be a financially sustainable Council by 2023.
5. A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire.
6. Everyone to be healthy, happy, safe and resilient.

Each of the 6 key priorities contain "We will" statements that provide an outline of suggested supporting actions to deliver the priorities and to give a programme of work and action plan for the priorities.

The "We will" statements are dynamic and continue to be developed throughout the 3-year life of the Plan. These statements will form the basis of the delivery plans to achieve the priorities. A refresh will be considered annually thereafter to ensure that the Plan remains relevant and in line with the needs of the Borough.

Non-financial performance for the year

Progress against the actions and supporting KPIs are summarised and provided as a Corporate Performance Delivery Plan. The Delivery Plan refers to 47 items within the suite of KPIs, 11 of which are 'data only' (no target). Of the 36 KPIs with targets reported:

2020/2021	
Indicators meeting or exceeding target ('Green')	26
Indicators narrowly missing target ('Amber')	5
Indicators 5% or more off target ('Red')	5
Data not yet available	0
Data that will not be provided (reason in notes)	0

Progress has been measured against the Council's key priorities for the Borough of:

- Create empowered, engaged and inclusive communities.
- Support business to adapt and prosper.
- Become a greener West Lancashire.
- A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire.
- Everyone to be healthy, happy, safe and resilient.
- Be a financially sustainable Council by 2023.

Some key performance areas (both positive achievements and challenges) include for 2020-21:

General Revenue Account (GRA)

- Average of missed bins per fortnight 75.50% (target 50%)
- 93.06% Council Tax collected (target 98.00%)
- 87.46% NNDR collected (target 96.50%)
- Invoices paid on time 95.95% (target 98.75%)
- Percentage of kerbside household waste sent for reuse, recycling and composting 48.72% (target 50%)
- Contact Centre calls answered 96.5% (target 88%)
- 8,708 separate payments totalling £33m in covid business grants processed.

Housing Revenue Account (HRA)

- Rent collected from current and former tenants as a % of rent 100.26% (target 100.04%)
- Rent loss through vacant dwellings 1.45% (target 0.99%)
- Properties with a valid Landlord Gas Safety Record 99.9% (target 100%)
- Properties with a valid Electrical Installation Condition Report (homes and buildings) 98.1% (target 100%)

Performance plans are prepared by service managers for those indicators where performance falls short of the target by 5% or more and include proposed actions plans:

- % Rent loss through dwellings being vacant.
Staffing resources, working arrangements due to localised risk assessments for COVID and power supplies have all impacted on the turnaround of properties.
The Tenancy Services Team, the Property Services Team and the contractors will continue to work closely together to improve performance and reduce void loss.
- Average missed bins per fortnight.
Due to restrictive ways of working during COVID, these performance indicators have not been achieved.
In accordance with proposed Government social distancing guidelines, it is proposed to phase out the utilisation of the additional ancillary vehicles in late June, however, this will be discussed with TU representatives accordingly.
- % of kerbside household waste sent for reuse, recycling and composting.
The target has not been achieved for 2020/21 due to low participation rates in some areas of the Borough. The Waste & Recycling Promotions Officer was employed with effect from July 2020 however, due to COVID the educational and promotional campaigns have been solely through social media, website and targeted comms as face-to-face opportunities were unavailable.
Develop & deliver promotional campaigns as soon as face-to-face activities can resume.

2020/21 Budget Setting

On the 26 February, Council approved and set a net revenue budget of £13.430m.

The budget setting process for 20/21 initially started with budget headroom of £195k excluding policy options, the inclusion of £195k policy options set a net nil budget that included £1.3m to be funded from reserves.

The Council's medium term financial approach involves using reserves to support the budget position while the savings attributable to the Sustainable Organisation Review (SORP) are being realised. There were adequate funds in reserves to support this approach and consequently, enabled the Council to achieve a balanced budget position for 20/21.

Financial performance for the year

General Revenue Account (GRA)

This account shows income and expenditure for all services except Council housing, and a net budget of £13.430m was set for the year.

A favourable variance was delivered against this budget of £260,000 or 1.9%. This position reflects a number of factors including good performance on implementing savings and income measures, under spending on employees and running expenses, and income levels exceeding budget projections in a range of areas.

	Revised Budget	Outturn reported to Council	Variance	Additional Adjustments	Revised Outturn	Revised Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Customer Services	3,198	2,638	(560)	2	2,640	(558)
Environmental Services	6,997	7,254	257	(1)	7,253	256
Finance, Procurement and Commercial Services	270	104	(166)	(87)	17	(253)
Housing and Regulatory	1,779	1,757	(22)	8	1,765	(14)
Growth and Development	1,217	1,314	97	1	1,315	98
Wellbeing and Leisure	2,965	2,981	16	-	2,981	16
Other Budget Items	(2,996)	(2,888)	108	87	(2,801)	195
Total Net Budget	13,430	13,160	(270)	10	13,170	(260)
Council Tax	7,621	7,621	-	-	-	-
Business Rates (NNDR)	4,923	4,923	-	-	-	-
Government Grants and Contributions	886	886	-	-	-	-
Total Funding	13,430	13,430	-	-	-	-

The level of GRA earmarked reserves increased by £7.9m, from £8.9m to £16.8m, primarily as a result of an increase in Corporate reserves which are held to meet income fluctuations and income sustainability due to unconditional Covid grants and S31 Business Compensation grants to be utilised in future years.

Housing Revenue Account (HRA)

This account shows income and expenditure relating to the Council's housing stock. A favourable budget variance was delivered in the year of around £517k, which represents around 2.0% of the overall budget requirement. The main reasons for this position were the active management of staffing levels which delivered savings on employee budgets, increase in dwelling rents due to 30 open market stock purchases, planned maintenance revenue budgets being largely unused and the budget contingency not being fully utilised.

There was capital investment of £4.7m in existing housing stock in the year against a budget of £7.7m. This means that 62% of the programme was spent, the programme was partially delayed by the Covid pandemic and general programme slippage. It is intended that most of the unused budget will be slipped into the next financial year to enable ongoing schemes to be delivered in line with our standard practice.

In addition, there was capital investment of £3.7m in new housing stock, through the Council development company Tawd Valley Developments Limited and £380k for the purchase of properties to utilise Right-to-Buy 1-4-1 receipts.

HRA earmarked reserves reduced by £90k, from £2.600m to £2.510m.

Capital investment in the year

Each year the Council invests money to buy new infrastructure, buildings and equipment and to pay for long-term improvements to its existing assets. This spending is needed to maintain and develop the services that the Council provides.

The following tables provide a breakdown of the total investment for the year and how it has been financed:

Where the money comes from

	2020/2021 £'000	2019/2020 £'000
Capital Receipts	2,414	5,207
Government Grants and Other Contributions	4,329	1,933
Revenue Contributions	8,414	9,428
Increase in underlying need to borrow	2,259	627
Total	17,416	17,195

What the money is spent on

	2020/2021 £'000	2019/2020 £'000
Property, Plant and Equipment	14,657	12,637
Other long-term assets	223	278
Revenue Expenditure Funded from Capital	2,536	4,052
Other	0	228
Total	17,416	17,195

Strategy and Resource Allocation

Future revenue spending and capital investment plans

A new service structure was set up in November 2019 through the SORP process and a large-scale staff restructuring programme was then implemented largely at the end of March 2020. These initiatives should deliver significant efficiencies, savings and additional income while the one-off staff exit, and implementation costs will be funded from reserves and capital receipts.

As a result of the outbreak of the Covid pandemic, there were a wide range of actions and initiatives that have been undertaken by the Council in response to address the issues and pressures created by the Covid. Some of these measures have created GRA additional spending pressures which have been outside the budget and policy framework, impacting 2020/21 and into 2021/22.

GRA income performance was also significantly below the original budget targets in a range of areas as a result of the Covid. This was a result of charging having been suspended in certain areas, reductions in demand for services, and increases in non-payment and bad debts, as well as a range of other factors, impacting 2020/21 and into 2021/22.

The main feature of the capital programme over the 3-years 2021/22 to 2023/24 will be planned investment in existing HRA housing stock of £25.978m, which will be funded primarily by HRA revenue contributions. This is part of a 5-year programme of investment in existing Council dwellings which will see a similar level of investment in subsequent years.

During 2020/21 Council approved amendments to the HRA capital investment programme of around £13.601m in new housing stock to be delivered through the Council development company Tawd Valley Developments Limited.

Risks and Opportunities

The Council is facing a difficult medium term financial situation as a result of the Government reducing the funding it provides to all local authorities, and due to the financial pressures created by the coronavirus. It is expected that there will continue to be a budget gap between the spending required to maintain existing service levels and the resources that will be available. This challenging financial position is recognised as a significant risk on the Council's key risk register.

Whilst the budget that has been set for 2021-22 contains a number of new improvement measures while maintaining service levels for the vast majority of services provided by the Council. The budget gap facing the Council in future years means that delivering the Sustainable Organisation Review (SORP) will be vital to ensuring the Council's continuing healthy financial position.

While the total value of government financial Covid support remains unclear, any net financial impact of the Covid will have to be funded from GRA reserves.

Covid and the financial impact it has caused will undoubtedly have a negative impact for a considerable period of time. Consequently, detailed consideration will be given to this issue throughout 2021-22, but it is likely that the original SORP GRA savings targets will need to be increased.

Financial Statements

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July. Following Government consultation, The Ministry of Housing, Communities and Local Government (MHCLG) laid before Parliament the Accounts and Audit (Amendment) Regulations 2021 to delay the statutory deadlines to the 31 July for the publication of the unaudited Statement of Accounts and 30 September for the audited Statement of Accounts for both financial years 2020/21 and 2021/22.

The Statement of Accounts provide an overview of the Council's financial position for 2020/21. The 2020/21 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code), which is based on International Financial Reporting Standards (IFRSs).

Overview

The Council spent £82.4m in providing day-to-day services for the local community in 2020-21. The Council also invested £17.4m in capital projects during the year to maintain and develop the services that it provides. Total usable reserves increased by £8.9m over the course of the year to £33.3m.

Service Provision

In broad terms the following tables show where the money for providing services comes from and what it was spent on.

Where the money comes from (net cost of services)

	2020/2021 £'000	2019/2020 £'000
Benefits Payments and Administration grants	20,177	21,060
Housing rents and service charges	25,848	25,272
Service specific fees, charges and grants	20,139	12,213
Total	66,164	58,545

What the money is spent on (net cost of services)

	2020/2021 £'000	2019/2020 £'000
Corporate & Customer Services	25,404	27,242
Environmental Services	9,231	8,488
Finance, Procurement and Commercial Services	927	3,360
Housing and Regulatory	6,056	5,616
Housing Revenue Account	25,973	21,668
Growth and Development	5,043	5,123
Wellbeing and Leisure	3,223	3,641
Other Services	6,490	851
Total	82,347	75,989

A more detailed breakdown of expenditure by nature is provided in Note 31

Financial position

The main assets of the Council are its housing stock and the other land, buildings and equipment that it owns. Total long-term assets have been valued at £255.2m, which is an increase of £29.6m on the previous year.

The Council had a total net worth of £107.3m as at 31 March 2021, taking into account all of its assets and liabilities, which was an increase of £12.0m on the previous year. This change was the result of a wide range of different factors.

Outlook

The value of the net pension liability in the accounts has increased by £12.7m to £65.8m. The net pension liability represents the excess of long-term accrued liabilities, assessed on a prescribed basis, compared with the market value of pension assets. Statutory arrangements for the funding of the pension scheme mean that the financial position of the Council remains healthy.

The Cash Flow Statement shows an increase of £3.1m in cash and cash equivalents over the year, and there was also a decrease of £9m in short term investments. There are a number of explanatory factors for this position, but it primarily reflects the investment in more liquid investments due to the uncertain financial climate experienced in the year.

An upward revaluation of £19.8m was made on Council dwellings within the HRA, compared to a downward revaluation of £6.2m in the previous year. This revaluation review was conducted in conjunction with the Council's Estates section who followed professional guidelines in conducting this exercise.

At the start of the year the Council had £88.2m of external borrowing that was taken out with the Public Works Loans Board to finance the introduction of the HRA Self Financing system. During 2020/21 the scale of capital investment meant there was an increase in the underlying need to borrow of £1.6m, although this was funded from internal sources rather than through external borrowing. The Council Capital Financing Requirement (CFR) increased to £104.4m, with the under borrowed position being £16.2m.

The Council has a wholly owned company called Tawd Valley Developments Limited which is intended to undertake residential and commercial development. 2020/21 was the company's first full operational year, and the Council provided loan of £1m and equity of £200k funding to it, in line with its approved Business Plan, to cover its operating costs and the costs of its initial development works. The total loan funding of £1.6m has been provided at a commercial rate of interest and it is expected that dividends will also be earned on the total equity of £700k in due course as the company completes its development schemes.

Following an assessment of materiality, the Council has for the first occasion prepared Group Accounts in 2020/21 to include its interests in the subsidiary company Tawd Valley Developments Limited.

Contents of the Accounts

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the Movement in Reserves Statement between usable and non-usable reserves. These constitute the net worth of the Council in the Balance Sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the Balance Sheet are shown in the Cash Flow Statement. These inter-relationships are shown below.

Comprehensive Income and Expenditure Statement (£'000)

Deficit on the Provision of Services	2,617
Other Comprehensive Income and Expenditure	<u>(14,656)</u>
Total Comprehensive Income and Expenditure	<u>(12,038)</u>

Movement in Reserves statement (£000)

Effect on usable reserves	8,943
Effect on unusable reserves	<u>3,095</u>
Change in Total Net Worth	<u>12,038</u>

Balance Sheet (Change in Assets less Liabilities) (£000)

Change in net assets (excl cash)	8,963
Change in cash and cash equivalents	<u>3,075</u>
Change in net worth	<u>12,038</u>

Cashflow Statement (£000)

Change in cash and cash equivalents	3,075
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An explanation of the main accounting statements, and their purpose, are set out below.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (which can be applied to fund expenditure or reduce taxation) and other unusable reserves.

The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes, and the Adjustments between Accounting Basis and Funding Basis under Regulations Line shows the differences between them.

The Transfers to and from Earmarked Reserves line shows the movements between balances and earmarked reserves for the General Fund and the HRA.

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 and housing rents. Councils raise taxation and rents to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and Note 27.

Balance Sheet

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, which may be used 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 may only be used to fund capital expenditure or to repay debt).

The second category of reserves is those that the Council 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. This category also includes reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustment between accounting basis and funding basis under regulations".

Cash Flow Statement

This shows the changes in cash and cash equivalents for the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows

have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

The other parts of the Statement of Accounts and their purposes are set out below:

Annual Governance Statement

This outlines key elements of the Council's governance framework, provides a review of its effectiveness, and sets out plans for its future development.

Independent Auditor's Report

This report sets out the External Auditor's opinion on whether the Accounts present a true and fair view of the financial performance and position of the Authority, and whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Statement of Responsibilities

This summarises the responsibilities of the Council and its Chief Finance Officer in relation to the Statement of Accounts.

Group Accounts

Group accounts are prepared where the authority (the Parent) has a controlling interest in a subsidiary, significant influence over an associate and/or share control in a joint venture. The main authority statements are consolidated with the identified ventures and presented based on materiality. Intra-group transactions and balances are removed on a line-by-line basis.

Housing Revenue Account (HRA)

This summarises all transactions relating to the provision and maintenance of Council houses and flats and reflects a statutory obligation to account separately for local authority housing provision.

Collection Fund

This account shows the income raised from Council Tax and Business Rates and how these funds are distributed to local authorities and central government.

Further information

Details on the Council's performance are available in the Council Plan Annual report at the following address:

<http://www.westlancls.gov.uk>

It is the Council's policy to provide full information about its financial affairs. Further details about the accounts, and summary versions of the statement in other languages, can be obtained by:

- E-mailing accountancy@westlancls.gov.uk
- Telephoning (01695) 577177
- Writing to West Lancashire Borough Council
52 Derby Street
Ormskirk
Lancashire L39 2DF

WEST LANCASHIRE BOROUGH COUNCIL
2020/21 ANNUAL GOVERNANCE STATEMENT

Introduction and Scope of Responsibility

West Lancashire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

To discharge this overall responsibility, the Council must have in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance, and this statement explains how the Council has complied with the code and meets the requirements of the Accounts and Audit Regulations, in relation to the production of an Annual Governance Statement.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This statement explains how the Council has complied with the code and also meets the requirements of Regulation (1) (b) of the Accounts and Audit Regulations (England & Wales) Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to Tawd Valley Developments Company for which it is a shareholder.

What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led, and held to account. The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive and honest manner.
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvements in the way it operates.

The Purpose of the Framework

The governance framework comprises the systems, processes, culture, and values by which the Council is directed and controlled and the mechanisms through which it accounts to, engages with, and leads the community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

By adhering to this framework, it enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Both risk management and internal control are a significant part of the Council's framework and are designed to manage risk to a reasonable level. These safeguarding processes cannot eliminate all risk of failure to achieve policies, aims and strategic objectives and can therefore only provide reasonable and not absolute assurance of their effectiveness.

The system of risk management and internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively, and economically.

Review of Effectiveness

West Lancashire Borough 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:

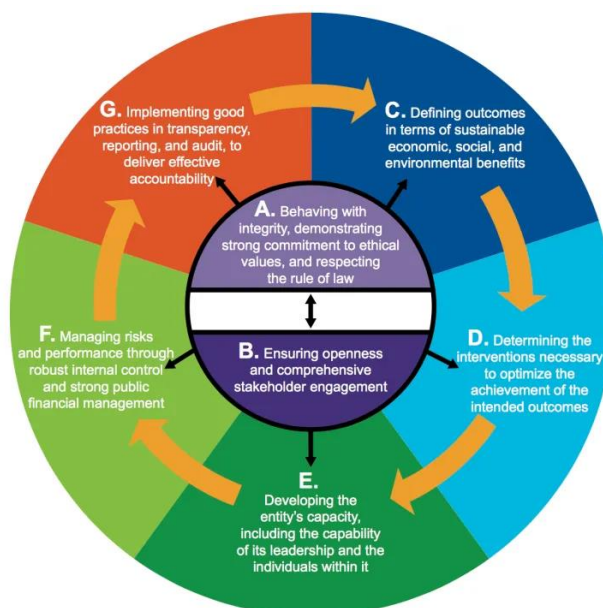
- Corporate Management Team and Senior Managers within the Council who have responsibility for the development and maintenance of the governance environment within their service areas. Their feedback and comments provided in Governance Assurance Statements are an essential part of this review.
- The Internal Audit Manager's annual report, which includes a report on the effectiveness of internal audit, and
- Feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates.

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance.

The seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition) are as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- B. Ensuring openness and comprehensive stakeholder engagement;
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits;
- D. Determining the interventions necessary to optimize the achievement of intended outcomes;
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F. Managing risks and performance through robust internal control and strong public financial management; and

G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability.



(International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the "International Framework")

Decision Making and Scrutiny

The Council approved the overall policy and budgetary framework for the financial year 2020/21. Cabinet subsequently made decisions at various points throughout the year that were in line with this policy and budget framework. The decisions of the Cabinet have been the subject of scrutiny through the Council's Overview and Scrutiny Committees which met regularly during the year.

Each Overview and Scrutiny Committee had a work programme for the year and reviewed a range of current activities and potential issues as part of that programme.

All decisions made by Committees, Council, Cabinet, Cabinet Member (under their delegated powers) and Chief Officer executive decisions are recorded and published online for transparency.

Delegation arrangements for Cabinet Members are reviewed annually by the Legal and Democratic Services Manager as part of the Constitution review process.

The Council publishes a calendar of meetings and deadlines for the submission of agenda items. Agendas and reports are produced promptly and provided to the relevant Members.

Audit and Governance Committee

The Audit and Governance Committee provides independent assurance on the adequacy of the Council's risk, governance, and assurance environment. All political parties are represented on the Audit and Governance Committee.

Apart from 26th May 2020 when the planned meeting was cancelled due to the COVID-19 lockdown restrictions, the Committee met regularly during 2020/21, considering reports, from the Monitoring Officer, the Section 151 (S151) Officer, the Internal Audit Manager, and the External Auditor.

Corporate Management Team (CMT)

CMT consists of the Chief Operating Officer, Corporate Directors, Monitoring Officer and Heads of Service. It provides senior management and leadership in the development, delivery and communication of Council and borough-wide policy and performance. It has a key responsibility for the development and maintenance of the governance environment.

As part of the corporate governance review for 2020/21 members of the CMT have provided formal assurance in respect of their service area, by their responses to the Governance Assurance Statement questionnaires.

External Audit

Grant Thornton is the Council's appointed External Auditor for 2020/21. The work of the Council's External Auditor includes an examination of the Council's financial statements and an assessment of the degree to which the Council has the required arrangements in place to deliver value for money in the use of its resources.

Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of Council activities. It is the duty of the Internal Audit Manager to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council.

Based upon the work of Internal Audit during 2020/21, the Internal Audit Manager provided the Council with an overall opinion of Moderate. Internal audit carried out follow up audit reviews for all recommendations made and reported results to CMT and the Audit and Governance Committee.

The Public Sector Internal Audit Standards were introduced from April 2013 and updated in April 2017. The service was the subject to an external review during 2018/19 which was assessed as being generally compliant with the Public Sector Internal Audit Standards 2017.

How WLBC achieves the Seven Principles

From the evaluation work undertaken the following sections look at how the Council is held to account for the seven principles of Corporate Governance.

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Behaving with integrity. Demonstrating strong commitment to ethical values. Respecting the rule of law. 	<ul style="list-style-type: none"> The Council has an agreed constitution which sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It also makes reference to the adherence of the Seven Principles of Public Life (the 'Nolan Principles'). The Council has put processes in place to minimise the risk that its councillors and employees act in an improper way (influenced by prejudice, bias or conflict of interest) when dealing with stakeholders; The Council has Codes of Conducts and a suite of policies and procedures for councillors and employees which define the standards of behaviour expected. Deviation from these policies may result in the use of the embedded disciplinary processes in place, and The Council's Vision and Priorities and, People's Strategy are clear and demonstrates its commitment to its stakeholders.

B: Ensuring openness and comprehensive stakeholder engagement

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Openness. Engaging comprehensively with institutional stakeholders. Engaging with individual citizens and service users effectively. 	<ul style="list-style-type: none"> The Council publishes all relevant information (as required by the Local Government Transparency Code 2015) on its website. The Council's website contains comprehensive information pertaining to the services provided by West Lancashire Borough Council and its partners. The Council's decision-making information, including committee agendas and minutes (not restricted) is available via the council's website and intranet. The Council undertakes consultation exercises regularly including budget proposals.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Defining outcomes. Sustainable economic, social and environmental benefits. 	<ul style="list-style-type: none"> The Council is committed to community engagement and involvement. The Council has a clear vision for the future as set out in its Vision and Council Priorities which considers all relevant economic, social and environmental factors. The recommendations from the Sustainable Organisational Review Project have been implemented to achieve financial sustainability. The Council has structured budget and treasury management processes in place. Each Council service area has its own service action plan that contributes to delivering an effective service.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Determining interventions. Planning interventions. Optimising achievement of intended outcomes. 	<ul style="list-style-type: none"> The Council operates a Scrutiny and Review Committee system, and the decision-making process allows for challenge where necessary. The Council has a robust financial strategy with financial planning protocols in place (Medium Term Financial Strategy, annual budget monitoring and Forward Plans). Cabinet receives regular reports on the General Revenue, Housing Revenue and Capital Budgets. The Council engages and undertakes consultation exercises with its stakeholders in relation to service provision changes and new initiatives.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Developing the entity's capacity. Developing the capability of the entity's leadership and other individuals. 	<ul style="list-style-type: none"> The Council has an agreed constitution which details roles and responsibilities of councillors and key officers of the Council. The Council requires all new employees and councillors to undertake an induction process. The Council has a number of human resource policies in place. Employee training needs are identified through the annual appraisal process.

	<ul style="list-style-type: none"> Financial Regulations are contained within the Council's Constitution and all employees are required to operate within them. A number of new projects are being progressed as part of the SORP and People Strategy. The Council works with a number of partners in order to deliver services throughout the borough, As part of the SORP, areas of the Council have been or are under review to ensure that they are operating efficiently and effectively within resources available.
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F. Managing risks and performance through robust internal control and strong public financial management.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Managing risk. Managing performance. Robust internal control. Managing data. Strong public financial management. 	<ul style="list-style-type: none"> The Council has a Risk Management Framework in place. The Council's Performance Management is managed using the Pentana Risk System. A system of scrutiny and review is in place as part of the Council's decision-making process. The Council has an Audit and Governance Committee who meet quarterly and provide independent assurance of the adequacy of the Council's Risk Management Framework and the associated control environment. The Council has a Risk Management Policy and Toolkit, which All Members and Council staff have received training in. An internal audit service is maintained and reports quarterly to the Audit and Governance Committee. A data management framework and procedures are in place and are readily available to all members of staff. The Council has appointed a Senior Information Risk Owner and Interim Data Protection Officer. The Council has a robust financial strategy with Financial Planning protocols in place (Annual Budget Monitoring, Medium Term Financial Strategy and Forward Plans), and The Council's Financial Statements are available to the Public on the Council's website.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none">• Implementing good practice in transparency.• Implementing good practices in reporting.• Assurance and effective accountability	<ul style="list-style-type: none">• The Council adheres to the Local Government Transparency Code 2015, with relevant information accessible via the Council's website.• The Council's Financial Statements are available on the Council's website.• Following the external audit of the Council's Financial Statements, the external auditor's letter is made available on the Council's website.• The Council produces Financial Statements in accordance with CIPFA's Practice on Local Authority Accounting in the UK following International Financial Reporting Standards (IFRS). The Financial Statements are scrutinised by the External Auditor with a separate report produced, and• An Annual Governance Statement is produced and incorporated into the Council's approved Financial Statements.

Significant Governance Issues (SGI)

In addition to identifying those areas where the Council meets the principles of Corporate Governance, it is also appropriate to identify areas of improvement that can be undertaken during the next financial year. These are termed as 'Significant Governance Issues' and can be defined as an issue that:

- Seriously prejudices or prevents achievement of a key target.
- Has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business.
- The external auditor regards as having a material impact on the accounts/value for money conclusion.
- Audit and Governance Committee advises that it should be considered significant.
- The Internal Audit Manager identifies and reports on it as significant.
- It has been reported as significant by external bodies – for example Ombudsman, Information Commissioner, independent consultants.
- The issue, or its impact, has attracted significant public interest, or has seriously damaged the reputation of the Council.
- May make it harder to prevent fraud or other misuse of resources.
- May put financial stability, security or data integrity at risk.

Significant Governance Issues Identified During 2020/21 Review:

The 2020/21 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

Significant Governance Issue	Action to Address the issue
The Local Code of Corporate Governance requires an update.	<p>The Internal Audit Manager will liaise with the Legal and Democratic Services Manager who will draft the new document in accordance with CIPFA's requirements.</p> <p>A review of the document will be undertaken annually and presented to Audit and Governance Committee at their May meeting.</p>
The Council is not fully GDPR compliant. Whilst it is acknowledged that extensive work has been undertaken to ensure WLBC becomes compliant there are still a number of steps required to achieve full compliance.	The Effective Data Management Project will address a number of Internal Audit Recommendations relating to GDPR and move the Council to achieve full compliance.
The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms and, consequently, has utilised its reserves in order to achieve a balanced budget over this period. The impact of the pandemic has further added to this pressure and the Council's Medium Term Financial Strategy shows a budget gap of £1.2m in 21/22. This will require urgent action and targeted decision making to achieve a balanced budget for 2022/23 and beyond.	A number of actions have been taken to address the budget issues identified in the Medium-Term Financial Strategy.
The Council undertook office upgrade work following the Sustainable Organisation Review Project and to address some Health and Safety requirements. Following an Internal Audit Review the way in which the work was procured was found not to be in accordance with the Council's Contract Procedure Rules or Public Contracts Regulations 2015.	<p>Details of the findings of the Internal Audit Review have been reported to the Council's external auditor and the Audit and Governance committee.</p> <p>Additional controls have been introduced within the service area. These will be subject to periodic internal audit review.</p> <p>The service area responsible for the office upgrade works ensures that procurement of services and contractors is now carried out in</p>

Significant Governance Issue	Action to Address the issue
	<p>line with guidance from the Procurement Service.</p> <p>The Council's Procurement Service delivery model is currently being reviewed by the Corporate Compliance and Governance Manager.</p>
<p>There has been a delay in the completion of the external audit of the Council's Financial Statements for 2020/21 due to issues out of the Council's control, including, Covid-19, staffing resources and the need to meet new requirements such as the completion and incorporation of Group Accounts in the Financial Statements.</p>	<p>The 20/21 Accounts have now been finalised and are published on the Council's website.</p> <p>The external audit of the Council's 2020/21 Financial Statements is due to resume in Autumn 2022 by the Council's external auditors, Grant Thornton.</p> <p>A restructure of the Finance Team has been undertaken.</p> <p>The draft financial statements for 2021/22 have been produced on time and are available for external audit. They have also been published on the council website in accordance with statutory requirements.</p>

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming months to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed:

Jacqui Sinnott-Lacey
Chief Operating Officer

Date:

Signed:

Councillor Yvonne Gagen
Leader of the Council

Date:

INDEPENDENT AUDIT REPORT

Independent auditor's report to the members of West Lancashire
Borough Council

Report on the Audit of the Financial Statements

TO BE INSERTED ONCE THE ACCOUNTS ARE FINALISED

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The following responsibilities are placed upon the Authority and its Chief Finance Officer in relation to the Council's financial affairs.

The Authority's 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 Head of Finance, Procurement and Commercial Services
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer's Responsibilities

As the Authority's Chief Finance Officer, I am responsible for preparing the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

I have also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Authority at the 31 March 2021 and its income and expenditure for the year then ended.

James Pierce

Head of Finance, Procurement and Commercial Services (Section 151 Officer)

MOVEMENT IN RESERVES STATEMENT 2020/21

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	(960)	(8,941)	(620)	(2,600)	(3,644)	(1,018)	(6,602)	(24,385)	(70,923)	(95,308)
<i>Movement in Reserves during 2020-21</i>										
Total Comprehensive Income and Expenditure	(52)	-	2,669	-	-	-	-	2,617	(14,655)	(12,038)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(7,799)	-	(2,578)	-	1,408	117	(2,707)	(11,559)	11,559	-
Transfers to / from Earmarked Reserves (Note 10)	7,851	(7,851)	(90)	90	-	-	-	-	-	-
Increase / Decrease in Year	(0)	(7,851)	(0)	90	1,408	117	(2,707)	(8,942)	(3,096)	(12,038)
Balance at 31 March 2021	(960)	(16,792)	(620)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,347)

MOVEMENT IN RESERVES STATEMENT 2019/20

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restated Balance at 31 March 2019	(960)	(9,275)	(620)	(3,590)	(5,790)	(1,258)	(4,234)	(25,727)	(66,465)	(92,192)
<i>Movement in Reserves during 2019-20</i>										
Total Comprehensive Income and Expenditure	3,841	-	(1,242)	-	-	-	-	2,599	(5,715)	(3,116)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(3,507)	-	2,232	-	2,146	240	(2,368)	(1,257)	1,257	-
Transfers to / from Earmarked Reserves (Note 10)	(334)	334	(990)	990	-	-	-	-	-	-
Increase / Decrease in Year	-	334	-	990	2,146	240	(2,368)	1,342	(4,458)	(3,116)
Restated Balance at 31 March 2020	(960)	(8,941)	(620)	(2,600)	(3,644)	(1,018)	(6,602)	(24,385)	(70,923)	(95,308)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated 2019/2020				2020/2021		
Gross Cost £'000	Gross Income £'000	Net Cost £'000	Service	Gross Cost £'000	Gross Income £'000	Net Cost £'000
27,242	(24,261)	2,982	Corporate and Customer Svs	25,404	(22,555)	2,849
8,488	(1,656)	6,833	Environmental Services	9,231	(1,629)	7,602
3,360	(555)	2,806	Finance, Procure & Commercial	927	(495)	432
5,616	(3,604)	2,012	Housing and Regulatory	6,056	(2,991)	3,065
21,667	(25,368)	(3,700)	Housing Revenue Account	25,973	(26,333)	(360)
5,123	(2,321)	2,802	Growth and Development	5,043	(2,438)	2,605
3,641	(343)	3,298	Wellbeing and Leisure	3,223	(196)	3,026
851	(439)	413	Other Services	6,490	(9,528)	(3,037)
75,989	(58,545)	17,444	Cost of Services	82,347	(66,164)	16,183
308	-	308	Other operating expenditure (Note 11)	1,124	-	1,124
5,449	(2,674)	2,775	Financing & investment income & expenditure (Note 12)	6,598	(2,440)	4,158
-	(17,927)	(17,927)	Taxation & non-specific grant income & expenditure (Note 13)	-	(18,848)	(18,848)
81,745	(79,146)	2,599	Surplus (-) or Deficit on Provision of Services	90,069	(87,452)	2,617
		2,464	Surplus (-) or deficit on revaluation of non-current assets (Note 27i)			(29,132)
		(8,179)	Re-measurement of the net defined pension liability (Note 41)			14,477
		(5,715)	Other Comprehensive Income and Expenditure			(14,655)
		(3,116)	Total Comprehensive Income and Expenditure			(12,038)

Note: the 2019/20 services figures have been restated to reflect the remapping of details codes and a £107k error of the Financing & Investment Income & Expenditure figure that has been corrected

BALANCE SHEET

Restated 31/03/2019 £'000	Restated 31/03/2020 £'000		Notes	31/03/2021 £'000
209,250	205,003	Property, Plant & Equipment	14	233,901
509	509	Heritage Assets	16	509
17,479	18,726	Investment Property	17	17,722
851	852	Intangible Assets	18	774
-	500	Long Term Investments	20	2,275
58	58	Long Term Debtors	20	58
228,147	225,647	Long term assets		255,240
17,519	19,118	Short Term Investments	20	10,038
149	156	Assets held for sale	15	38
18	12	Inventories	21	13
5,718	7,179	Short Term Debtors	22	19,479
5,187	6,115	Cash and Cash Equivalents	23	9,190
28,590	32,581	Current assets		38,758
(12,280)	(13,429)	Short Term Creditors	24	(21,999)
(12,280)	(13,429)	Current Liabilities		(21,999)
(1,311)	(1,060)	Provisions	25	(1,209)
(56,574)	(53,148)	Pension Liabilities	41	(65,836)
(218)	-	Long Term Deferred Liabilities		-
(5,917)	(7,038)	Grants & Contributions in Advance	36	(9,361)
(88,246)	(88,246)	Long Term Borrowing	20	(88,246)
(152,264)	(149,491)	Long Term Liabilities		(164,652)
92,193	95,308	Net Assets		107,347
(25,727)	(24,386)	Usable Reserves	26	(33,328)
(66,465)	(70,923)	Unusable Reserves	27	(74,019)
(92,192)	(95,308)	Total Reserves		(107,347)

CASH FLOW STATEMENT

Restated 2019-2020 £'000	2020- 2021 £'000
(2,599) Surplus (Deficit) on the Provision of Services	(2,617)
17,845 Adjustments for non-cash movements (Note 28)	21,105
(10,322) Adjustments for items that are investing or financing activities (Note 28)	(8,654)
4,924 Net Cash Flows from Operating Activities	9,834
(3,409) Investing Activities (Note 29)	4,164
(587) Financing Activities (Note 30)	(10,924)
928 Change in Cash and Cash Equivalents	3,075
5,187 Cash & Cash Equivalents at start of period	6,115
6,115 Cash & Cash Equivalents at end of period (Note 20)	9,190

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

This Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. It has been prepared in accordance with relevant statutory regulations and proper accounting practice, and in particular the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards.

The accounting convention adopted in the Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets.

ii. Accruals of Income and Expenditure

Activity is accounted for in the financial year in which it takes place, not when cash payments are made 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 of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and interest 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.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash with an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. 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 accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are also corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting 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.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service

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.

Depreciation, revaluation and impairment losses and amortisation are replaced by a Minimum Revenue Provision calculated on a prudent basis by the Council in accordance with statutory guidance. This is achieved through an adjusting transaction between the General Fund Balance and the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. Capital charges to the Housing Revenue Account are calculated in accordance with statutory regulations, and in particular the Item 8 Credit and Debit Determinations.

vi. Council Tax and Non-Domestic Rates

Billing authorities 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.

The council tax and the NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council'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 reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the year end balances in respect of

council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

vii. 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 salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to the 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

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These amounts are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises the costs of the restructuring.

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 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 entries for pension enhancement termination benefits and to replace them with the amount payable to the pension fund in the year.

Post Employment Benefits

The Council participates in a Local Government Pension Scheme administered by the Lancashire County Pension Fund. This scheme is accounted for as a defined benefit scheme and provides defined benefits (retirement lump sums and pensions) to members earned as employees worked for the Council.

The attributable assets of the scheme are measured at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The liabilities of the Lancashire County Pension Fund attributable to the Council 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 future earnings for current employees.

The change in net pensions 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 – 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 (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.

Remeasurement comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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.

Statutory provisions require the General Fund balance to be charged with the amount payable to the Pension Fund in the year rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to replace them with the amounts actually payable to the Pension Fund for the year.

Consequently, the negative balance that arises on the Pensions Reserve measures the beneficial impact on the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

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 members of staff are accrued in the year of the decision to make the award and accounted for using the same policies applied to the Local Government Pension Scheme.

viii. 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 Accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Accounts are 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.

ix. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provision of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for that particular financial instrument.

For the Council this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains or losses on the repurchase or early settlement of borrowing are credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on balances to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, unless the premium or discount is not material in amount. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against balances is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year of the loan agreement.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held 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 Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council where there is reasonable assurance that the Council will comply with any conditions attached to the payments and that the payments will be received.

Amounts 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 require the grant or contribution to be used in a specified manner or else to be returned.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income 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.

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from this levy will be used to fund infrastructure projects to support the development of the Borough. CIL is received without outstanding conditions and is therefore recognised as income at the commencement date of the chargeable development.

xi. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xii. Investment Property

These are properties that are used solely to earn rentals and / 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.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. The same treatment is applied for gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xiii. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant and equipment from the lessor to the lessee. All other leases are classified as operating leases. The Council currently only has operating leases in place.

The Council as Lessee: Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased asset.

The Council as Lessor: Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet, and the rental income is credited to the Comprehensive Income and Expenditure Statement.

xiv. Overheads and Support Services

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

xv. Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as a revenue expense as it is incurred.

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 management.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value determined using the basis of existing use value for social housing (EUV-SH)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Where non property assets have short useful lives or low values, depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying value is not materially different to their current value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

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

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and the possible difference is estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (such as land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Relevant assets are depreciated over their estimated useful lives on a straight-line basis assuming no residual values. The Council's Estates section has determined the useful lives of dwellings and buildings, and these vary depending on the nature of the asset considered.

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and whose costs are significant in relation to the total cost of the item, then the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation charge that would have been made based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and 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 its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement. The net value of these transactions then reflects the gain or loss on the disposal of the asset. Any revaluation gains accumulated on the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

A proportion of capital receipts relating to housing disposals must be paid over to the Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for

new capital investment or set aside to reduce the Council's capital financing requirement. Receipts are appropriated to the Capital Receipts Reserve in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions are made where an event has taken place that will probably lead to a future expense, and where a reliable estimate can be made of the amount of the obligation. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties. Payments are then charged to the provision set up in the Balance Sheet when they are eventually made.

Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the likely cost. Where a provision is no longer required it will be reversed and credited back to the relevant service.

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent liabilities can also arise in circumstances where a provision would otherwise be made but either it is not sufficiently certain that the event will take place, or the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Council a possible asset but whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent liabilities and assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

xvii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, local taxation, retirement, and employee benefits. These do not represent usable resources for the Council, and include the capital adjustment account, revaluation reserve and pensions reserve.

xviii. Revenue Expenditure Funded from Capital under Statute

Expenditure that has been incurred that may be capitalised under statutory provisions 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 in the year.

Where the Council determines that it will meet such expenditure from its capital resources, then a transfer will be made in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account to reverse out the amounts charged so that there is no impact on the level of the Council tax.

xix. VAT

Income and expenditure excludes any amounts that relate to VAT. This is because all VAT collected is payable to HM Revenues and Customs, and all VAT paid is recoverable from them.

xx. Fair value measurement

The authority 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 most advantageous market in the absence of a principal market.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing it, assuming that market participants act in their economic best interest. When measuring fair value, the Council takes into account a market participant's ability to generate economic benefit 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 for which fair value is measured or disclosed within the fair value hierarchy are as follows:

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

xxi. Interests in Companies and Other Entities

The Council has a material interest in an external entity that is classified as a subsidiary and therefore group accounts have been prepared. In the Council's single entity accounts the Council's interest is recorded as a financial asset at cost less any provision for losses.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED.

The Code of Practice on local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the 2020/21 Code.

The standards that may be relevant for additional disclosures that will be required in the 2020-21 financial statements in respect of accounting changes that are introduced in the 2021/22 Code (i.e., that are relevant to the requirements of paragraph 3.3.4.3) are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations. The impact of these amendments are not expected to be material.
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7. None of these are expected to have a material impact.
- Interest Rate Benchmark Reform – Phase 2. Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS4. None of these are expected to have a material impact.
- IFRS 16 (Leases) will require the Authority to recognise assets on balance sheet where a contract gives them the right to use the asset. The implementation of IFRS 16 has been delayed by 2 years and work is ongoing to assess the impact.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council has entered into a 15-year agreement with a Leisure Trust and Serco Group PLC for the operation of its main leisure centres. It has been determined that the Council does not have control of the Trust and it is not a subsidiary of the Council.
- The Council has a wholly owned development company called Tawd Valley Developments Limited, the Council has provided a mixture of equity and loan financing, having considered the materiality of all intercompany transactions, the Council continue to produce group accounts, the Group Accounts and Notes section to the accounts provide further information.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, the actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the next financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Valuations of Council Dwellings, Other Land & Buildings, and Investment Property	The valuations of council dwellings, other land & buildings, and investment property are compiled by an expert using recognised measurement techniques and based on professional guidance the underlying data is considered to be sound and reliable and the scope to use judgement and change assumptions is limited. The carrying value of these categories of assets are contained in notes 14 and 17.	<p>The effect of any changes of assumptions could be significant due to the high value council dwellings, other land & buildings, and investment property on the balance sheet.</p> <p>For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £2.157m</p>
Property, Plant and Equipment: Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The carrying value of these categories of assets are contained in notes 14 and 17.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase for every year that useful lives had to be reduced as follows:</p> <p>Dwellings £0.084m Buildings £0.031m Vehicles, Plant & Equipment £0.166m Intangible Assets £0.430m</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.847m.</p> <p>Sensitivity to the actuarial assumptions are set out in Note 41.</p>

5. MATERIAL ITEMS OF INCOME AND EXPENSE

All material items have been disclosed in the main financial statements or in the notes to the accounts.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts were authorised for issue by the Head of Finance, Procurement and Commercial Services and S151 designate. Events taking place after this date have not been reflected in the financial statement or notes.

Where events taking place before this date provide information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. PRIOR PERIOD ADJUSTMENTS

COMMUNITY INFRASTRUCTURE LEVY

The Code of Practice requires Community Infrastructure Levy (CIL) to be recognised as income in the Comprehensive Income and Expenditure Statement, but has yet to be applied to fund infrastructure, must be transferred to usable reserves (capital grants unapplied account) representing capital resources not yet utilised.

The 2019/20 figures have been restated as follows:

- The opening balance on the CIL reserve of £4,234k transferring from Earmarked General Fund Reserve to Capital Grants Unapplied
- The in-year receipts of £2,566k being moved from the Growth and Development line of Net Cost of Services to Taxation & Non-Specific Grant Income & Expenditure in the CIES and reversed to Capital Grants Unapplied through the MiRS
- The use of £198k of unapplied CIL being utilised to fund capital expenditure transferred in the MiRS and Adjustments between Accounting and Funding Basis Under Regulations, from the General Fund Balance column to the Capital Grants Unapplied Column.

Whilst not all of the adjustments are material, they are included here for clarify for the user of the financial statements.

The required prior period adjustments made to the accounts are detailed below:

Movement in Reserves Statement

	General Fund Balances £'000	Earmarked Reserves £'000	Unapplied Capital Grants £'000	Adjustment £'000	General Fund Balances £'000	Earmarked Reserves £'000	Unapplied Capital Grants £'000
Balance at 31 March 2019	961	13,509	1,258	4,234	960	9,275	5,492
<i>Movement in Reserves during 2019-20</i>							
Adjustments between accounting basis and funding basis under regulations	5,876	-	(240)	2,368	3,507	-	2,128
Transfers to / from Earmarked Reserves	(2,033)	2,033	-		334	(334)	-
Increase / Decrease in Year	-	2,033	(240)	2,368	-	(334)	2,128
Balance at 31 March 2020	962	15,543	1,018	6,602	960	(334)	7,620

Comprehensive Income and Expenditure Statement

Service	Net Cost £'000	2019/20	Net Cost £'000
		Adjustment £'000	
Growth and Development	236	2,566	2,802
Wellbeing and Leisure	3,191	107	3,298
Cost of Services	14,771	2,673	17,444
Financing & investment income & expenditure	2,882	(107)	2,775
Taxation & non-specific grant income & expenditure	(15,361)	(2,566)	(17,927)
Surplus or (Deficit) on Provision of Services	2,599	-	2,599

£107k relates to an error within the Financing & Investment Income & Expenditure which has been corrected.

Cash Flow Statement

	2019-2020 £'000	Adjustments £'000	2019-2020 £'000
Adjustments for items that are investing or financing activities	(6,381)	(3,941)	(10,322)
Investing Activities	(7,063)	3,654	(3,409)

Note 28 Cash Flow Statement – Operating Activities

	2019/2020 £'000	Adjustments £'000	2019/2020 £'000
Capital grants for non-current assets charged through revenue	(121)	(3,941)	(4,062)
Non-cash movements	(6,381)	(3,941)	(10,322)

1,375k relates to REFCUS grants recognised in Cost of Services omitted from the note.

Note 29 Cash Flow Statement – Investing Activities

	2019/2020 £'000	Adjustments £'000	2019/2020 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(12,483)	(314)	(12,797)
Other receipts from investing activities	1,235	3,968	5,203
Net cash flows from investing activities	(7,063)	3,654	(3,409)

314k and £27k relate to adjustments in the increase/decrease of capital creditors & debtors figures.

REMAPPING OF CASH RECEIVED IN ADVANCE FROM DEBTORS TO CREDITORS and WLBC SHARE OF HE LAND SALES SITES INCREASE DEBTORS AND GRANTS AND CONTRIBUTIONS IN ADVANCE

- £355k (£686k 2018/19) cash received in advanced
- £496k HE Lands sales debtor and Capital Grant Receipt in Advance

The required prior period adjustments made to the accounts are detailed below:

Balance Sheet

	31-Mar		31-Mar
	2020	Adjustments	2020
	£'000	£'000	£'000
Short Term Debtors	6,329	850	7,179
Current assets	31,731	850	32,581
Short Term Creditors	(13,074)	(355)	(13,429)
Current Liabilities	(13,074)	(355)	(13,429)
Grants & Contributions in Advance	(6,543)	(496)	(7,039)
Long Term Liabilities	(148,996)	(496)	(149,492)

Cash Flow Statement

	2019-2020	Adjustments	2019-2020
	£'000	£'000	£'000
Adjustments for non-cash movements	17,568	277	17,845
Financing Activities	(597)	10	(587)

Note 28 Cash Flow Statement – Operating Activities

	2019/2020	Adjustments	2019/2020
	£'000	£'000	£'000
Change in Creditors	1,047	385	1,432
Change in Debtors	(1,413)	(125)	(1,538)
Other non-cash items charged to the deficit on the provision of services	(269)	18	(251)
Non-cash movements	17,568	277	17,845

Creditors: £314k relates to movements of capital creditors, £402k relates to movement of Collection Fund Billing Authority cash and £331k relates to the movement of Cash Received in Advance.

Debtors: £29k relates to movements of capital debtors, £402k relates to movement of Collection Fund Billing Authority cash, £25k relates to movement of investment interest debtors and £331k relates to the movement of Cash Received in Advance.

Other: relates to the removal of rounding adjustments now corrected.

Note 29 Cash Flow Statement – Financing Activities

	2019/2020	Adjustments	Restated 2019/2020
	£'000	£'000	£'000
Cash payments for the reduction of outstanding liabilities relating to finance leases and deferred liabilities	(228)	10	(218)
Net cash flows from financing activities	(597)	10	(587)

£10k relates to the removal of rounding adjustments now corrected.

Note 19 Financial Instruments

Financial Assets 2019-20		Current Debtors		Total		Current Restated Debtors		Restated Total	
		Carrying value	Fair Value	Carrying	Fair Value	Adjustments	Carrying value	Fair Value	Carrying
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost		6,824	6,824	32,616	32,116	355	7,179	7,179	32,971
Total financial assets		6,824	6,824	32,616	32,116	355	7,179	7,179	32,971
Non-Financial instruments		3,555	3,555	3,555	3,555	(190)	3,365	3,365	3,365
Financial instruments		3,269	3,269	29,061	28,561	545	3,814	3,814	29,606

Financial Liabilities 2019-20		Current Creditors		Total		Current Restated Creditors		Restated Total	
		Carrying value	Fair Value	Carrying	Fair Value	Adjustments	Carrying value	Fair Value	Carrying
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost		13,074	13,074	101,320	118,148	355	13,429	13,429	101,675
Total financial liabilities		13,074	13,074	101,320	118,148	355	13,429	13,429	101,675
Non-Financial instruments		6,985	6,985	6,985	6,985	(433)	6,552	6,552	6,552
Financial instruments		6,089	6,089	94,335	111,163	788	6,877	6,877	95,123

£190k relates to the reclassification of financial and non-financial assets.

£433k relates to the reclassification of financial and non-financial assets.

Note 22 Debtors

	2019/2020	Adjustments	Restated 2019/2020
	£'000	£'000	£'000
General Government Bodies	2,338	495	2,833
Other Debtors	8,009	354	8,363
Sub total	11,850	849	12,699
Total	6,329	850	7,179

Note 24 Creditors

	2019/2020	Adjustments	Restated 2019/2020
	£'000	£'000	£'000
Other Creditors	4,730	355	5,085
Total	13,074	355	13,429

Note 36 Grant Income

	2019/2020	Adjustments	Restated 2019/2020
	£'000	£'000	£'000
Homes England	3,849	496	4,345
Total	6,543	496	7,039

AMENDMENT TO REMOVE THE ACCUMULATED DEPRECIATION DUE TO REVALUATION OF COUNCIL DWELLINGS

The Code of Practice requires that depreciation on Non-Current Assets is derecognised at the point of revaluation. Council Dwellings were fully revalued within 2019-20 and the figures have therefore been restated as follows:

	2019/2020	Adjustments	Restated 2019/2020
	£'000	£'000	£'000
Council Dwellings			
Cost or Valuation	208,249	(40,884)	167,365
Accumulated Depreciation and Impairment Balance at 1 April 2019	(40,884)	40,884	-
Net Book Value as 31st March 2020	170,918	-	170,918

AMENDMENT TO REMOVE ASSETS TRANSFERRED FROM ASSETS UNDER CONSTRUCTION TO ASSETS HELD FOR SALE WHICH WERE ASSETS SOLD WITHIN THE YEAR AND THEREFORE NOT NON-CURRENT ASSETS

The Code of Practice requires that assets created for sale within the year are categorised as inventory as they do not meet the criteria of a non-current asset. Assets within 2019-20 which were transferred to Assets Held for Sale and then sold within the year should therefore be excluded from Assets Under Construction. The figures have therefore been restated as follows:

	2019/2020	Adjustments	Restated 2019/2020
Assets Under Construction	£'000	£'000	£'000
Balance at 1 April 2019	8,205	(3,070)	5,135
Transfer of Assets	(9,714)	3,070	(6,644)
Net Book Value as 31st March 2020	582	-	582

8. EXPENDITURE AND FUNDING ANALYSIS

This Analysis shows how expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources used in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
	£'000		£'000	£'000	£'000
2020-21					
Corporate & Customer Svs.	2,640	(1,042)	1,598	1,251	2,849
Environmental Services	7,253	(517)	6,736	866	7,602
Finance, Procure & Commercial	17	232	249	183	432
Housing and Regulatory	1,765	(198)	1,567	1,498	3,065
Housing Revenue Account		(3,266)	(3,266)	2,908	(360)
Growth and Development	1,315	537	1,852	754	2,607
Wellbeing and Leisure	2,981	(719)	2,262	765	3,027
Other Services	(2,801)	(352)	(3,153)	115	(3,038)
Net Cost of Services	13,170	(5,325)	7,845	8,338	16,184
Other Income & Expenditure	-	(15,605)	(15,605)	2,039	(13,566)
Surplus or Deficit	13,170	(20,930)	(7,760)	10,377	2,618
Opening General Fund & HRA balances & reserves			(13,121)		
Less (Surplus) or Deficit			(7,760)		
Closing General Fund & HRA balances & reserves			(20,881)		

Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
	£'000		£'000	£'000	£'000
Restated 2019-20					
Corporate & Customer Svs.	2,990	(1,080)	1,910	1,072	2,982
Environmental Services	6,512	(752)	5,760	1,073	6,832
Finance, Procure & Commercial	606	722	1,328	1,478	2,806
Housing and Regulatory	1,594	(401)	1,193	819	2,012
Housing Revenue Account	-	(1,991)	(1,991)	(1,709)	(3,700)
Growth and Development	1,686	563	2,248	554	2,802
Wellbeing and Leisure	3,233	(602)	2,631	667	3,298
Other Services	(3,817)	3,993	177	237	414
Net Cost of Services	12,803	451	13,255	4,190	17,445
Other Income & Expenditure	(4)	(11,926)	(11,930)	(2,915)	(14,845)
Surplus or Deficit	12,799	(11,475)	1,325	1,275	2,600
Opening General Fund & HRA balances & reserves			(14,446)		
Less (Surplus) or Deficit			1,325		
Closing General Fund & HRA balances & reserves			(13,121)		

Note: the 2019/20 services figures have been restated to reflect the remapping of details codes and a £107k error within the Financing & Investment Income & Expenditure figure that has been corrected

Net expenditure chargeable to the General Fund and HRA has been adjusted to reflect the reporting format requirements of the comprehensive income and expenditure account. These adjustments separate out costs incurred in providing services from other operating income and expenditure not directly related to providing services such as those arising from investment properties, interest payments and receipts. The adjustments to reflect the full accounting costs of services relate mainly to adjustments for capital purposes and pensions.

The adjustments made to arrive at the Comprehensive Income and Expenditure Statement amounts are shown below.

2020-21	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	703	389	159	1,251
Environmental Services	439	349	78	866
Finance, Procure & Commercial	(10)	193	-	183
Housing and Regulatory	73	1,409	17	1,499
Housing Revenue Account	353	2,520	34	2,907
Growth and Development	152	567	34	753
Wellbeing and Leisure	9	758	(3)	764
Other Services	82	3	30	115
Other Income & Expenditure	1,173	(4,293)	5,159	2,039
Surplus or Deficit	2,974	1,895	5,508	10,377

Restated 2019-20	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	570	478	24	1,072
Environmental Services	608	431	34	1,073
Finance, Procure & Commercial	125	1,353	-	1,478
Housing and Regulatory	107	715	(3)	819
Housing Revenue Account	456	(2,179)	14	(1,709)
Growth and Development	249	299	6	554
Wellbeing and Leisure	32	634	1	667
Other Services	121	115	1	237
Other Income & Expenditure	1,345	(3,537)	(723)	(2,915)
Surplus or Deficit	3,612	(1,692)	(645)	1,275

Note: the 2019/20 services figures have been restated to reflect the remapping of details codes and a £107k error within the Financing & Investment Income & Expenditure figure that has been corrected

Adjustments for Capital Purposes

This column adjusts for a number of factors including depreciation, impairment, Revenue Expenditure Funded from Capital under Statute, write offs of non-current assets on disposal, capital grants, the minimum revenue provision, and movements in the market value of investment properties. It also includes adjustments for capital expenditure funded from revenue, the capital receipts reserve and the major repairs reserve.

Pensions Adjustment

For services, this adjustment removes employer pension contributions and replaces them with current and past service costs. This adjustment also charges the net interest on the defined benefit liability to the other income and expenditure line.

Other Adjustments

This adjustment includes the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund. This adjustment also includes transfers to the Accumulated Absences Account.

The opening and closing balances of reserves in the Expenditure and Funding Analysis are broken down into GRA and HRA reserves and balances in the Movement in Reserves Statement.

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. A description of the reserves that the adjustments are made against is set out below:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid, and out of which all the liabilities of the authority 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 Balances, which is not necessarily in accordance with proper accounting practice. This 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. This Balance is not however available to be applied to funding HRA services.

Housing Revenue Account Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part IV of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

This 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

This 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.

Adjustments between Accounting and Funding Basis Under Regulations 2020/21	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Mov't in Unusable Reserves £'000
<i>Adjustments to Revenue Resources</i>						
Pensions costs (transferred to or from the Pensions Reserve)	(2,425)	(549)	-	-	-	2,974
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	(5,159)	-	-	-	-	5,159
Holiday pay (transferred to the Accumulated Absences Account)	(316)	(33)	-	-	-	349
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	230	(12,160)	-	-	(2,986)	14,916
Total Adjustments to Revenue Resources	(7,670)	(12,743)	-	-	(2,986)	23,399
<i>Adjustments between revenue and capital resources</i>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	322	1,449	(1,771)	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	-	(36)	36	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	(729)	-	729	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	3,386	-	(3,386)	-	-
Statutory provision for the repayment of debt	279	338	-	-	-	(617)
Capital expenditure financed from revenue balances	-	5,028	-	-	-	(5,028)
Total Adjustments between revenue and capital resources	(129)	10,164	(1,005)	(3,386)	-	(5,645)
<i>Adjustments to Capital Resources</i>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,414	-	-	(2,414)
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	3,386	-	(3,386)
Application of capital grants to finance capital expenditure	-	-	-	-	117	(117)
Cash payments in relation to deferred capital receipts	-	-	-	-	279	(279)
Total Adjustments to Capital Resources	-	-	2,414	3,386	396	(6,195)
Total Adjustments	(7,799)	(2,578)	1,408	-	(2,590)	11,559

Adjustments between Accounting and Funding Basis Under Regulations 2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Mov't in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Adjustments to Revenue Resources</i>						
Pensions costs (transferred to or from the Pensions Reserve)	2,867	745	-	-	-	(3,612)
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	(723)	-	-	-	-	723
Holiday pay (transferred to the Accumulated Absences Account)	64	14	-	-	-	(78)
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,233	9,200	-	-	2,566	(15,999)
Total Adjustments to Revenue Resources	6,441	9,959	-	-	2,566	(18,966)
<i>Adjustments between revenue and capital resources</i>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,496)	(2,850)	6,346	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	-	86	(86)	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	833	-	(833)	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	(3,271)	-	3,271	-	-
Statutory provision for the repayment of debt	(270)	-	(2,366)	-	-	2,636
Capital expenditure financed from revenue balances	(1)	(6,155)	-	-	-	6,156
Total Adjustments between revenue and capital resources	(2,934)	(12,191)	3,061	3,271	-	8,792
<i>Adjustments to Capital Resources</i>						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(5,207)	-	-	5,207
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	(3,271)	-	3,271
Application of capital grants to finance capital expenditure	-	-	-	-	(240)	240
Cash payments in relation to deferred capital receipts	-	-	-	-	(198)	198
Total Adjustments to Capital Resources	-	-	(5,207)	(3,271)	(438)	8,916
Restated Total Adjustments	3,507	(2,232)	(2,146)	-	2,128	(1,258)

10. TRANSFERS TO AND FROM EARMARKED RESERVES

Restated	Balance 31/03/2019 £'000	Movement in year £'000	Balance 31/03/2020 £'000	Movement in year £'000	Balance 31/03/2021 £'000
Insurance Fund	(2,092)	16	(2,076)	21	(2,055)
Renewal and Repairs Funds	(298)	(89)	(387)	(80)	(467)
Corporate Reserves	(6,185)	587	(5,598)	(7,552)	(13,150)
Ring Fenced Reserves	(700)	(180)	(880)	(240)	(1,120)
Specific Grant Reserves	-	-	-	-	-
General Fund subtotal	(9,275)	334	(8,941)	(7,851)	(16,792)
HRA Reserves	(3,590)	990	(2,600)	90	(2,510)
Restated Total	(12,865)	1,324	(11,541)	(7,761)	(19,302)

Insurance fund	A sum of money to meet potential insurance liabilities.
Renewal and Repairs	Resources to meet future repairs liabilities
Corporate reserves	A range of reserves to meet income fluctuations and budget sustainability.
Ring fenced	These are sums that are restricted in their application due to agreements and regulation

11. OTHER OPERATING EXPENDITURE

2019/2020 £'000	2020/2021 £'000
611 Parish Council Precepts	624
833 Payments to the Government Housing Capital Receipts Pool	729
(1,215) Gains (-) / Losses on the disposal of non-current assets	(310)
78 Pension Fund administration expenses	80
308	1,124
Total	

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

Restated 2019/2020 £'000		2020/2021 £'000
3,057	Interest payable and similar charges	3,024
1,267	Pensions interest cost and expected return on pension assets	1,093
(259)	Interest income	(130)
(1,290)	Income, expenditure and changes in the fair value of investment properties	171
2,775	Total	4,158

Note: the 2019/20 services figures have been restated to reflect a £107k error of the Financing & Investment Income & Expenditure figure that has been corrected

13. TAXATION AND NON-SPECIFIC GRANT INCOME

Restated 2019/2020 £'000		2020/2021 £'000
(7,834)	Council tax income	(8,050)
(4,205)	Non-domestic rates income and expenditure	1,198
(3,201)	Non-ring-fenced government grants	(6,795)
(2,687)	Capital grants and contributions	(5,200)
(17,927)	Total	(18,848)

14. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2020-21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Balance at 1 April 2020	170,918	27,725	5,798	2,431	131	583	207,586
Additions	5,068	965	489	151	-	7,984	14,657
Revaluations recognised in the Revaluation Reserve	26,224	1,864	-	-	-	-	28,087
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(9,740)	(1,229)	-	-	-	-	(10,970)
De-recognition - disposals and decommissioning	(1,227)	(893)	(1,027)	-	(37)	-	(3,183)
Transfers	(38)	-	-	-	(74)	74	(38)
Other movements	-	-	-	-	-	-	-
Balance at 31 March 2021	191,205	28,432	5,260	2,582	20	8,641	236,139
Accumulated Depreciation and Impairment							
Balance at 1 April 2020	-	(1,631)	(2,181)	-	-	-	(3,812)
Depreciation charge	(3,304)	(684)	(697)	-	-	-	(4,685)
- Depreciation written out to the Revaluation Reserve	1,001	125	-	-	-	-	1,125
- Depreciation written out to the Surplus / Deficit on the Provision of Services	2,303	365	-	-	-	-	2,668
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	893	1,027	-	-	-	1,919
Other movements	-	-	-	-	-	-	-
Balance at 31 March 2021	-	(932)	(1,850)	-	-	-	(2,784)
Net Book Value Balance at 1 April 2020	170,918	26,094	3,617	2,431	131	582	203,773
Net Book Value Balance at 31 March 2021	191,205	27,499	3,409	2,582	20	8,641	233,355

Restated Movement on Balances 2019-20	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Cost or Valuation							
Balance at 1 April 2019	167,365	27,311	5,799	2,171	131	5,135	207,912
Additions	9,147	713	427	260	-	2,091	12,638
Revaluations recognised in the Revaluation Reserve	(2,768)	(207)	-	-	-	-	(2,975)
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(6,588)	(92)	-	-	-	-	(6,680)
De-recognition - disposals and decommissioning	(1,952)	-	(429)	-	-	-	(2,381)
Transfers	5,713	-	-	-	-	(6,644)	(931)
Other movements	1	-	-	1	-	-	2
Balance at 31 March 2020	170,918	27,725	5,797	2,432	131	582	207,585
Accumulated Depreciation and Impairment							
Balance at 1 April 2019	-	(940)	(2,024)	-	-	-	(2,964)
Depreciation charge	(3,195)	(691)	(586)	-	-	-	(4,472)
- Depreciation written out to the Revaluation Reserve	479	-	-	-	-	-	479
- Depreciation written out to the Surplus / Deficit on the Provision of Services	2,716	-	-	-	-	-	2,716
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	-	429	-	-	-	429
Balance at 31 March 2020	-	(1,631)	(2,181)	-	-	-	(3,812)
Net Book Value Balance at 1 April 2019	167,365	26,371	3,775	2,171	131	5,135	204,948
Net Book Value Balance at 31 March 2020	170,918	26,094	3,616	2,432	131	582	203,773

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide a sound basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure Assets has a current net book value of £546k (2019/20 £1,230k) following a change in depreciation policy leading to £684k depreciation in year. Total property plant and equipment including infrastructure is therefore £233,901k (2019/20 £205,003k).

2019/20 £'000		2020/21 £'000
1,230	Net Book Value Balance at 1 April 2020	1,230
-	Additions	-
-	Depreciation	(684)
1,230	Net Book Value at 31 March 2021	546

Depreciation

All of the following assets are depreciated on a straight-line basis over the life of the asset, and no residual value is assumed for these assets.

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

- Council Dwellings – traditional build property 66 years, non-traditional build property 36 years and 21 years for garages
- Other Land and Buildings – these have a range of lives varying between 5 and 60 years, although the majority of assets have an estimated life of around 20 to 35 years. Chapel Gallery is an exception to this standard range. As the building has existed since the 1800's it has been deemed that a useful life of 60 would not be appropriate. This asset is therefore depreciated over 165 years.
- Vehicles, Plant, Furniture and Equipment – this covers a range of different types of assets with estimated useful lives mostly between 5 and 20 years.
- Infrastructure – these assets are inalienable in nature, in that value is derived only by continued use of the asset in its current form. The assets are depreciated over a range of 5 to 40 years with the majority having an estimated life of 40 years.

Capital Commitments

At 31 March 2021 the Council had entered into a number of contracts for the construction or enhancement of non-current assets in future years budgeted to cost £12.182m. Similar commitments as at 31 March 2020 were £2.008m. The entirety of this commitment relates to Council Dwellings works including, window replacement, roofing and structural work amounting to £10.546m which is the majority of the £12.182m commitment above for Skelmersdale Town Centre.

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment is re-valued at fair value at least every 5 years, and a full revaluation of the housing stock took place in

2020/21. This exercise also encompassed a review of the asset classes for each item. A full revaluation of general fund assets took place for the 2018/19 financial year, and the valuations were undertaken internally by the requisite Royal Institution of Chartered Surveyors qualified staff. The valuation of the asset is largely impacted by the classification of each asset, which is fully considered as part of the exercise. The methodologies used were those as prescribed by the appropriate regulations and the valuations were fully updated accordingly.

The significant assumptions applied in estimating fair values are:

- The analysis of value split between land and buildings
- The estimated useful life of the asset
- Full building surveys have not been carried out as part of the valuation process

	Council Dwellings	Vehicles, Furniture, Plant & Equipment	Other Assets	Total
	£'000	£'000	£'000	£'000
Historical cost at last valuation	-	5,260	14,248	19,507
Current Value as at:				
31 March 2021	191,205	-	1,007	192,212
31 March 2020	-	-	114	114
31 March 2019	-	-	24,306	24,306
31 March 2018	-	-	-	-
31 March 2017	-	-	-	-
Total	191,205	5,260	39,675	236,140

15. ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. For council house sales under Right-to-Buy (RTB), fair value is the discounted RTB value.

2019/2020 £'000		2020/2021 £'000
149	Balance at start of year	156
-	Assets newly classified as held for sale	43
31	Revaluation gains	-
(24)	Assets sold	(161)
156	Balance at end of year	38

16. HERITAGE ASSETS

The closing value of Heritage Assets is £0.509m (£0.509m in 2019-20).

Civic Regalia:

The Council owns a range of Civic regalia items including Mayoral Chains, Pendants and various other Chains and items of Office valued at £0.120m. These items are used by the Mayor and Deputy

Mayor for Civic functions and are valued every 5 years by a specialist firm. The last valuation was undertaken during the 2018/19 financial year and resulted in a revaluation increase of £0.018m. There have been no other changes in asset values over the last 5 years.

Public Sculptures

Three public sculptures were built within the Skelmersdale area of the Borough and were identified as the 'Roundabout Sculptures.' These were built to provide character to the area as well as exhibiting high technology and innovation, and interaction with the local community. The sculptures are commonly termed the Daffodil Sculpture, the Faces Roundabout and the Lighting Column. They are valued on the asset register at cost, £364,000, and no depreciation is accounted for as they have an indeterminate useful life.

These assets are visually inspected on an annual basis to review any potential impairment. There has been expenditure of £935 in 2015-16 on these sculptures, which has been fully impaired. There have been no other changes in asset values over the last 5 years.

Memorials, fountains and village cross

The Council has a number of war memorials located within the Borough, relating to the Boer War and First and Second World Wars. The Council also owns two fountains and a village cross. These assets have an indeterminate useful life and are valued at cost where known, or otherwise simply recognised in the Council's asset register. The total cost recognised for this class of asset is £24,000.

There was expenditure on war memorials of £8,168 in 2018-19. All of this expenditure was fully impaired. There have been no other changes in asset values over the last 5 years.

17. INVESTMENT PROPERTIES

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

2019/2020		2020/2021
£'000		£'000
(2,415)	Rental income	(2,310)
1,414	Direct operating expenses	1,468
(289)	Movement in fair value of investment properties	1,013
(1,290)	Net (gain) / loss	171

There are restrictions on a number of investment properties concerning how any disposal proceeds or income generated can be used. The Council has no contractual obligations to purchase, construct, or develop investment property or repairs, maintenance or enhancement.

Valuation process for Investment properties and assets held for sale

The fair value is measured annually at each reporting date. Valuations are carried out internally by a Qualified RICS surveyor (Royal Institute of Chartered Surveyors) following the appropriate professional guidance.

The movement in the fair value of investment properties is shown below:

2019/2020 £'000		2020/2021 £'000
17,479	Balance at start of year	18,725
289	Net gains/losses from fair value adjustments	(1,013)
26	Additions	10
931	Transfers	-
18,725	Balance at end of year	17,722

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2021, are as follows:

	Other significant observable inputs Level 2 £'000	Significant unobservable inputs Level 3 £'000	Fair Value £'000
Commercial Units	10,798	688	11,486
Office Units	6,236	-	6,236
Total	17,034	688	17,722

Valuation techniques used to determine level 2 and level 3 fair values for Investment properties

The fair values attributed to level 2 categorisation in the fair value hierarchy have been based upon the market approach using current market conditions and recent sales prices and other relevant transactional information for similar assets across the locality.

Level 3 categorisation has also been valued by the market approach however the transactional information available is not as comprehensive and as such the level of reliability is reduced. Levels of assumption have had to be used, the significance of such determines that they should be categorised as level 3.

Highest and best use

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

Gains and losses

Gains or losses arising from changes in the fair value of Investment Properties are recognised in the surplus or deficit on the provision of services. There was an overall fair value loss attributed to these assets of £1.013m in 2020-21 (gain of £0.289m in 2019-20).

18. INTANGIBLE ASSETS

The Council accounts for purchased software licences as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use. Most assets have a useful life of 5 years. The carrying amount of intangible assets is amortised on a straight-line basis.

Restated 2019/2020 £'000		Restated 2020/2021 £'000
	Balance at start of year:	
1,295	- Gross carrying amount	1,477
(444)	- Accumulated amortisation	(625)
851	Net carrying amount at start of year	852
252	Additions	208
(70)	Disposals	(216)
(251)	Amortisation	(286)
70	Other movement	216
852	Net carrying amount at end of year	774
	Balance at end of year:	
1,477	- Gross carrying amount	1,469
(625)	- Accumulated amortisation	(695)
852	Net carrying amount at end of year	774

During the course of the year fully amortised assets with a gross carrying value of £215,948 were written off (£69,960 in 2019-20).

19. IMPAIRMENT AND REVALUATION

A downward revaluation of £7.437m (£3.872m in 2019-20) was made to the Housing Revenue Account primarily as a result of an element of the Housing capital programme not increasing the book value of Council dwellings. A downward revaluation of £0.784m (£0.092m impairment in 2019-20) was also made to other parts of the Comprehensive Income and Expenditure Statement in the year.

Net revaluation increases of £29.132m (£2.464m decrease in 2019-20) were posted to the revaluation reserve for the year. Both the downward revaluation charge and the upward revaluation were conducted in conjunction with the Council's internal Estates service who followed professional guidelines in conducting both exercises.

20. FINANCIAL INSTRUMENTS

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018, whose main changes include the reclassification of financial assets. Under this new approach debtors, investments and cash that were previously categorised as loans and receivables are now categorised as amortised cost. There were no significant re-measurements arising from the adoption of this new standard. Note 39 provides information about the nature and extent of risks arising from financial instruments.

The Council has £10.038 of short-term investments (£19.119m in 2019-20) that are classified at amortised cost. Details on debtors are shown in Note 22 to the accounts, and these are classified at amortised cost for financial instruments. The Council has £88.246 of borrowing (£88.246m in 2019-20) that is classified at amortised cost. Details on creditors are shown in Note 24, and these are classified at amortised cost for financial instruments.

Details on interest expenses and interest income are shown in Note 9. Interest payments primarily relate to the £88.246m of loans taken out from the Public Works Loans Board to fund the HRA self-

financing payment to Central Government. Investment income is generated mainly from investments of short-term funds with Banks, Building Societies and Local Authorities.

The Code requires the fair value of each class of financial asset and liability to be disclosed in the Notes to the Statement of Accounts to enable it to be compared to its carrying amount in the Balance Sheet:

- The fair value of debtors and creditors (as shown in notes 18 and 20) are taken to be the invoiced or billed amount. Consequently, these items' carrying value is judged to be not materially different from their fair value
- The fair value of investments is assumed to approximate to its carrying value, as these instruments will mature within the next 12 months
- The fair value of PWLB borrowing is £113.111m compared to the carrying amount including accrued interest of £88.246m. This difference is because the Council's debt portfolio includes a number of fixed rate loans where the interest rate payable is more than the prevailing rates at the balance sheet date. This shows a notional future loss based on economic conditions at the balance sheet date arising from a commitment to pay interest to lenders above current market rates.

Details of the Council's financial instruments and information about the fair value hierarchy as at 31 March 2021, are as follows.

Financial Assets 2020/21	Non-Current				Current				Cash & Cash Equivalents		Total	
	Debtors		Investments		Debtors		Investments					
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	2,275	2,275	19,479	19,479	10,038	10,038	9,190	9,190	41,040	41,040
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	2,275	2,275	19,479	19,479	10,038	10,038	9,190	9,190	41,040	41,040
Non-Financial Instruments	-	-	-	-	14,229	14,229	-	-	-	-	14,229	14,229
Financial Instruments	58	58	2,275	2,275	5,250	5,250	10,038	10,038	9,190	9,190	26,811	26,811

Restated Financial Assets 2019/20	Non-Current				Current				Cash & Cash Equivalents		Total	
	Debtors		Investments		Debtors		Investments					
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	500	-	7,179	7,179	19,119	19,119	6,115	6,115	32,971	32,471
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	500	-	7,179	7,179	19,119	19,119	6,115	6,115	32,971	32,471
Non-Financial Instruments	-	-	-	-	3,365	3,365	-	-	-	-	3,365	3,365
Financial Instruments	58	58	500	-	3,814	3,814	19,119	19,119	-	-	23,491	22,991

Financial Liabilities 2020/21	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(113,111)	(21,999)	(21,999)	(110,245)	(135,110)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(113,111)	(21,999)	(21,999)	(110,245)	(135,110)
Non-Financial Instruments	-	-	(13,008)	(13,008)	(13,008)	(13,008)
Financial Instruments	(88,246)	(113,111)	(8,991)	(8,991)	(97,237)	(122,102)

Financial Liabilities 2019/20	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(105,074)	(13,429)	(13,429)	(101,675)	(118,503)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(105,074)	(13,429)	(13,429)	(101,675)	(118,503)
Non-Financial Liabilities	-	-	(6,552)	(6,552)	(6,552)	(6,552)
Financial Liabilities	(88,246)	(105,074)	(6,877)	(6,877)	(95,123)	(111,951)

Assets held for sale

Assets held for sale are classified in the hierarchy as level 2 and are valued at £0.038m (£0.156m in 2019-20). These assets consist of Council house sales. And there is adequate transactional data to classify as level 2 in the hierarchy.

Valuation process for assets held for sale

The fair value is measured annually at each reporting date. Valuations are carried out internally by a Qualified RICS surveyor (Royal Institute of Chartered Surveyors) following the appropriate professional guidance.

Reconciliation of Fair Value Measurements categorised within level 3 of the Fair Value Hierarchy

There have been no transfers between the fair value hierarchies. General Fund assets have been revalued as at 31 March 2021 in line with regulation, and this accounts for the change in the fair value measurement. There is one specific asset classified within the level 3 category, valued at £688,000. The robustness of the level 3 categorisation has been tested by varying the yield rate by a full percentage point.

2019/2020 £'000		2020/2021 £'000
787	Opening Balance	688
(99)	Total gain / (loss) for the period included in Surplus / Deficit on the provision of services resulting from changes in fair value	-
688	Total	688

21. INVENTORIES

2019/2020 £'000		2020/2021 £'000
	Work in progress	
12	All other items	13
12	Total	13

22. DEBTORS

Restated 2019/2020 £'000		2020/2021 £'000
2,833	General Government Bodies	9,991
1,444	Other Local Authorities	10,201
8,363	Other Debtors	5,225
59	Payments in Advance	37
12,699	Sub total	25,455
(5,521)	Provision for impairments	(5,976)
7,179	Total	19,479

23. CASH AND CASH EQUIVALENTS

2019/2020 £'000		2020/2021 £'000
4,215	Cash and Bank	690
1,900	Money at call	8,500
6,115	Sub total	9,190
-	Bank overdraft	-
6,115	Total	9,190

24. CREDITORS

Restated 2019/2020		2020/21
(3,375)	Central Government Bodies	(10,342)
(3,411)	Other Local Authorities	(2,513)
(1,913)	Leaseholder Advance and Tenant Prepayments	(1,601)
(4,729)	Other Creditors	(7,543)
(13,429)	Total	(21,999)

25. PROVISIONS

2019/2020 £'000		2020/2021 £'000
(1,311)	Opening balance	(1,060)
(52)	Additional provisions made	(41)
303	Amounts used	(108)
-	Unused amounts reversed	-
(1,060)	Closing balance	(1,209)

The Council holds a number of provisions for specific purposes, with the main provision relating to the potential cost of NNDR appeals.

26. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 7.

2019/2020 £'000		2020/2021 £'000
(960)	General Fund	(960)
(8,941)	Earmarked General Fund	(16,792)
(621)	Housing Revenue Account	(621)
(2,600)	Earmarked Housing Revenue Account	(2,510)
(13,122)		(20,883)
(3,644)	Capital Receipts	(2,236)
(1,018)	Capital Grants Unapplied	(901)
(6,601)	Community Infrastructure Levy	(9,308)
(24,385)	Total	(33,328)

27. UNUSABLE RESERVES

2019/2020			2020/2021
£'000			£'000
(32,009)	i.	Revaluation Reserve	(59,495)
(90,609)	ii.	Capital Adjustment Account	(89,179)
53,148	iii.	Pensions Reserve	70,599
(1,763)	iv.	Collection Fund Adjustment Account	3,396
311	v.	Accumulated Absences Account	660
(70,923)	Total		(74,019)

i. Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued 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 realised

This reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019/2020			2020/2021
£'000			£'000
(36,194)	Balance at start of year		(32,009)
2,464	Surplus or deficit on the revaluation of non- current assets not posted to the Surplus or Deficit on the Provision of Services		(29,132)
	Amount written off to the Capital Adjustment Account		
719	Difference between fair value depreciation and historical cost depreciation		1,239
1,002	Accumulated gains on assets sold or scrapped		408
1,721	Sub total		1,647
(32,009)	Balance at end of year		(59,495)

ii. Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Restated 2019/2020 £'000		2020/2021 £'000
(87,179)	Balance at start of year	(90,609)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
4,472	Charges for depreciation	5,368
251	Amortisation of intangible assets	286
4,052	Revenue expenditure funded from capital under statute	2,536
5,046	Non-current assets written off as part of the gain / loss on disposal of assets	1,425
13,820	Sub total	9,615
	<i>Capital financing applied in the year</i>	
(5,207)	Use of the Capital Receipts Reserve to finance new capital expenditure	(2,414)
(3,271)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,386)
(1,495)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to capital financing *	(3,934)
(438)	Application of grants to capital financing from the capital grants unapplied account *	(396)
(2,636)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(617)
(6,156)	Capital expenditure charged against the General Fund and HRA balances *	(5,028)
(19,204)	Sub total	(15,773)
(1,721)	Adjusting amounts written out of the Revaluation Reserve	(1,647)
3,675	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	9,235
(90,609)	Balance at end of year	(89,179)

Note: the 2019/20 figures have been restated to reflect capital grants applied from the Capital Grants Unapplied Reserve and capital grants recognised in the CIES

iii. Pensions Reserve

This 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 Council 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 Council makes employer's contributions to the pension fund. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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.

2019/2020		2020/2021
£'000		£'000
57,715	Balance at start of year	53,148
(8,179)	Re-measurement of the net defined benefit liability / asset	14,477
7,413	Reversal of Items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services	6,517
(3,801)	Employer's pension contributions payable in the year	(3,543)
53,148	Balance at end of year	70,599

iv. Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/2020		2020/2021
£'000		£'000
(1,041)	Balance at start of year	(1,763)
(723)	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	5,159
(1,763)	Balance at end of year	3,396

v. Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2019/2020 £'000		2020/2021 £'000
233	Balance at start of year	311
78	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	349
311	Balance at end of year	660

28. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

Restated 2019/2020 £'000		2020/2021 £'000
(234)	Interest received	(91)
3,057	Interest paid	3,057

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

Restated 2019/2020 £'000		2020/2021 £'000
4,472	Depreciation	5,368
3,964	Impairment and downward valuations	8,221
(289)	Movement in the market value of investment properties	1,013
251	Amortisation	286
1,432	Change in Creditors	9,383
(1,538)	Change in Debtors	(2,951)
6	Change in Inventories	-
4,754	Movement in Pension Liability	(1,789)
5,046	Carrying amount of non current assets sold or disposed	1,425
(251)	Other non cash items charged to the deficit on the provision of services	149
17,845	Non cash movements	21,105

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

Restated 2019/2020 £'000		2020/2021 £'000
(6,260)	Proceeds from the sale of non current assets	(1,734)
(4,062)	Capital grants for non current assets charged through revenue	(6,920)
(10,322)	Non cash movements	(8,654)

29. CASH FLOW STATEMENT - INVESTING ACTIVITIES

Restated 2019/2020 £'000		2020/2021 £'000
(12,797)	Purchase of property, plant and equipment, investment property and intangible assets	(13,956)
(122,025)	Purchase of short term and long term investments	(6,200)
6,260	Proceeds from the sale of non-current assets	1,734
119,950	Proceeds from short term and long term investments	13,500
5,203	Capital Grants & Contributions Received for the Financing of New Capital Expenditure	9,085
(3,409)	Net cash flows from investing activities	4,164

30. CASH FLOW STATEMENT - FINANCING ACTIVITIES

Restated 2019/2020 £'000		2020/2021 £'000
(369)	Receipts from financing activities	(10,924)
(218)	Cash payments for the reduction of outstanding liabilities relating to finance leases and deferred liabilities	-
(587)	Net cash flows from financing activities	(10,924)

31. EXPENDITURE AND INCOME ANALYSED BY NATURE

Restated 2019/2020 £'000		2020/2021 £'000
	Expenditure	
23,341	Employee benefit expenses	22,031
43,934	Other services expenses	47,712
(2,679)	Support service recharges	(2,633)
8,397	Depreciation, amortisation, revaluations and impairment	14,889
4,053	Revenue Expenditure Funded from Capital Under Statute	2,536
4,471	Interest payments	4,492
611	Precepts	624
833	Payments to Housing Capital Receipts Pool	729
(1,215)	Disposal of assets	(310)
81,747	Total expenditure	90,069
	Income	
(34,689)	Fees, charges and other income	(31,877)
(2,674)	Interest and investment income	(2,441)
(12,039)	Income from council tax and NDR	(6,852)
(29,745)	Government grants and contributions	(46,283)
(79,147)	Total income	(87,453)
2,599	Surplus or Deficit on Provision of Services	2,617

Note: the 2019/20 services figures have been restated to reflect the remapping of details codes and a £107k error of the Financing & Investment Income & Expenditure figure has been corrected

32. TRADING OPERATIONS

Trading Services

The Council operates a market in Ormskirk on Thursdays and Saturdays under a market charter, as well as providing several car parks in Ormskirk Town Centre.

Direct Service Organisations

The council has previously reported trading services for Refuse Collection, Street Cleaning and Grounds Maintenance. As this service area has now been reviewed and combined plus the limited amount of external trading that is undertaken, it is now not appropriate to report and this will not detract from the users understanding of the accounts.

2019-20		2020-21	
(Surplus) / Deficit		Expenditure	Income
£'000		£'000	£'000
Trading Services			
120	Market	152	(90)
(298)	Car Parks	371	(168)
(178)	Total	523	(258)

33. MEMBER ALLOWANCES

The total allowances and expenses paid in the year were £0.341m (£0.346m in 2019-20).

34. OFFICER REMUNERATION

The remuneration paid to senior officers whose salary is £50,000 or more is shown overleaf. The number of other staff whose remuneration exceeded £50,000, excluding employer's pension contributions, is shown below.

Remuneration band	Number of employees	
	2020/21	Restated 2019/20
£50,000 - £54,999	8	5
£55,000 - £59,999	4	5
£60,000 - £64,999	2	3
£65,000 - £69,999	-	1
£70,000 - £74,999	-	2
£80,000 - £84,999	1	-
£85,000 - £89,999	-	2
£95,000 - £99,999	-	2
£110,000 - £114,999	-	1
Total	15	21
*Includes 1 Redundancy payment		
** Includes 2 Redundancy payments		

The Council terminated the contracts of 10 employees in 2020-21 in different service areas incurring liabilities of £0.4m (£2.397m in 2019-20). This consisted of 7 voluntary and 3 compulsory redundancies. This compares to 31 voluntary and 25 compulsory redundancies in the previous year.

Exit package cost band	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2019/20	2020/21 £'000	2019/20 £'000
£0 - £20,000	2	33	23	240
£20,001 - £40,000	1	7	39	220
£40,001 - £60,000	5	6	233	312
£60,001 - £80,000	1	1	69	69
£80,001 - £100,000	1	1	84	85
£100,001 - £120,000	0	1	0	108
£120,001 - £140,000	0	1	0	129
Over £150,000	0	6	0	1,234
Total	10	56	448	2,397

In addition to the figures shown above there were also £0.018m of pension strain costs incurred in 2020-21 in relation to 1 flexible retirement (£0.018m in 2019-20)

It is the Council's policy that the savings made from voluntary redundancies and flexible retirements must be sufficient to ensure that the associated costs are recovered within a 3 year payback period

Post Title	Salary & Election Fees	Expenses	Compensation for loss of office	Benefits in Kind	Total before pensions	Pension contribution	Total
	£	£	£	£	£	£	£
<u>2020-21</u>							
Chief Operating Officer	97,099	0	0	0	97,099	18,449	115,548
Director of Place & Community	83,933	0	0	0	83,933	15,947	99,880
Director of Transformation & Resources	83,933	0	0	212	84,145	15,947	100,092
Head of Finance, Procurement & Commercial Services	39,786	0	0	0	39,786	7,559	47,345
Head of Corporate & Customer Services	33,621	0	0	494	34,115	6,388	40,503
Head of Growth & Development	58,476	0	0	895	59,371	11,110	70,481
Head of Wellbeing & Leisure	58,509	0	0	846	59,355	11,117	70,472
Head of Environmental Services	57,899	0	0	895	58,794	11,001	69,795
Head of Housing & Regulatory Services	35,532	0	0	479	36,011	6,751	42,762
	548,788	0	0	3,821	552,609	104,269	656,878
<u>2019-20</u>							
Chief Executive (left Nov 19)	70,302	0	114,634	0	184,936	223,807	408,743
Director of Housing and Inclusion / Chief Operating Officer	91,202	0	0	0	91,202	14,168	105,370
Director of Leisure and Environment / Corporate Director of Place & Community	82,995	0	0	0	82,995	13,315	96,310
Director of Development and Regeneration (left Nov 19)	67,572	0	0	846	68,418	10,929	79,347
Deputy Director of Housing / Corporate Director of Transformation & Resources	49,176	0	92,429	0	141,605	70,174	211,779
Borough Treasurer	62,087	0	0	0	62,087	10,120	72,207
Borough Solicitor (left Nov 19)	39,820	0	65,489	0	105,309	181,593	286,902
	463,154	0	272,552	846	736,552	524,106	1,260,658

35. EXTERNAL AUDIT COSTS

2019/2020 £'000		2020/2021 £'000
40	Fees payable in relation to the audit of the accounts and inspection fees for the year	63
5	Fees relating to prior year	-
14	Fees payable for the certification of grant claims and returns	19
59	Total	82

36. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

Restated 2019/2020 £'000		2020/2021 £'000
	<i>Credited to Taxation and Non Specific Grants:</i>	
(967)	New Homes Bonus	(875)
(2,191)	S31 Business Rates & Council Tax Grants	(5,899)
(43)	Other Revenue Grants	(21)
(2,687)	Capital Grants & Contributions	(5,200)
(5,888)	Total credited to Taxation & Non-Specific Grants	(11,996)
	<i>Credited to Services:</i>	
(21,060)	Benefit Payments and Administration	(20,177)
(1,374)	Capital Grants	(1,798)
(438)	Covid-19 Grant	(7,195)
(261)	Contribution to Highways	(261)
(723)	Other Grants and Contributions	(2,159)
(23,856)	Total credited to Services	(31,590)
(29,744)	Total government grants & contributions	(43,586)

Note: the 2019/20 figures have been restated to reflect capital grants applied from the Capital Grants Unapplied Reserve and capital grants recognised in the CIES

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

Restated 2019/2020 £'000		2020/2021 £'000
	<i>Grants and Contributions Received in Advance</i>	
(2,550)	Section 106 Agreements	(2,766)
(4,344)	Homes England	(6,451)
(144)	Commutated Sums	(144)
(7,038)	Total	(9,361)

37. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosures of these transactions allow readers to assess the 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 significant influence over the general operations of the Council and it is responsible for providing the statutory framework within which the Council operates. It provides the majority of the Council's funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties e.g. council tax. Grants received from the Government of £38.4m are set out in Note 36 Grant Income.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member allowances paid in 2020-21 is shown in note 29.

There are 54 Council Members, of whom 13 are also Parish Councillors, 4 are County Councillors, 1 is a Member of the Fire and Rescue Authority and 1 is a member of the Police & Crime Panel for Lancashire. Precept payments to Lancashire County Council, the Fire and Rescue Authority and the Police Authority are shown in the Collection Fund. The total precepts paid to Parish Councils are shown in note 8 and grant funding of £0.068m (£0.074m in 2019-20) was also provided to them. Details of the payments made to the Lancashire Pension Fund are shown in note 37.

Decisions on the overall level of funding to be provided to Parish Councils are taken by full Council with due regard to procedures for preventing undue influence. Decisions on how this funding pot is allocated to parishes are determined by the Head of Finance, Procurement and Commercial Services using a set formula in consultation with a Cabinet Member who is not a Parish Councillor.

Grant payments were also made to a number of voluntary organisations in which Council Members had interests as follows:

- Council for Voluntary Services – £30,000 – 3 Members
- Women's Refuge – £11,230 – 1 Member
- Dial a Ride - £20,000 – 2 Members
- Lancashire West Citizens Advice Bureau £50,000 – 1 Member
- West Lancashire Crisis & Information Centre £50,000 – 0 Members

The Council is committed to maintaining and developing sound arrangements for its corporate governance, including having procedures in place to prevent undue influence. As part of this commitment, Members must make disclosures of their interests to the Council's Monitoring Officer. Details of these disclosures are recorded and maintained in registers of interests and can be viewed on the Council's website.

Members also have to declare any significant interests in agenda items at the start of Committee meetings, and cannot then take part in any discussions or decisions in relation to those items.

Officers

Officers must make disclosures of their interests to the Council's Monitoring Officer and these are maintained in a register of interests. Officers may not take part in any discussion, decision or administration in relation to these items.

Other Related Parties

The Council has entered into a long-term contractual arrangement with Lancashire County Council and BTLS for the provision of Revenues, Benefits and IT Services worth £3.4m in 2020-21 (£3.2m in 2019-20), and there were payments due to BTLS of £0.23m on this contract at the year end. The Council also received income of £0.26m in 2020-21 (£0.26m in 2019-20) from Lancashire County Council in relation to Highways Verge Maintenance activities, and there were no outstanding amounts on these arrangements at the year end.

Payment of subsidy of £0.79m in 2020-21 (£0.46m in 2019-20) was made to West Lancashire Community Leisure Ltd as part of the Council's Leisure services arrangement. The Council provides the majority of the Trust's funding and also appoints one out of the Trust's 6 Board Members.

The Council has set up a wholly owned company, Tawd Valley Developments Limited that is now trading. The Director of Transformation & Resources and the Head of Finance, Procurement and Property Services act as Board Members for this Company, while the Chief Operating Officer acts as the Shareholder on behalf of the Council. Total income to the Council was £55.5k and total expenditure to the Council was £3.9m. Total income to the Council was £55.5k and total expenditure to the Council was £3.9m. As at 31 March 2021 the Council was owed £19k by TVDL and had an outstanding creditor with TVDL of £1.4m. TVDL have outstanding loans from the Council of £1.6m

38. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure for the year is shown in the table below (including the value of assets acquired under long term contracts), together with the resources used to finance it.

	2020/2021	Restated 2019/2020
	£'000	£'000
Opening Capital Financing Requirement	102,685	104,922
<i>Capital Investment:</i>		
Property, Plant and Equipment	6,673	10,133
Heritage Assets	-	-
Assets Under Construction	7,984	2,091
Intangible Assets	208	252
Revenue Expenditure funded from Capital under Statute	2,536	4,052
Land Held for Future Developments	-	413
Assets Held for Sale	5	-
Investment Properties	10	26
<i>Sources of Finance:</i>		
Capital Receipts	(2,414)	(5,207)
Government Grants and Other Contributions *	(4,329)	(1,933)
Major Repairs Reserve	(3,386)	(3,271)
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions *	(5,028)	(6,157)
Minimum Revenue Provision	(617)	(2,636)
Closing Capital Financing Requirement	104,327	102,685
<i>Explanation of Movement in Year:</i>		
Increase / decrease in underlying need to borrow	1,642	(2,237)
Change in Capital Financing Requirement	1,642	(2,237)

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Note: the 2019/20 figures have been restated to reflect capital grants applied from the Capital Grants Unapplied Reserve and capital grants recognised in the CIES

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, which is a measure of the capital expenditure incurred by the Council that has yet to be financed.

39. LEASES

Authority as Lessee: Operating Leases

The Council has acquired a number of vehicles by entering into operating leases. The Council entered into a new arrangement with regards to vehicle supply and maintenance during 2020-21 for a period of 5 years. A review was undertaken that determined the supply of the vehicles under this contract represented an embedded lease.

The minimum lease payments due under non-cancellable leases in future years are:

2019/2020 £'000	2020/2021 £'000
289 Not later than one year	1,064
- Later than one year and not later than five years	4,162
289 Total	5,227

Authority as Lessor: Operating Leases

The Council leases out property under operating leases for the provision of community services such as community centres. Similarly for economic development purposes it leases property to provide suitable accommodation for the business community.

The minimum lease payments receivable under non-cancellable leases in future years are as follows:

2019/2020 £'000	2020/2021 £'000
2,396 Not later than one year	2,274
3,896 Later than one year and not later than five years	3,817
6,854 Later than five years	6,588
13,147 Total	12,680

40. OTHER LONG-TERM LIABILITIES AND CONTRACTS

The Council finished a 15-year investment programme in 2019/20, in its leisure centres through a partnership arrangement with Serco Group PLC. This investment was repaid over the lifetime of the contract.

2019/2020	2020/2021
£'000	£'000
218 Balance brought forward	-
(218) Leisure trust repayments	-
- Balance carried forward	-

In October 2011 the Council agreed a 10 year contract for the provision of its IT, Revenues and Benefits Services with Lancashire County Council and BTLS, with a value of around £3.1m. This contract expired in 2020/21 and the service was brought back inhouse.

In October 2012 the Council agreed a 5 year contract for vehicle supply and maintenance, which has now been extended for a further 3 years, with an annual value of around £1.0m.

41. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

The Council makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its officers. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in a Local Government Pension scheme, which is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with the investment assets. The scheme is administered by Lancashire County Council and is operated under the regulatory framework for the Local Government Pension Scheme. The governance of the scheme is the responsibility of a Pension Fund Committee comprised of a mixture of County Councillors and representatives from other employers. The Committee is assisted by an investment panel which advises on investment strategy and risk management.

Previously the Council had arrangements in place for the award of discretionary post-employment benefits upon early retirement, although these awards are no longer made. This is an unfunded defined benefit arrangement, under which liabilities were recognised when awards were made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge we are required to make against Council tax is based on the cash payable in the year. Consequently the accounting cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

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	Discretionary Benefits		All Benefits	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Comprehensive Income & Expenditure Statement				
<i>Cost of Services</i>				
- Current service cost	-	-	4,322	4,539
- Settlements and curtailments	-	-	1,022	487
- Past service costs	-	-	-	1,042
<i>Other Operating Expenditure</i>				
- Administration expenses	-	-	80	78
<i>Financing and Investment Income and Expenditure</i>				
- Interest Cost	99	120	5,094	5,200
- Expected return on scheme assets	-	-	(4,001)	(3,933)
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	99	120	6,517	7,413
<i>Re-measurement of the net defined benefit liability</i>				
- Return on plan assets	-	-	(14,186)	1,344
- Actuarial gains and losses arising on changes in financial assumptions	333	(720)	28,663	(9,523)
Total post-employment benefit charged to the Comprehensive Income & Expenditure Statement	432	(600)	20,994	(766)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(99)	(120)	(6,517)	(7,413)
Actual amount charged against the General Fund Balance for pensions	334	343	3,543	3,801

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pension assets and liabilities	Discretionary Benefits		All Benefits	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Present value of the benefit obligation	4,366	4,268	248,193	215,380
Fair value of plan assets	-	-	(182,357)	(162,232)
Net liability	4,366	4,268	65,836	53,148

Reconciliation of the movements in the Fair Value of Scheme Assets	Discretionary Benefits		All Benefits	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	-	-	162,232	163,223
Interest on plan assets	-	-	4,001	3,933
Re-measurements	-	-	14,186	(1,344)
Administration expenses	-	-	(80)	(78)
Employer contributions	334	344	8,306	3,801
Lump sum payment of employer contributions	-	-	-	(1,142)
Contributions by scheme participants	-	-	880	850
Benefits paid	(334)	(344)	(7,168)	(7,011)
Closing Balance	-	-	182,357	162,232

Reconciliation of Present value of the Scheme Liabilities	Discretionary Benefits		All Benefits	
	2020-21	2019-20	2020-21	2019-20
	£'000	£'000	£'000	£'000
Opening Balance	4,268	5,211	215,380	219,796
Current service cost	-	-	4,322	4,539
Past service cost	-	-	-	1,042
Interest cost	99	120	5,094	5,200
Contributions by scheme participants	-	-	880	850
Re-measurement gains and losses	333	(720)	28,663	(9,523)
Settlements and curtailments	-	-	1,022	487
Benefits paid	(334)	(343)	(7,168)	(7,011)
Closing Balance	4,366	4,268	248,193	215,380

During 2020/21 the Council made an advance payment of employer pension contributions of £4.763m in respect of 2021/22 and 2022/23. This advance payment is included in the net liability of the pension fund of £65.836m but is not taken into account in the pension reserve, which consequently stands at £70.599m

An analysis of scheme assets by category is shown below:

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

An analysis of scheme assets by category is shown below:

Asset category	Sub category	Quoted (Y/N)	31-Mar-20 £'000	31-Mar-21 £'000
Bonds	UK corporate	Y	1,948	-
	Overseas corporate	N	2,109	-
Property	Offices	N	-	78
	Industrial / Warehouse	N	649	1,479
	Shops	N	-	175
	Retail Warehouse	N	162	-
	Multi Let Commercial Building	N	1,460	1,311
Alternatives	Overseas private equity	N	12,979	14,249
	Infrastructure	N	22,388	21,298
	Credit Funds	N	25,633	23,740
	Pooled Fixed Income	N	8,598	5,920
	Indirect Property Funds	N	11,518	22,249
	UK Pooled Equity Funds	N	-	1,816
	Overseas Pooled Equity Funds	N	73,004	81,357
Cash	Cash accounts	N	4,542	4,385
	Net current assets	N	(2,758)	(463)
Total			162,232	177,594

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Mercer Limited, an independent firm of actuaries, has assessed these liabilities based on the last full actuarial valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary are set out below:

	2020/2021 £'000	2019/2020 £'000
<i>Financial Assumptions</i>		
Rate of inflation	2.70%	2.10%
Rate of increase in salaries	4.20%	3.60%
Rate of increase in pensions	2.80%	2.20%
Rate for discounting scheme liabilities	2.10%	2.40%
<i>Longevity Assumptions</i>		
Life expectancy of a male / female		
- Current pensioner aged 65	22.4 / 25.1	22.3 / 25.0
- Future pensioner aged 65 in 20 years time	23.9 / 26.9	23.8 / 26.8

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 of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The principal risks to the Council relate to the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Sensitivity Analysis	Liabilities £'000	Assets £'000	Deficit £'000
Central	248,193	(177,594)	70,599
+ 0.1% discount rate	244,346	(177,594)	66,752
+0.1% inflation rate	252,101	(177,594)	74,507
+0.1% pay growth	248,670	(177,594)	71,076
1 year increase in life expectancy	255,812	(177,594)	78,218
+1% change in investment return	248,193	(179,415)	68,778
-1% change in investment return	248,193	(175,773)	72,420

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial actuarial valuation is due in March 2022.

The total normal contributions the Council would expect to pay to the Pension scheme in the year to 31 March 2022 would be £2.683m however this has already been paid within the advance payment of £4.763m. Expected contributions for Discretionary Benefits in the year to 31 March 2022 are £0.334m. The weighted average duration of the defined benefit obligation for scheme members is 16 years, and the duration profile used to determine assumptions is retired.

42. CONTINGENT LIABILITIES AND ASSETS

The Council, along with many other local authorities, was a member of the Municipal Mutual Insurance Scheme (MMI), which ran between 1975 and 1993 when the scheme ceased in its current form. Since that date MMI has been in a scheme of arrangement whereby claims for the period are settled under the arrangement terms, with an objective of matching assets to liabilities, but where past members may become liable for payments that the Fund cannot meet. The scheme has been triggered and this resulted in payments becoming due in 2013-14 and 2015-16 and further payments may also become due if the liability situation deteriorates. The scheme administrators consider that the present financial situation does not indicate that further payments are currently required. However the financial picture is fluid and it is not possible to estimate the timing and value of any potential future payments.

Correspondence has been received concerning the potential for clawback on historic funding agreements that were entered into by the Council in relation to land at the Whitemoss Business Park. These agreements were entered into with the North West Development Agency just under 20 years ago and have now been transferred to Homes England as its successor body. A review is currently taking place on compliance with the terms and conditions of these funding agreements to establish whether any clawback payments will need to be made.

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end of known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office, which can come from any organisation that pays business rates, and so there is a risk to the Council that further appeals may have a future impact on the accounts. However it is anticipated that the level of the provision will be sufficient to meet the full cost of outstanding appeals.

43. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Note 20 of these accounts provides information about the Council's financial instruments.

The Council has adopted CIPFA's Treasury Management Code of Practice, and our Treasury Management policy and strategy (available at www.westlancs.gov.uk) set out a framework for the control of risk arising from financial instruments.

The Council's activities expose it to a variety of financial risks as set out below:

a) Credit risk - the possibility that other parties might fail to pay amounts due to the Council

Credit risk from deposits with banks and financial institutions is minimised through the Annual Treasury Management Strategy which requires that deposits are only made with institutions that meet identified minimum credit criteria, and places limits on the time period and amounts to be invested with individual counter parties.

Investments are only made with UK based financial institutions with excellent credit ratings and other local authorities. The Council's maximum exposure to credit risk in relation to its investments and money at call of £20.8m cannot be assessed generally as the risk of any institution failing to make payments of interest or repaying the principal sum will be specific to each individual institution. However the Council prioritises minimising risk above maximising its investment returns. Consequently the Council does not expect any losses from defaults on its investments, and this position has been validated by historical experience.

The Council is also exposed to credit risk that it may not recover all of its debtor balances in full from its customers and other parties. Details on debtor balances and the associated bad debt provisions, which are typically based on the age of the debt and experience of default and non-collection, are shown in note 18. The single largest bad debt provision is £2.5m in relation to housing benefit overpayments debt which has been fully provided for given the difficulties involved in collecting this type of liability.

(b) Liquidity risk - the possibility that the authority might not have funds available to meet its commitments to make payments

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However if unexpected commitments did arise, the Council has ready access to an overdraft with its bank, or borrowing through the Public Works Loan Board. There is also typically a significant amount of money held at call that would be available.

Consequently, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

There is a risk that the Council could be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. However no borrowing is due to mature in the near future, and the debt portfolio has been spread out over a period of up to 45 years. The maturity analysis of loans is set out below:

2019/2020 £'000	Maturity analysis of loans	2020/2021 £'000
4,411	Between 5 and 10 years	4,411
4,411	Between 10 and 15 years	4,411
8,821	Between 15 and 20 years	8,821
8,821	Between 20 and 25 years	8,821
17,642	Between 25 and 30 years	17,642
17,642	Between 30 and 35 years	17,642
17,642	Between 35 and 40 years	17,642
8,822	Between 40 and 45 years	8,822
88,212	Total	88,212

(c) Market risk - the possibility that there will be a financial loss because of changes in interest rates, market prices, foreign exchange currency rates etc.

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates can have a complex impact, and for example an increase in interest rates would have the following effect:

- Borrowing at fixed rates – the fair value of the liabilities will fall. However as borrowings are not carried at fair value then this would not impact on the Surplus or Deficit on the Provision of Services.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the asset will fall

The Council has borrowed from the Public Works Loans Board specifically for HRA self financing. Consequently the £88.212m of loans that have been taken out for HRA self financing are at fixed interest rates and with long maturity periods. An increase of 1% in discount rates would result in a reduction in the fair value of these loans from the current level of £113.111m to £94.291m.

Investment income in 2020-21 was £0.130m based on an average rate of interest earned of 0.34%.

There is an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and budget monitoring during the year. This allows any changes to be accommodated, and this analysis will also advise whether any new borrowing taken out should be fixed or variable.

The Council does not have any investments in shares or any financial instruments denominated in foreign currencies. Consequently it does not have any direct risk from movements in stock prices or foreign exchange rates.

44. TRUST FUNDS

The Council acts as sole trustee for three trust funds. These funds do not represent assets of the Council and are not included in the balance sheet. There has been negligible expenditure and income on these trust funds over the last 2 years.

The Charity of Richard Berry was established in 1906 to provide help for the aged poor in Skelmersdale. The assets of the trust are £4,391 and there are no liabilities.

The Jervis Charity was established in 1898 to provide help for the poor or ill associated with coal mining in Skelmersdale. The assets of the trust are £1,868 and there are no liabilities.

The Ruff Public Park and Pleasure Ground was conveyed to the former Ormskirk District Council on charitable trust to be used as a public park in perpetuity.

45.AGENCY ARRANGEMENTS

During this financial year the Council acted as agent for Central Government in relation to various Covid-19 grants totalling £28.7m. The income and expenditure transactions relating to ` grants were processed through the financial ledger but do not form part of the Council's income and expenditure and are therefore excluded.

Agency Arrangements - Covid-19 Grants	
	£'000
Small Business Grant Fund & Retail Hospitality & Leisure Grant Fund	(20,255)
Local Revenue Support Grant - Lockdown	(8,381)
Christmas Support Payment	(61)
Total	(28,697)

GROUP ACCOUNTS

The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

The Council has a wholly owned development company, Tawd Valley Developments Limited, 2020/21 represents their first full year of trading.

The Council has consolidated its subsidiary Tawd Valley Developments Limited on a line-by-line basis with all intra-group transactions and balances removed.

GROUP MOVEMENT IN RESERVES STATEMENT 2020/21

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied		Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves
	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Balance at 31 March 2020	(960)	(8,941)	(621)	(2,600)	(3,644)	(1,018)	(6,602)	(24,386)	(70,923)	(95,309)	447
<i>Movement in Reserves during 2020-21</i>											
Total Comprehensive Income and Expenditure	(5)	-	2,669	-	-	-	-	2,664	(14,655)	(11,991)	276
Adjustments between accounting basis and funding basis under regulations	(7,799)	-	(2,578)	-	1,408	117	(2,707)	(11,559)	11,559	-	-
Adjustments between Group Accounts and Council Accounts	(47)	-	-	-	-	-	-	(47)	-	(47)	47
Transfers to / from Earmarked Reserves	7,851	(7,851)	(90)	90	-	-	-	-	-	-	-
Increase / Decrease in Year	(0)	(7,851)	(0)	90	1,408	117	(2,707)	(8,942)	(3,096)	(12,038)	323
Balance at 31 March 2021	(960)	(16,792)	(621)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,347)	770

GROUP MOVEMENT IN RESERVES STATEMENT 2019/20

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	(960)	(9,275)	(620)	(3,590)	(5,790)	(5,492)	(25,727)	(66,465)	(92,192)	-
<i>Movement in Reserves during 2019-20</i>										
Total Comprehensive Income and Expenditure	3,848	-	(1,242)	-	-	-	2,606	(5,715)	(3,109)	440
Adjustments between accounting basis and funding basis under regulations	(3,507)	-	2,232	-	2,146	(2,128)	(1,257)	1,257	-	-
Adjustments between Group Accounts and Council Accounts	(7)	-	-	-	-	-	(7)	-	(7)	7
Transfers to / from Earmarked Reserves	(334)	334	(990)	990	-	-	-	-	-	-
Increase / Decrease in Year	-	334	-	990	2,146	(2,128)	1,342	(4,458)	(3,116)	447
Balance at 31 March 2020	(960)	(8,941)	(620)	(2,600)	(3,644)	(7,620)	(24,385)	(70,923)	(95,308)	447

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/2020				2020/2021		
Gross Cost	Gross Income	Net Cost	Service	Gross Cost	Gross Income	Net Cost
£'000	£'000	£'000		£'000	£'000	£'000
27,242	(24,260)	2,982	Corporate and Customer Svs	25,404	(22,553)	2,851
8,488	(1,656)	6,832	Environmental Services	9,231	(1,629)	7,602
3,360	(547)	2,813	Finance, Procure & Commercial	927	(487)	440
6,056	(3,604)	2,452	Housing and Regulatory	6,333	(2,991)	3,342
21,668	(25,368)	(3,700)	Housing Revenue Account	25,973	(26,333)	(360)
5,123	(2,321)	2,802	Growth and Development	5,043	(2,432)	2,611
3,641	(343)	3,298	Wellbeing and Leisure	3,223	(196)	3,027
851	(439)	412	Other Services	6,490	(9,527)	(3,037)
76,429	(58,538)	17,891	Cost of Services	82,624	(66,148)	16,476
307	-	307	Other operating expenditure	1,124	-	1,124
5,449	(2,674)	2,775	Financing & investment income & expenditure	6,598	(2,409)	4,189
-	(17,927)	(17,927)	Taxation & non specific grant income & expenditure	-	(18,848)	(18,848)
82,185	(79,139)	3,046	Surplus or (Deficit) on Provision of Services	90,346	(87,405)	2,941
		2,464	Surplus (-) or deficit on revaluation of non current assets			(29,133)
		(8,179)	Re-measurement of the net defined pension liability			14,477
		(5,715)	Other Comprehensive Income and Expenditure			(14,656)
		(2,669)	Total Comprehensive Income and Expenditure			(11,715)

GROUP BALANCE SHEET

31/03/2020		Notes	31/03/2021
£'000			£'000
205,005	Property, Plant & Equipment		233,556
509	Heritage Assets		509
18,725	Investment Property		17,722
853	Intangible Assets		774
58	Long Term Debtors	G1	58
225,150	Long term assets		252,619
18,544	Short Term Investments		10,038
156	Assets held for sale		38
118	Inventories	G2	543
7,276	Short Term Debtors	G3	19,532
6,564	Cash and Cash Equivalents	G4	10,227
32,658	Current assets		40,378
-	Bank Overdraft		-
(13,455)	Short Term Creditors	G5	(21,769)
(13,455)	Current Liabilities		(21,769)
(1,059)	Provisions		(1,209)
(53,148)	Pension Liabilities		(65,836)
(7,039)	Grants & Contributions in Advance		(9,360)
(88,246)	Long Term Borrowing		(88,246)
(149,492)	Long Term Liabilities		(164,651)
94,861	Net Assets		106,577
(23,938)	Usable Reserves		(32,558)
(70,923)	Unusable Reserves		(74,019)
(94,861)	Total Reserves		(106,577)

GROUP CASH FLOW STATEMENT

2019-2020 £'000		2020-2021 £'000
(3,046)	Net Position on the Provision of Services	(2,941)
17,668	Adjustments for non-cash movements (Note G6)	20,470
(10,322)	Adjustments for items that are investing or financing activities	(8,654)
4,300	Net Cash Flows from Operating Activities	8,875
(2,336)	Investing Activities (Note G7)	5,710
(587)	Financing Activities	(10,923)
1,377	Change in Cash and Cash Equivalents	3,662
5,187	Cash & Cash Equivalents at start of period	6,564
6,564	Cash & Cash Equivalents at end of period (Note G4)	10,226

GROUP NOTES TO THE ACCOUNTS

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. FINANCIAL INSTRUMENTS

Financial Assets 2020-21	Non Current				Current				Total	
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	19,532	19,532	10,038	10,038	10,227	10,227	39,855	39,855
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	19,532	20	10,038	10,038	10,227	10,227	39,855	39,855
Non-Financial assets	-	-	14,229	14,229	-	-	-	-	14,229	14,229
Financial assets	58	58	5,303	(14,209)	10,038	10,038	10,227	10,227	25,626	6,114

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Financial Assets 2019-20	Non Current				Current					
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	7,276	7,276	18,544	18,544	6,564	6,564	32,442	32,442
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	7,276	7,276	18,544	18,544	6,564	6,564	32,442	32,442
Non-Financial assets	-	-	3,365	3,365	-	-	-	-	3,365	3,365
Financial assets	58	58	3,911	3,911	18,544	18,544	6,564	6,564	29,077	29,077

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Financial Liabilities 2020-21	Non Current					
	Borrowings		Creditors		Total	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(113,111)	(21,769)	(21,769)	(110,015)	(134,880)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(113,111)	(21,769)	(21,769)	(110,015)	(134,880)
Non-Financial instruments	-	-	(13,023)	(13,023)	(13,023)	(13,023)
Financial instruments	(88,246)	(113,111)	(8,746)	(8,746)	(96,992)	(121,857)

Financial Liabilities 2019-20	Non Current					
	Borrowings		Creditors		Total	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(105,074)	(13,455)	(13,455)	(101,701)	(118,529)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(105,074)	(13,455)	(13,455)	(101,701)	(118,529)
Non-Financial instruments	-	-	(6,561)	(6,561)	(6,561)	(6,561)
Financial instruments	(88,246)	(105,074)	(6,894)	(6,894)	(95,140)	(111,968)

G2. INVENTORIES

2019/2020 £'000		2020/2021 £'000
106	Work in progress	530
12	All other items	13
118	Total	543

G3. DEBTORS

2019/2020 £'000		2020/2021 £'000
2,833	General Government Bodies	9,991
1,444	Other Local Authorities	5,189
8,460	Other Debtors	10,291
59	Payments in Advance	37
12,796	Sub total	25,508
(5,520)	Provision for impairments	(5,976)
7,276	Total	19,532

G4. CASH AND CASH EQUIVALENTS

2019/2020 £'000		2020/2021 £'000
4,664	Cash and Bank	1,727
1,900	Money at call	8,500
6,564	Total	10,227

G5. CREDITORS

2019/2020 £'000		2020/2021 £'000
(3,375)	Central Government Bodies	(10,342)
(3,056)	Other Local Authorities	(2,208)
(1,913)	Leaseholder Advance and Tenant Prepayments	(1,601)
(5,111)	Other Creditors	(7,618)
(13,455)	Total	(21,769)

G6. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

2019/2020 £'000		2020/2021 £'000
4,472	Depreciation	5,369
3,964	Impairment and downward valuations	8,221
(289)	Movement in the market value of investment properties	1,013
251	Amortisation	286
1,458	Change in Creditors	9,127
(1,635)	Change in Debtors	(2,907)
(101)	Change in Inventories	(424)
4,753	Movement in Pension Liability	(1,789)
5,046	Carrying amount of non current assets sold or disposed	1,425
(251)	Other non cash items charged to the deficit on the provision of services	149
17,668	Non cash movements	20,470

G7. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2019/2020 £'000		2020/2021 £'000
(12,799)	Purchase of property, plant and equipment, investment property and intangible assets	(13,610)
(39,500)	Purchase of short term and long term investments	(5,000)
6,260	Proceeds from the sale of non-current assets	1,734
38,500	Proceeds from short term and long term investments	13,500
5,203	Other receipts from investing activities	9,086
(2,336)	Net cash flows from investing activities	5,710

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT		
Restated 2019/2020 £'000		2020/2021 £'000
	Expenditure	
(4,083)	Repairs and maintenance (note 2)	(5,187)
(9,232)	Supervision and management	(8,782)
(346)	Rents, rates, taxes and other charges	(373)
(3,271)	Depreciation (note 3)	(3,402)
(3,872)	Revaluation (note 3)	(7,437)
(116)	Movement in bad debt provision	(136)
(20,920)	Total expenditure	(25,316)
	Income (note 5)	
22,415	Dwelling rents	22,993
409	Non-dwelling rents	403
2,448	Charges for services and facilities	2,452
96	Contributions towards expenditure	485
25,368	Total income	26,333
(419)	HRA share of Corporate & Democratic Core	(486)
(329)	HRA share of Pension Past Service Gain/Cost (-)	(171)
3,700	Net Cost of HRA Services in the Comprehensive Income & Expenditure Statement	360
3,700	Net income for HRA services	360
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
812	Gain or Loss on Disposal of Non-Current Assets	186
(3,057)	Interest payable	(3,023)
76	Interest and Investment Income	5
(272)	Pensions interest cost and expected return on pensions assets	(183)
(17)	Pension administration expenses	(13)
1,242	(Surplus) / Deficit for the year on HRA services	(2,669)

Note: the 2019/20 have been restated to reflect the remapping of details codes, £96k contributions towards expenditure has been transferred from the supervision and management line.

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MOVEMENT ON THE HRA STATEMENT		
2019/2020		2020/2021
£'000		£'000
(620)	HRA Balances brought forward	(620)
(1,242)	Surplus or Deficit (-) for the year on the HRA Income and Expenditure Statement	2,669
2,232	Adjustments between accounting basis and funding basis under statute	(2,579)
990	Net change before transfers to or from reserves	90
(990)	Transfers to (-) or from reserves	(90)
-	Increase or Decrease in balances in year	-
(620)	HRA Balances carried forward	(620)

Adjustments between accounting basis and funding basis under statute		
2019/2020		2020/21
£'000		£'000
(14)	Transfers to / from (-) the Accumulated Absences Account	(34)
812	Gain (-) or loss on sale of non-current assets	186
(745)	HRA share of contributions to or from the Pensions Reserve	(549)
6,156	Capital expenditure funded by the HRA	5,028
3,271	Transfer to Major Repairs Reserve	3,386
	Transfers to and from the Capital Adjustment Account	
(3,872)	Revaluation (Note H3)	(7,437)
(105)	Revenue expenditure funded from capital under statute	(94)
(3,271)	Depreciation (Note H3)	(3,402)
-	Provision for repayment of debt	338
2,232	Total adjustments	(2,579)

NOTES TO THE HOUSING REVENUE ACCOUNT

H1. The Housing Revenue Account

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision. The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. The Council charges rents to cover expenditure in accordance with the legislative framework and this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

H2. Repairs and Maintenance

Details of repairs and maintenance expenditure are as follows:

2019/2020 £'000	2020/2021 £'000
882 Programmed Work (including painting)	1,077
3,201 Repairs	4,431
4,083 Total	5,508

H3. Capital charges

A downward revaluation charge of £7.437m (£3.872m in 2019-20) has been made to the HRA in the year. This reflects revaluation decreases that could not be charged against the Revaluation Reserve. These charges do not affect the bottom line position of the HRA as they are reversed in the Adjustments section of the Movement on the HRA Statement.

Depreciation charges of £3.386m have been made to the HRA to reflect its use of assets (£3.272m in 2019-20). An amount equal to depreciation has then been transferred to the Major Repairs Reserve, which has been used to finance capital expenditure.

H4. Pensions

The HRA has been compiled on an IAS19 compliant basis. This treatment does not affect the bottom line position of the HRA, as accounting entries are reversed out in the Adjustments section of the Movement on the HRA Statement and replaced with the HRA's actual contribution to the pension fund.

H5. Rents and Service Charges

Dwelling rents comprise the total rent income for all Council owned dwellings in the year. The average rent of our dwellings at the end of 2020/21 was £75.33 (on a 52 week basis). This is an increase of £2.04 over the like for like figure at the end of 2019/20.

The overall 2.8% increase in average rent is driven by a 2.7% increase in 2020/21 compared to 2019/20.

Non-dwelling rents include the rent of garages, garage sites, and miscellaneous plots of housing land. The Council also levies service charges to contribute towards the costs of special services such as Caretakers, door entry systems, sheltered dwellings, and furnished homes.

H6. Rent Arrears and Provision for Bad Debts

	2020/2021 £'000	2019/2020 £'000
Arrears carried forward	1,001	985
Provision for bad debts carried forward	500	483

H7. Movement in the Major Repairs Reserve

	2020/2021 £'000	2019/2020 £'000
Balance brought forward	-	-
Depreciation Charge	3,386	3,271
Funding for Capital Expenditure	(3,386)	(3,271)
Balance carried forward	-	-

H8. Housing Stock

The Council owned an average of 5,879 dwellings (including flats and maisonettes, houses and bungalows) during 2020/2021. The following table shows the changes in stock over the last two years.

2019/2020	2020/2021
5,869 Opening Stock	5,895
75 Additions	2
(56) Sales	(28)
6 Transfers to / from Assets Held for Sale	(7)
- Demolitions and disposals	-
1 Other movements	-
5,895 Closing Stock	5,862

An analysis of the housing stock at 31 March 2021 is shown below.

	PRE 1919	1919-44	1945-64	AFTER 1964	TOTAL
Low-Rise Flats					
1 Bedroom	-	-	48	1,033	1,081
2 Bedroom	-	-	96	84	180
3 (or more) Bedroom	-	-	-	9	9
Sub Total	-	-	144	1,126	1,270
Medium-Rise Flats					
1 Bedroom	-	1	1	292	294
2 Bedroom	-	-	-	526	526
3 (or more) Bedroom	-	-	-	107	107
Sub Total	-	1	1	925	927
Houses					
1 Bedroom	2	32	287	261	582
2 Bedroom	32	53	202	278	565
3 Bedroom	9	130	433	1,622	2,194
4 (or more) Bedroom	-	5	5	314	324
Sub Total	43	220	927	2,475	3,665
Totals	43	221	1,072	4,526	5,862

H9. Movement in the Balance Sheet Value of HRA Non Current Assets

	Intangible Assets	Assets held for sale	Council dwellings	Other land / buildings	Assets Under Construction	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening value	127	-	170,919	1,513	109	204	172,872
Additions and Enhancements	-	-	5,068	-	3,901	9	8,978
Disposals	-	-	(1,227)	-	-	-	(1,227)
Depreciation	(48)	-	(3,304)	(13)	-	(21)	(3,386)
Revaluation and Impairment	-	-	19,787	-	-	-	19,787
Other	-	-	-	(41)	-	-	(41)
Transfers	-	38	(38)	-	74	-	74
Closing value	79	38	191,205	1,459	4,084	192	197,057

H10. Vacant Possession Value of Council Dwellings

The vacant possession value of dwellings on the 1 April 2020 was £455.3m (£407.8m at 1 April 2019). The difference between the vacant possession value and balance sheet value of dwellings within the HRA reflects the economic cost to the Government of providing Council housing at less than open market rents.

H11. Sources of Funding for HRA Capital Expenditure

2019/2020	2020/2021
£'000	£'000
3,271 Major Repairs Reserve	3,386
6,156 HRA Revenue Contribution	5,028
153 Internal Borrowing	183
1,162 Capital Receipts	516
10,742 Total	9,113

H12. Capital Receipts

The value of receipts on disposals of HRA assets were £2.850m in the year (£2.763m in 2019-20).

COLLECTION FUND

COLLECTION FUND STATEMENT				
2019-20			2020-21	
Business	Council		Business	Council
Rates	Tax		Rates	Tax
£'000	£'000		£'000	£'000
INCOME				
(30,767)	(67,034)	Income due in year (notes 2 & 3)	(20,930)	(70,591)
-	-	Contributions to previous year deficits (note 4)	-	-
-	-	Transitional protection payments	(2)	-
(30,767)	(67,034)	Total income	(20,932)	(70,591)
EXPENDITURE				
Precepts, Demands and Shares				
7,339	-	- Central Government	15,236	-
56	-	- Transitional Protection Payments	-	-
16,439	7,782	- West Lancashire Borough Council	12,189	8,122
5,137	47,476	- Lancashire County Council	2,742	50,382
440	2,450	- Lancashire Combined Fire Authority	305	2,549
-	7,102	- Lancs Police & Crime Commissioner	-	7,608
764	609	Contributions from previous year surpluses (note 4)	901	1,026
Charges to Collection Fund				
657	1,793	- Impairment of debts – write offs and provisions	1,255	2,502
(1,287)	-	- Change in provision for appeals	799	-
127	-	- Cost of Collection Allowance	126	-
29,672	67,212	Total expenditure	33,553	72,189
(1,095)	178	Movement on Fund Balances	12,621	1,598
2,257	1,134	Opening Fund Balances	3,352	956
1,095	(178)	Increase / (decrease) for the year (as above)	(12,621)	(1,598)
3,352	956	Closing Fund Balances	(9,269)	(642)

NOTES TO THE COLLECTION FUND

C1. The Collection Fund Account

This account 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.

C2. 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 shown in note 6.

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

The council tax base for 2020/2021 was 35,978.93 (35,256.32 in 2019/20) Band D equivalent properties calculated as follows:

Property Band	Chargeable Dwellings	Band Multiplier	Relevant Amount
Z	36.46	5/9	20.26
A	9,313.64	6/9	6,209.10
B	6,944.80	7/9	5,401.50
C	8,158.30	8/9	7,251.81
D	6,316.66	1	6,316.66
E	4,501.60	11/9	5,501.97
F	2,320.87	13/9	3,352.38
G	1,489.00	15/9	2,481.68
H	88.93	2	177.86
Total Relevant Amount			36,713.22
Estimated Collection Rate			98%
Council Tax Base			35,978.93

C3. National Non-Domestic Rates (Business Rates)

NNDR is the business rate and is organised on a national basis. The Government specifies an amount (51.2p in 2020/21 and 50.4p in 2019/20) and, subject to the effects of transitional arrangements and mandatory and discretionary reliefs, local businesses pay rates calculated by multiplying that amount by their rateable value.

The NNDR income after reliefs and discounts was £20.930m for 2020/2021 (£30.767m for 2019/2020). The rateable value for the Council's area at the end of the financial year 2020/21 was £80.378m (£79.933m for 2019/20).

C4. Surplus and Deficit on Collection

The final outturn on Council Tax operations shows a deficit of £0.642m, which compares with the estimated deficit of £0.995m declared in January 2021 and which will be distributed in 2021-22.

The financing arrangements for deficits and surpluses in respect of Council Tax provide for a sharing between major precepting authorities in proportion to their demands on the Collection Fund. The following table shows how these items have been shared over the last 2 years.

2019/2020		2020/21
Surplus		Surplus
£		£
449,270	Lancashire County Council	751,953
61,566	Lancashire Police Authority	112,492
23,405	Lancashire Fire Authority	38,799
74,481	West Lancashire Borough Council	123,256
608,722	Total	1,025,500

The financing arrangements for deficits and surpluses in respect of Business Rates provide for a sharing between the Government and major precepting authorities on a set percentage basis. The following table shows how these items have been shared over the last 2 years.

2019/2020		2020/21
Surplus		Surplus
£		£
381,892	Central Government	582,695
305,514	West Lancashire Borough Council	275,761
68,741	Lancashire County Council	36,131
7,638	Lancashire Fire Authority	6,365
763,785	Total	900,952

C5. Lancashire Business Rates Pool

In 2016/17, 2017/18 and 2018/19 this Council was part 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.

West Lancashire Borough Council Statement of Accounts 2020/21

In 2019/20 we successfully submitted a bid along with 15 other authorities in Lancashire to become a 75% Business Rate 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, an application for a 50% Lancashire Pool for 2020/21, consisting of 10 district council's and the county council, was submitted and was successful. This has operated on the same basis as in 2016/17, 2017/18 and 2018/19.

A comparison of the business rates income allocations in 2019/20 and 2020/21 are shown in the table below:

	Lancashire Business Rates Pilot Pool 2019/20	Lancashire Business Rates Pool 2020/21
District Authorities	56%	40%
Lancashire County Council	17.5%	9%
Lancashire Combined Fire Authority	1.5%	1%
	75%	50%
Central Government	25%	50%
Total	100%	100%
Unitary Authorities	73.5%	49%

The value for Unitary Authorities in 2020/21 is for comparison purposes only. There were no Unitary Authorities in the 2020/21 Lancashire Business Rates Pool.

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.

West Lancashire Borough Council Statement of Accounts 2020/21

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.

GLOSSARY OF TERMS

This Glossary of Terms is designed to aid interpretation of the Council's Statement of Accounts.

Accounting Policies

These specify how transactions and other events should be reflected in financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuary

An actuary is an expert on pension scheme assets and liabilities.

Actuarial Gains and Losses

Changes in the actuarial deficits or surpluses over time arising from either or both of i) differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation (known as experience gains and losses), and ii) changes in the actuarial assumptions.

Amortisation

An annual charge to the revenue account that spreads the cost of an asset over a period of time.

Appropriation

A contribution to or from a financial reserve.

Balances (Or Reserves)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves which are for technical purposes and it is not possible to utilise these to provide services.

Budget

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

Capital Expenditure

Expenditure on the acquisition and/or improvement of an existing Non-Current Asset which adds to, and not merely maintains, its value. Expenditure that does not fall within the definition must be charged to a revenue account.

Capital Receipts

Proceeds from the sale of capital assets which can only be used to repay loans or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as 'capital receipts unapplied'.

CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

Collection Fund

The Collection Fund is a separate statutory fund which billing authorities have to maintain. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Consistency

This is a concept that the accounting treatment of like items, within an accounting period and from one period to the next, is the same.

Contingency

This is a condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Contingent assets and contingent liabilities are not recognised in the accounting statements but are disclosed by way of notes.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

Council Tax

This is a banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

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

Current Assets

Current assets are items that can be readily converted into cash.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period.

Current Service Cost (Pensions)

The increase in the pension liabilities as a result of years of service earned this year.

Debtors

Amounts owed to the Council for work carried out, services rendered or goods provided by the Council for which income has not been received by the balance sheet date.

Deferred Credits

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed.

Defined Benefit Scheme

A pension or other retirement benefits scheme other than a defined contribution scheme, where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciation

This is the measure of the cost or revalued amount of the benefits of the Non-Current Asset that have been consumed during the period.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Estimation Techniques

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Events after the Balance Sheet Date

These are events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

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 (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

Finance Lease

This is a lease that transfers substantially all of the risks and rewards of ownership of a Non-Current Asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Reporting Standards (FRSs)

FRSs are statements which deal with accounting issues of fundamental importance and general application. They are applicable to all published accounts and compliance is mandatory. The Code of Practice on Local Authority Accounting in the UK applies FRSs to Council accounts as appropriate.

Financial Year

The Council's financial year runs from 1 April to 31 March.

General Fund

This is the main revenue account of the Council covering day to day spending on services other than the provision of housing.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Assets

Heritage assets are defined as assets which have historical, artistic or cultural qualities and that are held and maintained principally for their contribution to knowledge and culture.

Historic Cost

The cost of an asset at the time it was bought.

Housing Revenue Account (HRA)

The HRA is an account which includes the expenditure and income arising from the direct provision of housing by the Council.

Impairment

This is a reduction in the value of a Non-Current Asset below its carrying amount on the balance sheet.

Infrastructure Assets

Non-Current Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

These are non-financial Non-Current Assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. Examples are purchased software licences.

Inventories

The amount of unused or unconsumed stocks bought but not used at the end of the accounting period, held in expectation of future use, for example goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, and finished goods.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pension fund, that do not meet the above criteria should be classified as current assets.

Investment Properties

This represents an interest in land and/or buildings in respect of which construction work and development have been completed, and which is held for its investment potential, with any rental income being negotiated at arm's length.

Leasing

Leasing is a method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Materiality

The concept that any omission from or inaccuracy in the statement of accounts should not be so large as to affect the understanding of those statements by the reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in Statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

Non Domestic Rates (NDR)

NDR is a tax levied on business properties and sometimes known as Business Rates. This tax is set nationally by the Government. Sums based on rateable values are collected by billing authorities and shared between major preceptors, central government, the Police and Crime Commissioner and the billing authority.

Net Book Value

The amount at which Non-Current Assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Net Current Replacement Cost

This is the cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

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

Non-Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non-distributable Costs

These are costs that cannot be specifically applied to a service or services and are held centrally, for example certain pension costs.

Non-Operational Assets

Non-Current Assets held by a local authority but not directly occupied, used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

An operating lease is a lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own an asset. A third party purchases the asset on behalf of the Council, who then pay the lessor an annual rental over the life of the asset.

Operational Assets

Non-Current Assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Examples include Council dwellings, other land and buildings, vehicles, plant, equipment, infrastructure assets and community assets.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Post Balance Sheet Events

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

This is a charge levied by one Council which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

Principal

The amount of money borrowed, not including interest charges.

Prior Year Adjustments

Prior year adjustments are material adjustments, arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provision

These are monies set aside for liabilities or losses which are likely or certain to be incurred but the exact amount and dates are not currently known.

Prudence

The concept that revenue is not anticipated but is recognised only when realisation in cash is reasonably certain. Conversely, provisions should be made for all known liabilities.

Prudential Code for Capital Finance

This Code was introduced from 1 April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Related Parties

Two or more parties are related parties when at any time during the financial period: one party has direct or indirect control of the other party; or the parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts set aside in one year's accounts which can be spent in later years. Reserves are often earmarked for specific purposes, including the financing of future capital expenditure, replacement or renewals and the funding of future defined Council initiatives.

Residual Amount

The amount an asset can be sold for, less the cost of selling it.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by the employee.

Revenue Expenditure

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

Revenue Expenditure Funded from Capital Under Statute

Expenditure that is not capital in accordance with UK GAAP is allowed by statute to be funded from capital resources and hence such expenditure would have no impact on council tax in the year that it was incurred.

Revenue Support Grant (RSG)

This is a general grant received from Central Government to contribute towards the cost of providing services.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method, reflect the benefits that the employer is committed to provide for service up to the valuation date.

Specific Grants

Government grants for a particular service.

Statement of Recommended Practice – (SORP)

This is the Code of Practice on Local Authority Accounting in the United Kingdom.

Tangible Non-Current Assets

Assets which have a physical form e.g. buildings, equipment.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads which need to be apportioned.

Total Net Worth

The total net value of resources available to or owned by the Council.

Useful Life

The period over which the local authority will derive benefits from the use of a Non-Current Asset.

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
 Royal Liver Building
 LIVERPOOL
 L3 1PS

[Date] –

Dear Sirs

West Lancashire Borough Council
Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of West Lancashire Borough Council and its group undertaking, Tawd Valley Developments Limited, for the year ended 31 March 2021 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 2020/21 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 2020/21 ("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.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land buildings and investment properties, depreciation, significant income and expenditure accruals, fair value of PWLB debt and AIP loan notes and valuation of 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 estimate 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. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. 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 and cashflow forecasts in light of the Covid-19 pandemic. 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 liquidate the group and Council or cease its 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. We confirm the prior period adjustments made to the comparative figure in the accounts are appropriate and correct to the best of our knowledge. We believe these have been processed

- within the accounts appropriately and all related amendments made. We are satisfied that these give an accurate view of the income, expenditure, assets and liabilities for the prior year.
- xvi. We confirm that the valuations in the accounts for other land and buildings, investment properties and council dwellings are accurate to the best of our knowledge and take into account all known assumptions at the time of valuation and any changes that have come to our attention since that valuation that would have impacted on the valuation for the year.

Information Provided

- xvii. 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, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. 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.
- xxi. 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.
- xxii. 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.
- xxiii. 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.
- xxiv. 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.
- xxv. 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

- xxvi. 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

- xxvii. 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 Audit and Governance Committee at its meeting on 30 January 2024.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

WEST LANCASHIRE BOROUGH COUNCIL
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

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INTRODUCTION

We are pleased to introduce West Lancashire Borough Council's Statement of Accounts.

The Statement shows the financial performance and financial position of the Council for 2021/2022. The publication of the Statement is a statutory requirement and demonstrates the Council's stewardship of public money for this year.

Edward Pope

Chair of the Audit and Governance Committee

James Pierce

Head of Finance, Procurement and
Commercial Services (Section 151 Officer)

Date 27 July 2022

NARRATIVE REPORT

Introduction

This publication presents the Council's Statement of Accounts for the year ended 31 March 2022. These accounts provide details of the money that the Council spent on delivering services and where this money came from. The accounts also show the Council's financial performance and financial position for the year.

Stewardship of public money and best value

The accounts have been prepared in accordance with the statutory and accounting regulations that govern the Council's financial affairs. These rules are primarily designed to safeguard public money and to promote best value.

The Council's accounts are subject to scrutiny by its elected Councillors and its Internal and External Auditors to verify that these regulations are being followed. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed.

About the Council

The Council employs around 485 people and uses assets of around £275 million to deliver its services.

The Council is structured using a Chief Operating Officer model with two Corporate Directors. The Corporate Director of Place and Community manages Growth and Development Services, Housing and Regulatory Services, Wellbeing and Leisure Services and Environmental Services. The Corporate Director of Transformation and Resources manages Finance, Procurement and Commercial Services, Corporate and Customer Services and Legal and Democratic Services.

Council services cover a wide range of different activities including refuse collection, street cleansing, grounds maintenance, planning, economic development and regeneration, council housing, housing benefits, collecting council tax and business rates income, leisure and cultural activities, environmental health, and community safety.

The Council currently has 54 Borough Councillors serving the 25 wards of the borough. Councillors are elected by a simple majority and serve for four years.

The visions of the Council are to produce engaged, empowered and inclusive communities within the Borough. To support local businesses to adapt and prosper and make West Lancashire a place of choice for business. To become a greener Council by becoming carbon neutral by 2030, improving the energy efficiency of the Council's housing stock and encouraging businesses and the residents to embrace the green agenda. The Council seeks to provide a clean, safe environment with affordable homes to buy or rent for everyone in the Borough. The Council will seek to design services to ensure a healthy, happy, safe and resilient environment.

And finally, to ensure the Council is financially sustainable by 2023 by maximising funding opportunities and income generation, improve efficiency and effectiveness of services and provide value for money.

The operating environment of the Council during 2021/22, in which it has continued to deliver its array of service obligations, has remained highly uncertain. The financial challenges faced in year should be viewed in the context of inflationary rises of more than 5%, the continued impact of increasing demand for services, the ongoing legacy impact of COVID-19 pressures, the continued significant challenge of setting budgets with one-year local government finance settlements and Government uncertainty about future government funding reforms and plans.

Governance

West Lancashire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Regulation (1) (b) of the Accounts and Audit Regulations (England & Wales) Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to Tawd Valley Developments Limited, a Company for which it is a shareholder.

In respect of 2021/22, 26 assurance audits were completed, 23 of which recorded an audit opinion (9 moderate assurance, 10 limited assurance and 4 no assurance).

Based upon the work undertaken by Internal Audit in respect of 2021/22, and the continued implications of the Covid-19 epidemic on the Councils internal control framework, the opinion of the Corporate Compliance and Governance Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is **moderate assurance**.

The 2021-22 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

- The Council's Medium Term Financial Strategy shows a budget gap of £160k in 23/24 and £246k in 2024-25.
- The way in which the office upgrade work was procured was found not to be in accordance with the Councils Contract Procedure Rules or Public Contracts Regulations 2015.
- The current delivery model for Council Procurement is a historical decentralised advisory service. Given the imminent changes to Public Procurement legislation in early 2023 and the complex nature of procurement and contract management a review of the service delivery model is required.
- The Council 2020-21 Statement of Accounts remain unaudited.

Operation Model

The Council Plan 2020-21 to 2022-23

The Council Plan was agreed by Members in October 2020. No revisions were made to the Plan for 2021-22. The Plan provides clarity of purpose for the Council allowing efficient communication of its strategic direction with the public, stakeholders and staff. This in turn allows effective planning and prioritisation of work and supports transparency and accountability.

Vision

West Lancashire together; the place of choice to live, work, visit and invest.

The Council aims to deliver the vision through 6 key priorities of:

1. Create empowered, engaged and inclusive communities.
2. Support businesses to adapt and prosper.
3. Become a Greener West Lancashire.
4. Be a financially sustainable Council by 2023.
5. A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire.
6. Everyone to be healthy, happy, safe and resilient.

Each of the 6 key priorities contain "We will" statements that provide an outline of suggested supporting actions to deliver the priorities and to give a programme of work and action plan for the priorities.

The "We will" statements are dynamic and continue to be developed throughout the 3-year life of the Plan. These statements will form the basis of the delivery plans to achieve the priorities. A refresh will be considered annually thereafter to ensure that the Plan remains relevant and in line with the needs of the Borough.

Non-financial performance for the year

Progress against the actions and supporting KPIs are summarised and provided as a Corporate Performance Delivery Plan. The Delivery Plan refers to 46 items within the suite of KPIs, 10 of which are 'data only' (no target). Of the 36 KPIs with targets reported:

	2021-22
Indicators meeting or exceeding target ('Green')	14
Indicators narrowly missing target ('Amber')	6
Indicators 5% or more off target ('Red')	8
Data not yet available	3
Data that will not be provided (reason in notes)	5

Progress has been measured against the Council's key priorities for the Borough of:

- Create empowered, engaged and inclusive communities.
- Support business to adapt and prosper.
- Become a greener West Lancashire.
- A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire.
- Everyone to be healthy, happy, safe and resilient.
- Be a financially sustainable Council by 2023.

Some key performance areas (both positive achievements and challenges) include for 2021-22:

General Revenue Account (GRA)

- 4.2% rent loss through empty commercial units (target 10%).
- Successful bin collections 99.04% (target 96%).
- 92.73% Council Tax collected (target 97.1%).
- 93.79% NNDR collected (target 97.2%).
- Invoices paid on time 93.21% (target 98.75%).
- Percentage of kerbside household waste sent for reuse, recycling and composting 42.4% (target 51%).
- No of visits to Leisure facilities 485k (target 574k).
- Number of new participants engaged in health & wellbeing programmes/interventions 333 (target 250).
- Contact Centre calls answered 87.8% (target 88%).
- £41.5m in covid business grants processed.
- Number of new participants engaged to enhance employability, confidence, skills and qualifications 327 (target 40).

Housing Revenue Account (HRA)

- Rent collected from current and former tenants as a % of rent 100.73% (target 100.04%).
- Rent loss through vacant dwellings 1.18% (target 0.99%).
- Properties with a valid Landlord Gas Safety Record 99.9% (target 100%).
- Properties with a valid Electrical Installation Condition Report (homes and buildings) 96% (target 100%).
- Affordable Housing units via Tawd Valley Developments Limited 44 (target 44).

Performance plans are prepared by service managers for those indicators where performance falls short of the target by 5% or more and include proposed actions plans:

- % Rent loss through dwellings being vacant.
Staffing resources and our power Supplier have been the main reason for the turnaround time not being met.
A full review of the void process is being undertaken with Housing Management, Property Services, Customer contact centre and Wates on 11 May 2022 where the current process will be mapped, the points of failure identified, and a new process developed.
- c19 FTE working days lost due to sickness absence.
January 2022 saw an increase in Covid cases, reducing in February 2022, but then significantly increasing in March 2022. This was in line with what was happening nationally and the fast spread of the Omicron variant of Covid across the country during this period.
- Average answered waiting time for callers to the contact centre.
the call numbers remained high due to the number of positive Covid 19 cases in the area. This resulted in additional support needing to be provided by the wider Customer Services team to support with the increased level of outbound calls to positive cases and additionally the Test and Trace Support Payment scheme has been supported by Customer Services.
All applications have now been successfully completed. Although there is still some work to be completed by the Customer Contact Centre Manager and Finance on reconciliation of all monies paid out. The application form / scheme has now been closed to any new applicants.

2021-22 Budget Setting

On the 24 February, Council approved and set a net General Revenue Account budget of £13.897m.

The budget setting process for 2021-22 included a budget gap of £394k excluding policy options, the inclusion of policy options increased the budget gap to £1.2m, that was to be funded from reserves.

The Council's medium term financial approach involves using reserves to support the budget position while the savings attributable to the Sustainable Organisation Review (SORP) are being realised. There are adequate funds in reserves to support this approach and consequently, enabled the Council to achieve a balanced budget position for 2021-22.

Financial performance for the year

General Revenue Account (GRA)

This account shows income and expenditure for all services except Council housing, and a net budget of £13.897m was set for the year.

A favourable variance was delivered against the net service budgets of £1.434m or 8.0%. This position reflects a number of factors including good performance on implementing savings and income measures, under spending on employees and running expenses, a reduction in pension fund contributions and income levels exceeding budget projections in a range of areas.

	Revised Budget	Outturn reported to Council	Variance
	£'000	£'000	£'000
Corporate & Customer Services	3,167	2,740	427
Environmental Services	7,279	7,233	46
Finance, Procurement and Commercial Services	59	(560)	619
Housing and Regulatory	1,864	1,724	140
Growth and Development	1,264	1,225	39
Wellbeing and Leisure	3,092	2,611	481
Other Budget Items	(13)	305	(318)
Total Net Budget	16,712	15,278	1,434
Treasury Management	(379)	(129)	(250)
Capital Charges	(1,198)	(1,203)	5
Contribution to / (from) reserves	(1,238)	(49)	(1,189)
Total Net Budget	13,897	13,897	-
Council Tax	7,773	7,773	-
Business Rates (NNDR)	4,582	4,582	-
Government Grants and Contributions	1,542	1,542	-
Total Funding	13,897	13,897	-

The level of GRA earmarked reserves decreased by £0.9m, from £16.792m to £15.888m, primarily as a result of unconditional Covid grants being utilised throughout 2021-22 and the need to only drawdown £49k of the budget contribution from reserves of £1.238m.

Housing Revenue Account (HRA)

This account shows income and expenditure relating to the Council's housing stock. A favourable budget variance was delivered in the year of around £621k, which represents around 2.4% of the overall budget requirement. The main reasons for this position were the active management of staffing levels which delivered savings on employee budgets, increase in dwelling rents due to 44 additional properties, planned maintenance revenue budgets being largely unused and the budget contingency not being fully utilised.

There was capital investment of £7.6m in existing housing stock in the year against a budget of £10.02m. This means that 76% of the revised programme was spent, which shows improved performance has been delivered on the previous year. It is intended that most of the unused budget will be slipped into the next financial year to enable ongoing schemes to be delivered in line with our standard practice.

In addition, there was capital investment of £8.8m in new housing stock, through the Council development company Tawd Valley Developments Limited.

HRA earmarked reserves increased by £93k, from £2.510m to £2.603m.

Capital investment in the year

Each year the Council invests money to buy new infrastructure, buildings and equipment and to pay for long-term improvements to its existing assets. This spending is needed to maintain and develop the services that the Council provides.

The following tables provide a breakdown of the total investment for the year and how it has been financed:

Where the money comes from

2020-21 £'000	2021-22 £'000
(2,414) Capital Receipts	(1,197)
(4,329) Government Grants and Other Contributions	(8,119)
(8,414) Revenue Contributions	(8,008)
(2,259) Borrowing	(8,079)
(17,416) Total	(25,402)

What the money is spent on

2020-21 £'000	2021-22 £'000
14,657 Property, Plant and Equipment	23,275
223 Other long-term assets	370
2,536 Revenue Expenditure Funded from Capital	1,757
17,416 Total	25,402

Strategy and Resource Allocation

Future revenue spending and capital investment plans

A Medium-Term Financial Forecast (MTFF) document was presented to members in July 2021.

The purpose of the MTFF is to provide the strategic framework and a forward-looking approach to achieving long term financial sustainability. It is central to the delivery of priority outcomes in the Council's strategy and plans in an affordable way over the next three years to 2024-25. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, major issues affecting the Council's finances, including national and regional influences as well as local priorities and factors.

Planning over the medium term helps the Council to respond in a considered manner, to pressures and changes because of many internal and external influences. This is particularly important during a period where the Council is facing unprecedented changes and challenges. The impact of the pandemic and the changes in National funding are examples of this. The MTFF recognises the key role that financial resources play in the future delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute towards the delivery of the Council's Strategic Plan.

Included within the forecast are two new revenue streams anticipated from the new town centre development at Skelmersdale and from the Council's development company, Tawd Valley Developments Limited. In relation to the former, amounts of £150k in 23/24 and 24/25 have been included in the forecast reflecting the net impact of rental income received and associated costs. Similarly, the return of profits from the development company have been included at £250k a year over the three-year MTFF period.

The MTFF forecast a budget gap for the 3 years 2022/23 to 2024/25 of:

2022-23	£1.170m
2023-24	£0.840m
2024-25	£1.035m

The main features of the capital programme over the 3-years 2022-23 to 2024-25 will be the continued planned investment in existing HRA housing stock of £32.596m, which will be funded primarily by HRA revenue contributions. This is part of a 5-year programme of investment in existing Council dwellings which will see a similar level of investment in subsequent years. In addition, during 2021-22 the Council approved investment of £11.450m in Skelmersdale Town Centre regeneration project.

During 2020-21 Council approved an additional scheme for £8.4m to the HRA capital investment programme to increase the investment to £22m in new housing stock to be delivered through the Council development company Tawd Valley Developments Limited.

The Council produced an updated Medium-Term Financial Forecast document which it presented to members in February 2022, whilst this still presented a budget gap for 2023-24 of £160k and 2024-25 of £246k, the overall financial outlook had improved.

However, given the current macro-economic cost pressures, in particular inflation, it is necessary to revise this document in order to determine their future financial impact. It is planned for the revision of the MTFF be completed and represented to members by September 2022

Risks and Opportunities

The Government has introduced a one-year funding settlement for 2021-22. This settlement did not involve any significant changes in funding. There is however significant uncertainty from 2022-23 onward, where it is expected that a new funding formula will be introduced together with a new business rates retention system. Consequently, the medium-term financial forecast will be revised once this information has become available to establish the Council's financial position going forward.

Although the full utilisation of the £1.2m contribution from reserves was not required in 2021-22, this remains in the 2022-23 budget and beyond, the usage of reserves represents an un-sustainable position moving forward if reserves diminish further. It is clear, that further savings, will therefore, need to be identified during 2022-23 for 2023-24 in order to stabilise the Council's finances over the medium term.

The Council is facing a difficult medium term financial situation as a result of the Government reducing the funding it provides to all local authorities, and due to the inflationary pressures effecting the UK economy. It is expected that there will continue to be a budget gap between the spending required to maintain existing service levels and the resources that will be available. This challenging financial position is recognised as a significant risk on the Council's key risk register.

Key risks and sensitivities in the MTF include:

- Government funding decisions.
- Pay awards.
- Levels of economic activity.
- The length and severity of the Covid pandemic.
- Changes in the business rate base.
- Numbers of council tax support claimants.
- General inflation rates.
- Interest rates.
- Numbers of new homes built in the Borough.

Financial Statements

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July. Following Government consultation, The Ministry of Housing, Communities and Local Government (MHCLG) laid before Parliament the Accounts and Audit (Amendment) Regulations 2021 to delay the statutory deadlines to the 31 July for the publication of the unaudited Statement of Accounts and 30 November for the audited Statement of Accounts for the financial year 2021-22.

The Statement of Accounts provide an overview of the Council's financial position for 2021-22. The 2021-22 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code), which is based on International Financial Reporting Standards (IFRSs).

Overview

The Council spent £70.3m in providing day-to-day services for the local community in 2021-22. The Council also invested £25.4m in capital projects during the year to maintain and develop the services that it provides. Total usable reserves increased by £2.1m over the course of the year to £35.5m.

Service Provision

In broad terms the following tables show where the money for providing services comes from and what it was spent on.

Where the money comes from (net cost of services)

2020-21 £'000		2021-22 £'000
20,177	Benefits Payments and Administration grants	18,179
25,848	Housing rents and service charges	26,355
20,139	Service specific fees, charges and grants	11,961
66,164	Total	56,494

What the money is spent on (net cost of services)

2020-21 £'000		2021-22 £'000
25,404	Corporate & Customer Services	22,638
9,231	Environmental Services	8,929
927	Finance, Procurement and Commercial Services	905
6,056	Housing and Regulatory	4,989
25,973	Housing Revenue Account	20,383
5,043	Growth and Development	4,620
3,223	Wellbeing and Leisure	4,382
6,490	Other Services	3,420
82,347	Total	70,265

A more detailed breakdown of expenditure by nature is provided in Note 30

Financial position

The main assets of the Council are its housing stock and the other land, buildings and equipment that it owns. Total long-term assets have been valued at £274.839m, which is an increase of £19.599m on the previous year.

The Council had a total net worth of £143.1m as at 31 March 2022, taking into account all of its assets and liabilities, which was an increase of £35.0m on the previous year. This change was the result of a wide range of different factors.

Outlook

The value of the net pension liability in the accounts has decreased by £16.266m to £49.570m. The net pension liability represents the excess of long term accrued liabilities, assessed on a prescribed basis, compared with the market value of pension assets. Statutory arrangements for the funding of the pension scheme mean that the financial position of the Council remains healthy.

The Cash Flow Statement shows a decrease of £2.452m in cash and cash equivalents over the year, and there was also an increase of £13.127m in short term investments. The main explanatory factors for this position are the receipt in advance of £6m for the government's Council Tax Energy Rebate Scheme, £2.2m for the Covid Additional Relief Fund Scheme (CARF) to be distributed to businesses in 2022-23 and £3.8m S31 Business Rates relief and compensation grant to be paid back to Government in 2022-23.

An upward revaluation of £3.3m was made on Council dwellings within the HRA, compared to an upward revaluation of £19.8m in the previous year. This revaluation review was conducted in conjunction with the Council's Estates section who followed professional guidelines in conducting this exercise.

At the start of the year the Council had £88.246m of external borrowing that was taken out with the Public Works Loans Board to finance the introduction of the HRA Self Financing system. During 2021-22 the scale of capital investment meant there was an increase in the underlying need to borrow of £7.422m, although this was funded from internal sources rather than through external borrowing. The Council Capital Financing Requirement (CFR) increased to £111.692m, with the under borrowed position being £23.446m.

The Council has a wholly owned company called Tawd Valley Developments Limited which is intended to undertake residential and commercial development. 2020-21 was the company's first full operational year, during the year the Council provided equity of £200k funding to it, in line with its approved Business Plan, to cover its operating costs and the costs of its initial development works. The total loan funding of £1.6m has been provided at a commercial rate of interest and it is expected that dividends will also be earned on the total equity of £900k in due course as the company completes its development schemes.

Following an assessment of materiality, the Council has prepared Group Accounts in 2021-22 to include its interests in the subsidiary company Tawd Valley Developments Limited.

Contents of the Accounts

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the Movement in Reserves Statement between usable and non-usable reserves. These constitute the net worth of the Council in the Balance Sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the Balance Sheet are shown in the Cash Flow Statement. These inter-relationships are shown below.

Comprehensive Income and Expenditure Statement	2021-22 £'000
Surplus / (Deficit) on the Provision of Services	(4,724)
Other Comprehensive Income and Expenditure	(30,319)
Total Comprehensive Income and Expenditure	(35,043)

Movement in Reserves Statement	2021-22 £'000
Effect on Usable Reserves	(2,122)
Effect on Unusable Reserves	(32,921)
Change in Total Net Worth	(35,043)

Balance Sheet (Change in Assets less Liabilities)	2021-22
	£'000
Change in Net Assets (Excluding Cash)	(32,591)
Change in Cash and Cash Equivalents	(2,452)
Change in Total Net Worth	(35,043)

Cash Flow Statement	2021-22
	£'000
Change in Cash and Cash Equivalents	(2,452)

An explanation of the main accounting statements, and their purpose, are set out below.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (which can be applied to fund expenditure or reduce taxation) and other unusable reserves.

The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes, and the Adjustments between Accounting Basis and Funding Basis under Regulations Line shows the differences between them.

The Transfers to and from Earmarked Reserves line shows the movements between balances and earmarked reserves for the General Fund and the HRA.

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 and housing rents. Councils raise taxation and rents to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and Note 30.

Balance Sheet

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, which may be used 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 may only be used to fund capital expenditure or to repay debt).

The second category of reserves is those that the Council 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. This category also includes reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustment between accounting basis and funding basis under regulations".

Cash Flow Statement

This shows the changes in cash and cash equivalents for the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

The other parts of the Statement of Accounts and their purposes are set out below:

Annual Governance Statement

This outlines key elements of the Council's governance framework, provides a review of its effectiveness, and sets out plans for its future development.

Independent Auditor's Report

This report sets out the External Auditor's opinion on whether the Accounts present a true and fair view of the financial performance and position of the Authority, and whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Statement of Responsibilities

This summarises the responsibilities of the Council and its Chief Finance Officer in relation to the Statement of Accounts.

Group Accounts

Group accounts are prepared where the authority (the Parent) has a controlling interest in a subsidiary, significant influence over an associate and/or share control in a joint venture. The main authority statements are consolidated with the identified ventures and presented based on materiality. Intra-group transactions and balances are removed on a line-by-line basis.

Housing Revenue Account (HRA)

This summarises all transactions relating to the provision and maintenance of Council houses and flats and reflects a statutory obligation to account separately for local authority housing provision.

Collection Fund

This account shows the income raised from Council Tax and Business Rates and how these funds are distributed to local authorities and central government.

Further information

Details on the Council's performance are available in the Council Plan Annual report at the following address:

<http://www.westlancs.gov.uk>

It is the Council's policy to provide full information about its financial affairs. Further details about the accounts, and summary versions of the statement in other languages, can be obtained by:

- E-mailing accountancy@westlancs.gov.uk
- Telephoning (01695) 577177
- Writing to West Lancashire Borough Council
 52 Derby Street
 Ormskirk
 Lancashire L39 2DF

ANNUAL GOVERNANCE STATEMENT

Introduction and Scope of Responsibility

This statement provides an overview of how West Lancashire Borough Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. Governance comprises the systems and processes, culture, and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.

A summary of significant governance challenges which the Council faces is given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is remaining to be done. This provides transparency and gives assurance that the Council is committed to continually improve the way in which it functions.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

To discharge this overall responsibility, the Council must have in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance, and this statement explains how the Council has complied with the code and meets the requirements of the Accounts and Audit Regulations, in relation to the production of an Annual Governance Statement.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This statement explains how the Council has complied with the code and also meets the requirements the [Accounts and Audit Regulations \(England & Wales\) Regulations 2015 regulation 6 \(1\)](#) which requires all relevant bodies:

- Conduct a review of the effectiveness of the system of internal controls.
- Prepare an Annual Governance Statement.

It should be noted that the Council also fulfils a governance role in relation to Tawd Valley Development Company for which it is a shareholder.

What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led, and held to account. The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive, and honest manner.
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently, and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvements in the way it operates.

The Purpose of the Framework

The governance framework comprises the systems, processes, culture, and values by which the Council is directed and controlled and the mechanisms through which it accounts to, engages with, and leads the community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes and enables the Council to monitor the achievement of its Vision and priorities:



By adhering to this framework, it enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Both risk management and internal control are a significant part of the Council's framework and are designed to manage risk to a reasonable level. These safeguarding processes cannot eliminate all risk of failure to achieve policies, aims and strategic objectives and can therefore only provide reasonable and not absolute assurance of their effectiveness.

The system of risk management and internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively, and economically.

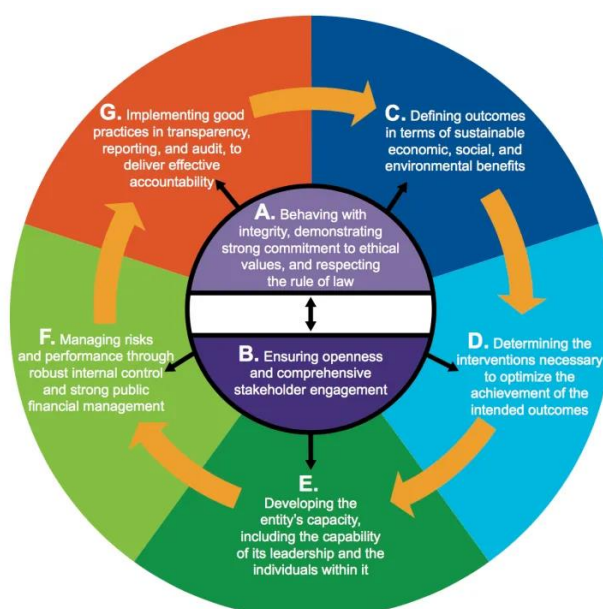
Annual Review of Effectiveness of the Governance Framework

The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. After conducting the review, the council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance.

The seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition) are as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability.



(International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the "International Framework")

The review of effectiveness is informed by:

- Corporate Management Team and Senior Managers - Responsibility for the development and maintenance of the governance environment and internal control lies with the Chief Operating Officer and Corporate Management Team within their service areas. Their feedback and comments are provided in annual Governance Assurance Statements and are an essential part of this review.
- The Internal Audit Manager's Annual Report and Opinion 2021-22 – In terms of the year to March 2022 the Internal Audit Manager can provide "moderate assurance" that the Council's governance, risk and control framework was generally sound and operated reasonably consistently in the year. The full report and opinion is set out in the [Internal Audit Annual Report and Opinion 2021-22](#) that was presented to Audit & Governance Committee 27 July 2022.
- Feedback, recommendations, and comments made by the external auditors and other review agencies and inspectorates.

Decision Making and Scrutiny

The Council approved the overall policy and budgetary framework for the financial year 2021-22. Cabinet subsequently made decisions at various points throughout the year that were in line with this policy and budget framework. The decisions of the Cabinet have been the subject of scrutiny through the Council's Overview and Scrutiny Committees which met regularly during the year.

Each Overview and Scrutiny Committee had a work programme for the year and reviewed a range of current activities and potential issues as part of that programme.

All decisions made by Committees, Council, Cabinet, Cabinet Member (under their delegated powers) and Chief Officer executive decisions are recorded and published online for transparency.

Delegation arrangements for Cabinet Members are reviewed annually by the Legal and Democratic Services Manager as part of the Constitution review process.

The Council publishes a calendar of meetings and deadlines for the submission of agenda items. Agendas and reports are produced promptly and provided to the relevant Members.

Audit and Governance Committee

The Audit and Governance Committee provides independent assurance on the adequacy of the Council's risk, governance, and assurance environment. All political parties are represented on the Audit and Governance Committee.

The Committee met regularly during 2021-22, considering reports, from the Monitoring Officer, the Section 151 (S151) Officer, the Internal Audit Manager (now known as the Corporate Compliance & Governance Manager), and the External Auditor.

Standards Committee

The Standards Committee role is to promote and maintain high standards of conduct throughout the authority and create a sense of 'ethical well-being' and ensure that Councillors and Co-opted Members within West Lancashire follow the highest standards of conduct. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance. The annual report for 2021-22 was presented to members of the Standards Committee on 20 September 2022.

Tawd Valley Development Shareholders Committee

The Tawd Valley Development Shareholders Committee are a cross party committee who have discussions about the future direction of Tawd Valley Developments (TVD), evaluate the company's effectiveness against agreed objectives and business plan; and assess any risks to the Council due to TVD activities. The committee was set up during 2021-22 with the first meeting taking place in March 2022.

Corporate Management Team (CMT)

CMT consists of the Chief Operating Officer, Corporate Directors, Monitoring Officer, and Heads of Service. It provides senior management and leadership in the development, delivery and communication of Council and borough-wide policy and performance. It has a key responsibility for the development and maintenance of the governance environment.

As part of the corporate governance review for 2021-22 members of CMT have provided formal assurance in respect of their service area, by their responses to the Governance Assurance Statement questionnaires.

External Audit

Grant Thornton is the Council's appointed External Auditor for 2021-22. The work of the Council's External Auditor includes an examination of the Council's financial statements and an assessment of the degree to which the Council has the required arrangements in place to deliver value for money in the use of its resources.

Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of Council activities. It is the duty of the Internal Audit Manager to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council.

Based upon the work of Internal Audit during 2021-22, the Internal Audit Manager provided the Council with an overall opinion of Moderate. Internal audit carried out follow up audit reviews for all recommendations made and reported results to CMT and the Audit and Governance Committee.

The Public Sector Internal Audit Standards were introduced from April 2013 and updated in April 2017. The service was the subject to an external review during 2018-19 which was assessed as being generally compliant with the Public Sector Internal Audit Standards 2017.

Financial Sustainability

The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms and, consequently, has utilised its reserves to achieve a balanced budget over this period. Balanced budgets were achieved for 2021-22 and 2022-23.

Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. Councils are required to be compliant with the Code.

A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government, to give a comprehensive picture of financial management in the Council.

Our evaluation has demonstrated that the requirements of the code are being satisfied.

How WLBC achieves the Seven Principles

From the evaluation work undertaken during the year the following sections look at how the Council is held to account for the seven principles of Corporate Governance.

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none">Behaving with integrity.Demonstrating strong commitment to ethical values.Respecting the rule of law.	<ul style="list-style-type: none">The Council has an agreed constitution which sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It also refers to the adherence of the Seven Principles of Public Life (the 'Nolan Principles').The Council has put processes in place to minimise the risk that its councillors and employees act in an improper way (influenced by prejudice, bias or conflict of interest) when dealing with stakeholders.The Council has Codes of Conduct for councillors and employees. Additionally, there is a suite of policies and procedures for councillors and employees which define the standards of behaviour expected. Deviation from these policies may result in the use of the embedded disciplinary processes in place.The Council has approved Management and Employee Core Expected Behavioural Standards in place. All employees of the Council are expected to display the Employee Core Expected Behavioural Standards whilst they are undertaking their duties. Employees who are appointed as supervisors and managers are expected to display certain Manager Expected Behavioural Standards as well as the Employee Core Expected Behavioural Standards.The Council's Vision and Priorities and, People's Strategy are clear and demonstrates its commitment to its stakeholders.

West Lancashire Borough Council Statement of Accounts 2021-22

Sub Principle	How West Lancashire Borough Council Achieves the Principle
	<ul style="list-style-type: none"> • The Standards Committee ensure that there are high standards of ethical governance from elected members of the Council. The committee provides a summary of its work in its annual report. • The Chief Operating Officer is designated Head of Paid Services and is responsible for reporting to Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers. • The Head of Finance, Procurement and Commercial Services is the designated Chief Finance Officer and is responsible for ensuring lawfulness and financial prudence of decision making, administering the financial affairs of the Council, contribute to the corporate management of the Council through the provision of professional financial advice, provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and the elected mayor and will support and advise councillors and officers in their respective roles; and provide financial information to the media, members of the public and the community when required. • The Legal & Democratic Services Manager undertakes the role of the Monitoring Officer. Details of the role of the Monitoring Officer is documented in the Monitoring Officer Protocol and Council Constitution. The role includes maintaining the Council Constitution, ensuring that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with.

B: Ensuring openness and comprehensive stakeholder engagement

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> • Openness. • Engaging comprehensively with institutional stakeholders. • Engaging with individual citizens and service users effectively. 	<ul style="list-style-type: none"> • The Council publishes all relevant information (as required by the Local Government Transparency Code 2015) on its website. • The Council's website contains comprehensive information pertaining to the services provided by West Lancashire Borough Council and its partners. • The Council's decision-making information, including committee agendas and minutes (not restricted) is available via the council's website and intranet. • The Council undertakes consultation exercises regularly including budget proposals.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Defining outcomes. Sustainable economic, social and environmental benefits. 	<ul style="list-style-type: none"> The Council is committed to community engagement and involvement. The Council has a clear vision for the future as set out in its Vision and Council Priorities which considers all relevant economic, social and environmental factors. Outcomes are reported in the Annual Council Report which available on the Council website. The Council has structured budget and treasury management processes in place. Each Council service area has its own service action plan that contributes to delivering an effective service. The Council's wholly owned company, Tawd Valley Developments has its own website where information regarding current and future developments and the Annual Review Report are documented. A TVD Shareholders committee is also in place and is made up of cross-party membership. The Council declared a Climate Emergency in 2019 and has a Climate Change Strategy and Action Plan 2023 in place which can be found on the Council Website Climate Action news is available on the Council Website and details actions to deliver carbon reduction projects across West Lancashire.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Determining interventions. Planning interventions. Optimising achievement of intended outcomes. 	<ul style="list-style-type: none"> The Council operates a Scrutiny and Review Committee system, and the decision-making process allows for challenge where necessary. The Council has a robust financial strategy with financial planning protocols in place (Medium Term Financial Strategy, annual budget monitoring and Forward Plans). Cabinet receives regular reports on the General Revenue, Housing Revenue and Capital Budgets. The Council engages and undertakes consultation exercises with its stakeholders in relation to service provision changes and

West Lancashire Borough Council Statement of Accounts 2021-22

Sub Principle	How West Lancashire Borough Council Achieves the Principle
	<p>new initiatives.</p> <ul style="list-style-type: none"> The Council Plan is underpinned by individual Service Action Plans which set out the core priorities and activities for each service.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Developing the entity's capacity. Developing the capability of the entity's leadership and other individuals. 	<ul style="list-style-type: none"> The Council has an agreed constitution which details roles and responsibilities of councillors and key officers of the Council. The Council requires all new employees and councillors to undertake an induction process. The Council has an Our People Strategy 2020-23 in place. The Council has a number of human resource policies in place to support employees and managers. Employee training needs are identified through the annual appraisal process. The Council has a training system in place which includes mandatory modules for employees to complete and a selection of other useful training modules. Financial Regulations are contained within the Council's Constitution and all employees are required to operate within them. A number of new projects are being progressed as part of the Council's Our Futures Strategy. The Council works with a number of partners to deliver services throughout the borough.

F. Managing risks and performance through robust internal control and strong public financial management.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Managing risk. Managing performance. Robust internal control. Managing data. Strong public financial management. 	<ul style="list-style-type: none"> The Council has a Risk Management Framework which includes a Policy and Toolkit and is updated annually. All Members and Council staff have received training in. The Council's Performance Management is managed using the Pentana Risk System. A system of scrutiny and review is in place as part of the Council's decision-making process. The Council has an Audit and Governance Committee who meet quarterly and provide independent assurance of the adequacy of the Council's Risk Management Framework and the associated control environment. The Council has a Standards Committee in place and are required to promote and maintain high standards of conduct throughout the Council and create a sense of 'ethical well-being' and ensure that Councillors and Co-opted Members within West Lancashire follow the highest standards of conduct. An internal audit service is maintained and reports quarterly to the Audit and Governance Committee. The role of the Head of Internal Audit is undertaken by the Corporate Compliance and Governance Manager (CCGM). The CCGM conforms with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). The Council maintains policies and arrangements in respect of Anti-fraud, Bribery & Corruption, Anti-Money Laundering and Whistleblowing. A data management framework and procedures are in place and are readily available to all members of staff. The Council has appointed a Senior Information Risk Owner and Data Protection Officer. The DPO provides the Council with independent assurance regarding compliance with the data protection law. The Council has an Information Governance Committee (IGC) and has appointed Information Asset Owners who are required to attend and contribute to IGC meetings. Effective arrangements are in place and operating effectively for the collection, storage and sharing of information.

West Lancashire Borough Council Statement of Accounts 2021-22

Sub Principle	How West Lancashire Borough Council Achieves the Principle
	<ul style="list-style-type: none"> The Council complies with the NHS Data Security and Protection Toolkit. The Council has a robust financial strategy with Financial Planning protocols in place (Annual Budget Monitoring, Medium Term Financial Strategy and Forward Plans), and The Council's Financial Statements are available to the Public on the Council's website.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Implementing good practice in transparency. Implementing good practices in reporting. Assurance and effective accountability 	<ul style="list-style-type: none"> The Council adheres to the Local Government Transparency Code 2015, with relevant information accessible via the Council's website. The Council's Financial Statements and External Auditor's Letter is available on the Council's website for 2012-13 to 2019-20. For 2020-21 and 2021-22 draft financial statements are available on the Council website and the External Auditor is in the process of reviewing these statements. The Council produces Financial Statements in accordance with CIPFA's Practice on Local Authority Accounting in the UK following International Financial Reporting Standards (IFRS). The Financial Statements are scrutinised by the External Auditor with a separate report produced, and An Annual Governance Statement is produced and incorporated into the Council's approved Financial Statements. The Council has undergone an LGA Peer review and published the findings on its website.

Significant Governance Issues (SGI)

In addition to identifying those areas where the Council meets the principles of Corporate Governance, it is also appropriate to identify areas of improvement that can be undertaken during the next financial year. These are termed as 'Significant Governance Issues' and can be defined as an issue that:

- Seriously prejudices or prevents achievement of a key target.
- Has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business.
- The external auditor regards as having a material impact on the accounts/value for money conclusion.
- Audit and Governance Committee advises that it should be considered significant.
- The Internal Audit Manager identifies and reports on it as significant.
- It has been reported as significant by external bodies – for example Ombudsman, Information Commissioner, independent consultants.
- The issue, or its impact, has attracted significant public interest, or has seriously damaged the reputation of the Council.
- May make it harder to prevent fraud or other misuse of resources.
- May put financial stability, security or data integrity at risk.

Action taken to address Significant Governance Issues Identified During 2021-22 Review:

This section provides a summary of the strategic actions taken to address the Council's significant governance issues reported in the Annual Governance Statement 2020-21.

Action to be addressed	Action Taken	Responsible Officer(s)	Status
The Local Code of Corporate Governance requires an update.	The draft Local Code of Corporate Governance has been devised and will be presented to Audit & Governance Committee in July 2023 and a subsequent Council meeting for review and adoption.	Monitoring Officer, Corporate Compliance & Governance Manager	Partially Complete
The Council is not fully GDPR compliant. Whilst it is acknowledged that extensive work has been undertaken to ensure WLBC becomes compliant there are still several steps required to achieve full compliance.	The Effective Data Management (EDM) Project addressed the Internal Audit Recommendations relating to GDPR and moved the Council to full compliance.	EDM Project Team	Complete

West Lancashire Borough Council Statement of Accounts 2021-22

Action to be addressed	Action Taken	Responsible Officer(s)	Status
<p>The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms and, consequently, has utilised its reserves to achieve a balanced budget over this period. Balanced budgets were achieved for 2021-22 and 2022-23, but the Council's Medium Term Financial Strategy shows a budget gap of £1.5m in 2024-25 and a further £1.2m in 2025-26. These will require urgent action and targeted decision making to achieve a balanced budget for 2024-25 and beyond.</p>	<p>The Council's approved budget for 2022/23 continued with the medium-term use of reserves.</p> <p>The Medium-Term Financial Strategy for 2023-24 onwards was presented to Council in February 2023. This identified a budget gap totaling £2.7m across the years to 2025-26. Action is underway to identify the necessary savings and efficiencies to address this gap.</p>	<p>Head of Finance, Procurement & Commercial Services (s151 Officer)</p> <p>Corporate Finance Manager (Deputy s151)</p>	Ongoing
<p>The Council undertook office upgrade work following the Sustainable Organisation Review Project and to address some Health and Safety requirements. Following an Internal Audit Review the way in which the work was procured was found not to be in accordance with the Councils Contract Procedure Rules or Public Contracts Regulations 2015.</p>	<p>Details of the findings of the Internal Audit Review have been reported to the Council's external auditor and the Audit and Governance committee.</p> <p>Additional controls have been introduced within the service area. These will be subject to periodic internal audit review.</p> <p>The service area responsible for the office upgrade works ensures that procurement of services and contractors is now carried out in line with guidance from the Procurement Service.</p> <p>The Council's Procurement Service delivery model has been reviewed and a business case for centralisation has been agreed.</p>	<p>Property Services Manager</p> <p>Corporate Compliance & Governance Manager</p>	Complete

West Lancashire Borough Council Statement of Accounts 2021-22

Action to be addressed	Action Taken	Responsible Officer(s)	Status
There has been a delay in the completion of the external audit of the Council's Financial Statements for 2020-21 due to issues out of the Council's control, including, Covid-19, staffing resources and the need to meet new requirements such as the completion and incorporation of Group Accounts in the Financial Statements.	<p>The Audit of the 2020-21 Accounts is now substantially complete, but the finalisation of the document itself, ready for publication, including all identified amendments, has yet to be completed.</p> <p>A restructure of the Finance Team has been undertaken.</p> <p>The draft financial statements for 2021-22 have been produced on time and external audit of the Council's 2021-22 Financial Statements is due to commence.</p>	<p>Head of Finance, Procurement & Commercial Services (s151 Officer)</p> <p>Corporate Finance Manager (Deputy s151)</p>	Ongoing

Significant Governance Issues Identified During 2021-22 Review

The 2021-22 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

Significant Governance Issue	Action to Address the issue
The Local Code of Corporate Governance has been updated, however, it must be reviewed and agreed by members of CMT and the Audit and Governance Committee.	<p>The Corporate Compliance & Governance Manager and Legal & Democratic Services Manager (Monitoring Officer) will present the document to CMT for review and agreement.</p> <p>A review of the document will be undertaken annually and presented to Audit & Governance Committee at their October 2023 meeting.</p>
The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms. Whilst balanced budgets, including a planned use of reserves, have been achieved for both 2022-23 and 2023-24, there remain significant budgetary pressures going forward, which are further exacerbated by the continued absence of a long-term financial settlement.	There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired because of a need to close facilities and reduce levels of service provision.
The financial statements for 2020-21 and 2021-22 have been finalised. The external audit review for 2020-21 is now substantially complete and detailed work on that for 2021-22 is due to commence shortly.	The external audit review for 2020-21 is substantially complete and all relevant amendments arising from the Auditor's work will be incorporated into the final version of the documents. The Council will likewise respond to any findings in respect of 2021-22 when received.

Conclusion

This Annual Governance Statement demonstrates that the systems and processes employed provide a comprehensive framework upon which to give assurance appropriate governance arrangements were in place during 2021-22.

The governance arrangements outlined in this Annual Governance Statement have been applied throughout the year and will continue to be applied throughout 2022-23. The annual review has provided an effective process to identify any governance issues and to put in place the necessary improvement actions. Additionally, the challenging approach we take to Corporate Governance has identified areas that the Council would like to improve further, and these actions are recorded in an action plan that is monitored by the Corporate Management Team.

The annual review process and action plan demonstrates the culture of the Council to robustly challenge itself and constantly seek out opportunities to improve. The annual review has identified, overall, that the Council continues to have an effective framework of governance.

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year except for those areas identified as requiring improvement. We propose over the coming months to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed:



Jacqui Sinnott-Lacey
Chief Operating Officer

Date: 28 November 2023

Signed:



Councillor Yvonne Gagen
Leader of the Council

Date: 28 November 2023

INDEPENDENT AUDIT REPORT

Independent auditor's report to the members of West Lancashire
Borough Council

Report on the Audit of the Financial Statements

TO BE INSERTED ONCE THE ACCOUNTS ARE FINALISED

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The following responsibilities are placed upon the Authority and its Chief Finance Officer in relation to the Council's financial affairs.

The Authority's 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 Head of Finance, Procurement and Commercial Services.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer's Responsibilities

As the Authority's Chief Finance Officer, I am responsible for preparing the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

I have also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Authority at the 31 March 2022 and its income and expenditure for the year then ended.

James Pierce
Head of Finance, Procurement and Commercial Services (Section 151 Officer)
27 July 2022

MOVEMENT IN RESERVES STATEMENT 2021-22

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(960)	(16,792)	(620)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,346)
<i>Movement in Reserves during 2021-22</i>										
Total Comprehensive Income and Expenditure	(656)	-	(4,068)	-	-	-	-	(4,724)	(30,319)	(35,043)
Adjustments between accounting basis and funding basis under regulations (Note 8)	1,591	-	3,976	-	(742)	123	(2,345)	2,602	(2,602)	-
Transfers to / from Earmarked Reserves (Note 9)	(935)	904	93	(93)	-	-	32	-	-	-
Increase / Decrease in Year	(0)	904	(0)	(93)	(742)	123	(2,314)	(2,122)	(32,921)	(35,043)
Balance at 31 March 2022	(960)	(15,888)	(620)	(2,603)	(2,978)	(778)	(11,623)	(35,450)	(106,940)	(142,390)

MOVEMENT IN RESERVES STATEMENT 2020-21

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	(960)	(8,941)	(620)	(2,600)	(3,644)	(1,018)	(6,602)	(24,385)	(70,923)	(95,308)
<i>Movement in Reserves during 2020-21</i>										
Total Comprehensive Income and Expenditure	(52)	-	2,669	-	-	-	-	2,617	(14,655)	(12,038)
Adjustments between accounting basis and funding basis under regulations (Note 8)	(7,799)	-	(2,578)	-	1,408	117	(2,707)	(11,559)	11,559	-
Transfers to / from Earmarked Reserves (Note 9)	7,851	(7,851)	(90)	90	-	-	-	-	-	-
Increase / Decrease in Year	(0)	(7,851)	(0)	90	1,408	117	(2,707)	(8,942)	(3,096)	(12,038)
Balance at 31 March 2021	(960)	(16,792)	(620)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,346)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020-21				2021-22		
Gross Cost £'000	Gross Income £'000	Net Cost £'000	Service	Gross Cost £'000	Gross Income £'000	Net Cost £'000
25,404	(22,555)	2,849	Corporate and Customer Svs	22,638	(19,160)	3,478
9,231	(1,629)	7,602	Environmental Services	8,929	(1,651)	7,278
927	(495)	432	Finance, Procure & Commercial	905	(550)	355
6,056	(2,991)	3,065	Housing and Regulatory	4,989	(2,811)	2,178
25,973	(26,333)	(360)	Housing Revenue Account	20,383	(26,361)	(5,979)
5,043	(2,438)	2,605	Growth and Development	4,620	(2,378)	2,242
3,223	(196)	3,026	Wellbeing and Leisure	4,382	(1,532)	2,850
6,490	(9,528)	(3,037)	Other Services	3,420	(2,050)	1,370
82,347	(66,164)	16,183	Cost of Services	70,265	(56,494)	13,771
1,124	-	1,124	Other operating expenditure (Note 10)	2,287	-	2,287
6,598	(2,440)	4,158	Financing & investment income & expenditure (Note 11)	5,612	(2,541)	3,071
-	(18,848)	(18,848)	Taxation & non-specific grant income & expenditure (Note 12)	-	(23,853)	(23,853)
90,069	(87,452)	2,617	Surplus (-) or Deficit on Provision of Services	78,164	(82,888)	(4,724)
		(29,132)	Surplus (-) or deficit on revaluation of non-current assets (Note 26)			(7,381)
		14,477	Re-measurement of the net defined pension liability (Note 40)			(22,938)
		(14,655)	Other Comprehensive Income and Expenditure			(30,319)
		(12,038)	Total Comprehensive Income and Expenditure			(35,043)

BALANCE SHEET

31 March 2021		Note	31 March 2022
£'000			£'000
233,901	Property, Plant & Equipment	13	254,045
509	Heritage Assets	15	509
17,722	Investment Property	16	18,496
774	Intangible Assets	17	832
2,275	Long Term Investments	19	900
58	Long Term Debtors	19	58
255,240	Long term assets		274,839
10,038	Short Term Investments	19	23,165
38	Assets held for sale	14	81
13	Inventories	20	14
19,479	Short Term Debtors	21	14,673
9,190	Cash and Cash Equivalents	22	6,738
38,758	Current assets		44,672
(21,999)	Short Term Creditors	23	(33,455)
(21,999)	Current Liabilities		(33,455)
(1,209)	Provisions	24	(1,628)
(65,836)	Pension Liabilities	40	(49,570)
-	Other Long-Term Liabilities	39	-
(9,361)	Grants & Contributions in Advance	35	(4,222)
(88,246)	Long Term Borrowing	19	(88,246)
(164,652)	Long Term Liabilities		(143,666)
107,347	Net Assets		142,390
(33,328)	Usable Reserves	25	(35,450)
(74,019)	Unusable Reserves	26	(106,940)
(107,347)	Total Reserves		(142,390)

CASH FLOW STATEMENT

2020-21 £'000		2021-22 £'000
(2,617)	Surplus (Deficit) on the Provision of Services	4,724
21,105	Adjustments for non-cash movements (Note 27)	32,790
(8,654)	Adjustments for items that are investing or financing activities (Note 27)	(13,174)
9,834	Net Cash Flows from Operating Activities	24,340
4,164	Investing Activities (Note 28)	(27,616)
(10,924)	Financing Activities (Note 29)	824
3,075	Change in Cash and Cash Equivalents	(2,452)
6,115	Cash & Cash Equivalents at start of period	9,190
9,190	Cash & Cash Equivalents at end of period (Note 22)	6,738

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

This 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. It has been prepared in accordance with relevant statutory regulations and proper accounting practice, and in particular the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards.

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

ii. Accruals of Income and Expenditure

Activity is accounted for in the financial year in which it takes place, not when cash payments are made 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 of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and interest 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.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. 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 accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are also corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting 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.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

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 authority in accordance with statutory guidance (England).

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by a Minimum Revenue Provision contribution in the General Fund balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Capital charges to the Housing Revenue Account are calculated in accordance with statutory regulations, and in particular the Item 8 Credit and Debit Determinations.

vi. Council Tax and Non-Domestic Rates

Billing authorities 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.

The council tax and the NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council'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 reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the year end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments, prepayments and appeals.

vii. 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 salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account, so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These amounts are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises the costs of the restructuring.

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 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 entries 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 of the Council participates are members of the Local Government Pension Scheme, administered by the Lancashire County Pension Fund.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Lancashire County Pension Fund attributable to the Council 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 future earnings for current employees.

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

The assets of the Lancashire County Pension Fund attributable to the Council 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 the net pensions 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 – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 Lancashire County 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, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to 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 on the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

viii. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the statement of accounts are 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.

ix. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost.
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) and/or financial assets designated at FVOCI, where relevant.

The Council business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], 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.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council where there is reasonable assurance that the Council will comply with any conditions attached to the payments and that the payments 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 either current or long-term liabilities. 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.

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from this levy will be used to fund infrastructure projects to support the development of the Borough.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

xi. Heritage Assets

Heritage assets include civic regalia, public sculptures, memorials, fountains, and village cross, with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the Council holding them.

Heritage assets (other than operational heritage assets) will be measured at valuation in accordance with FRS 102. Where this is not practicable, they will be valued at historical cost (less any impairment losses).

There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current and valuations will be made by any method that is appropriate and relevant.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g., where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The proceeds of such items are accounted for in accordance with the Council'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.

All the Council's heritage assets are considered to have an indefinite useful life and are not depreciated.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiii. Interests in companies and other entities

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

xiv. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv. Investment Property

Investment properties are those that are used solely to earn rentals and / 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.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. The same treatment is applied for gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi. Leases

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

The Council currently only has operating leases in place.

The Council as Lessee: Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

The Council as Lessor: Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. Overheads and Support Services

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

xviii. Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as a revenue expense as it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- 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 management, and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows

of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value determined using the basis of existing use value for social housing (EUV-SH).
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value determined as the amount that would be paid for the asset in its existing use. (EUV = Existing Use Value).

Where there is no market-based evidence of current value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value. Where non property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying value is not materially different to their current value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and the possible difference is estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (such as freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset.
- infrastructure - straight-line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and whose costs are significant in relation to the total cost of the item, then the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation charge that would have been made based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and 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 its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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 from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). The net value of these transactions then reflects the gain or loss on the disposal of the asset. Any revaluation gains accumulated on the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

A proportion of capital receipts relating to housing disposals is payable to Central Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow i.e., the Capital Financing Requirement (CFR). Receipts are appropriated to the Capital Receipts Reserve from the General Fund in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liability

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent liabilities can also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Asset

A contingent asset arises where an event has taken place that gives the Council a possible asset but whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, local taxation, retirement, and employee benefits. These do not represent usable resources for the Council, and include the capital adjustment account, revaluation reserve, collection fund adjustment account, pensions reserve and accumulated absences account.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that 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 in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenues and Customs.

VAT receivable is excluded from income.

xxiii. Fair value measurement

The Council's accounting policy for fair value measurement of financial assets is set out in Note 19.

The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

When measuring 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 for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy are as follows:

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

xxi. Interests in Companies and Other Entities

The Council has a material interest in an external entity that is classified as a subsidiary and therefore group accounts have been prepared. In the Council's single entity accounts the Council's interest is recorded as a financial asset at cost less any provision for losses.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED.

The Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

Accounting Standards that have been issued but not yet adopted, include:

- 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.
- IAS 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.

It is not expected that these changes will have a material effect on the Council's Statement of Accounts in 2021-22.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council entered into a one-year agreement with a Leisure Trust and Serco Group PLC for the operation of its main leisure centres. It has been determined that the Council does not have control of the Trust and it is not a subsidiary of the Council.
- The Council has a wholly owned development company called Tawd Valley Developments Limited, the Council has provided a mixture of equity and loan financing, having considered the materiality of all intercompany transactions, the Council continue to produce group accounts, the Group Accounts and Notes section to the accounts provide further information.
- The Council has agreed with Lancashire County Pension Fund to make prepayments towards the cost of post-employment benefits for the three-year period 2020-21 – 2022-23. In line with the Council's accounting policies, in 2021-22 the amounts relating to 2022-23 have been offset against the pension liability on the balance sheet. For further details see Note 39 Defined Benefit Pension Schemes.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, the actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the next financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Council Dwellings, Other Land & Buildings, and Investment Property: Valuations	The valuations of council dwellings, other land & buildings, and investment property are compiled by an expert using recognised measurement techniques and based on professional guidance the underlying data is considered to be sound and reliable and the scope to use judgement and change assumptions is limited. The carrying value for these categories of assets are contained in notes 13 and 16.	<p>The effect of any changes of assumptions could be significant due to the high value council dwellings, other land & buildings, and investment property on the balance sheet.</p> <p>For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £2.684m</p>
Property, Plant and Equipment: Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The carrying value for these categories of assets are contained in notes 13 and 16.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase for every year that useful lives had to be reduced as follows:</p> <p>Dwellings £0.062m Buildings £0.040m Vehicles, Plant & Equipment £0.036m Intangible Assets £0.009m</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £3.847m.</p> <p>Sensitivity to the actuarial assumptions are set out in Note 37.</p>

5. MATERIAL ITEMS OF INCOME AND EXPENSE

All material items have been disclosed in the main financial statements or in the notes to the accounts.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts were authorised for issue by the Head of Finance, Procurement and Commercial Services and S151 designate. Events taking place after this date have not been reflected in the financial statement or notes.

Where events taking place before this date provide 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.

7. EXPENDITURE AND FUNDING ANALYSIS

This Analysis shows how expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources used in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
2021-22	£'000		£'000	£'000	£'000
Corporate & Customer Svs.	2,740	(345)	2,395	1,082	3,477
Environmental Services	7,233	(948)	6,285	993	7,278
Finance, Procure & Commercial	(567)	786	219	135	354
Housing and Regulatory	1,731	(169)	1,562	618	2,179
Housing Revenue Account	-	(3,495)	(3,495)	(2,484)	(5,979)
Growth and Development	1,225	686	1,911	330	2,241
Wellbeing and Leisure	2,611	(423)	2,188	662	2,850
Other Services	(1,163)	2,465	1,302	68	1,370
Net Cost of Services	13,810	(1,443)	12,367	1,403	13,770
Other Income & Expenditure	(13,810)	2,285	(11,525)	(6,970)	(18,495)
Surplus or Deficit	0	842	842	(5,567)	(4,725)
Opening General Fund & HRA balances & reserves			(20,882)		
Less (Surplus) or Deficit			842		
Reserve Transfer			(32)		
Closing General Fund & HRA balances & reserves			(20,072)		

West Lancashire Borough Council Statement of Accounts 2021-22

Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
2020-21	£'000		£'000	£'000	£'000
Corporate & Customer Svs.	2,640	(1,042)	1,598	1,251	2,849
Environmental Services	7,253	(517)	6,737	866	7,602
Finance, Procure & Commercial	17	232	249	183	432
Housing and Regulatory	1,765	(198)	1,567	1,498	3,065
Housing Revenue Account	-	(3,266)	(3,266)	2,908	(360)
Growth and Development	1,315	537	1,852	754	2,606
Wellbeing and Leisure	2,981	(719)	2,262	765	3,027
Other Services	(2,801)	(352)	(3,153)	115	(3,037)
Net Cost of Services			7,846	8,339	16,184
Other Income & Expenditure	-	(15,605)	(15,605)	2,039	(13,566)
Surplus or Deficit			(7,760)	10,378	2,618
Opening General Fund & HRA balances & reserves			(13,122)		
Less (Surplus) or Deficit			(7,760)		
Closing General Fund & HRA balances & reserves			(20,882)		

Net expenditure chargeable to the General Fund and HRA has been adjusted to reflect the reporting format requirements of the comprehensive income and expenditure account. These adjustments separate out costs incurred in providing services from other operating income and expenditure not directly related to providing services such as those arising from investment properties, interest payments and receipts, in addition to the neutralisation of contributions to/from reserves. The adjustments to reflect the full accounting costs of services relate mainly to adjustments for capital purposes and pensions.

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The adjustments made to arrive at the Comprehensive Income and Expenditure Statement amounts are shown below.

2021-22	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	295	805	(18)	1,082
Environmental Services	281	739	(28)	993
Finance, Procure & Commercial	68	80	(12)	135
Housing and Regulatory	414	230	(26)	618
Housing Revenue Account	(2,938)	467	(13)	(2,484)
Growth and Development	100	257	(27)	330
Wellbeing and Leisure	538	134	(10)	662
Other Services	-	68	(1)	68
Other Income & Expenditure	(7,936)	1,510	(543)	(6,970)
Surplus or Deficit	(9,180)	4,291	(677)	(5,567)

2020-21	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	703	389	159	1,251
Environmental Services	439	349	78	866
Finance, Procure & Commercial	(10)	193	-	183
Housing and Regulatory	73	1,409	17	1,499
Housing Revenue Account	353	2,520	34	2,907
Growth and Development	152	567	34	753
Wellbeing and Leisure	9	758	(3)	764
Other Services	82	3	30	115
Other Income & Expenditure	1,173	(4,293)	5,159	2,039
Surplus or Deficit	2,974	1,895	5,508	10,377

Adjustments for Capital Purposes

This column adjusts for a number of factors including depreciation, impairment, Revenue Expenditure Funded from Capital under Statute, write offs of non-current assets on disposal, capital grants, the minimum revenue provision, and movements in the market value of investment properties. It also includes adjustments for capital expenditure funded from revenue, the capital receipts reserve, and the major repairs reserve.

Pensions Adjustment

For services, this adjustment removes employer pension contributions and replaces them with current and past service costs. This adjustment also charges the net interest on the defined benefit liability to the other income and expenditure line.

Other Adjustments

This adjustment includes the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund. This adjustment also includes transfers to the Accumulated Absences Account.

The opening and closing balances of reserves in the Expenditure and Funding Analysis are broken down into GRA and HRA reserves and balances in the Movement in Reserves Statement.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. A description of the reserves that the adjustments are made against is set out below:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid, and out of which all the liabilities of the authority 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 Balances, which is not necessarily in accordance with proper accounting practice. This 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. This Balance is not however available to be applied to funding HRA services.

Housing Revenue Account Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part IV of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

This 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

This 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.

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Adjustments between Accounting and Funding Basis Under Regulations 2021-22	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Mov't in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources							
Pensions costs (transferred to or from the Pensions Reserve)	(3,570)	(721)	-	-	-	-	4,291
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	543	-	-	-	-	-	(543)
Holiday pay (transferred to the Accumulated Absences Account)	121	13	-	-	-	-	(134)
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,599	(6,022)	-	-	(397)	(2,444)	4,265
Total Adjustments to Revenue Resources	1,694	(6,731)	-	-	(397)	(2,444)	7,878
Adjustments between revenue and capital resources							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	446	2,448	(2,895)	-	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	(1)	(61)	62	-	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	(894)	-	894	-	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	3,834	-	(3,834)	-	-	-
Statutory provision for the repayment of debt	307	350	-	-	-	-	(657)
Capital expenditure financed from revenue balances	39	4,136	-	-	-	-	(4,174)
Total Adjustments between revenue and capital resources	(103)	10,706	(1,939)	(3,834)	-	-	(4,831)
Adjustments to Capital Resources							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,197	-	-	-	(1,197)
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	3,834	-	-	(3,834)
Application of capital grants to finance capital expenditure	-	-	-	-	520	-	(520)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	99	(99)
Total Adjustments to Capital Resources	-	-	1,197	3,834	520	99	(5,649)

West Lancashire Borough Council Statement of Accounts 2021-22

Adjustments between Accounting and Funding Basis Under Regulations 2020-21	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Mov't in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources						
Pensions costs (transferred to or from the Pensions Reserve)	(2,425)	(549)	-	-	-	2,974
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	(5,159)	-	-	-	-	5,159
Holiday pay (transferred to the Accumulated Absences Account)	(316)	(33)	-	-	-	349
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	230	(12,160)	-	-	(2,986)	14,916
<i>Total Adjustments to Revenue Resources</i>	(7,670)	(12,743)	-	-	(2,986)	23,399
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	322	1,449	(1,771)	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	-	(36)	36	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	(729)	-	729	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	3,386	-	(3,386)	-	-
Statutory provision for the repayment of debt	279	338	-	-	-	(617)
Capital expenditure financed from revenue balances	-	5,028	-	-	-	(5,028)
<i>Total Adjustments between revenue and capital resources</i>	(129)	10,164	(1,005)	(3,386)	-	(5,645)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,414	-	-	(2,414)
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	3,386	-	(3,386)
Application of capital grants to finance capital expenditure	-	-	-	-	117	(117)
Cash payments in relation to deferred capital receipts	-	-	-	-	279	(279)
Total Adjustments to Capital Resources	-	-	2,414	3,386	396	(6,195)

9. TRANSFERS TO AND FROM EARMARKED RESERVES

	Balance 31 March 2020 £'000	Movement in year £'000	Balance 31 March 2021 £'000	Movement in year £'000	Balance 31 March 2022 £'000
Insurance Fund	(2,076)	21	(2,055)	48	(2,007)
Renewal and Repairs Funds	(387)	(80)	(467)	(44)	(511)
Corporate Reserves	(5,598)	(7,552)	(13,150)	1,164	(11,986)
Ring Fenced Reserves	(880)	(240)	(1,120)	(264)	(1,384)
General Fund subtotal	(8,941)	(7,851)	(16,792)	904	(15,888)
HRA Reserves	(2,600)	90	(2,510)	(93)	(2,603)
Restated Total	(11,541)	(7,761)	(19,302)	811	(18,491)

Insurance fund	A sum of money to meet potential insurance liabilities.
Renewal and Repairs	Resources to meet future repairs liabilities
Corporate reserves	A range of reserves to meet income fluctuations and budget sustainability.
Ring fenced	These are sums that are restricted in their application due to agreements and regulation

10. OTHER OPERATING EXPENDITURE

2020-21 £'000	2021-22 £'000
624 Parish Council Precepts	638
729 Payments to the Government Housing Capital Receipts Pool	894
(310) Gains (-) / Losses on the disposal of non-current assets	673
80 Pension Fund administration expenses	82
1,124	2,287
Total	2,287

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020-21 £'000	2021-22 £'000
3,024 Interest payable and similar charges	3,057
1,093 Pensions interest cost and expected return on pension assets	1,428
(130) Interest income	(134)
171 Income, expenditure and changes in the fair value of investment properties	(1,280)
4,158	3,071
Total	3,071

12. TAXATION AND NON-SPECIFIC GRANT INCOME

2020-21		2021-22
£'000		£'000
(8,050)	Council tax income	(8,405)
1,198	Non-domestic rates income and expenditure	(1,427)
(6,795)	Non-ring-fenced government grants	(5,168)
(5,200)	Capital grants and contributions	(8,853)
(18,848)	Total	(23,853)

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13. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2021-22	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Balance at 1 April 2021	191,205	28,432	5,260	2,582	20	8,641	236,139
Additions	7,589	231	269	101	-	15,085	23,275
Revaluations recognised in the Revaluation Reserve	3,367	1,915	-	-	-	-	5,281
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(3,845)	(141)	-	-	-	-	(3,986)
De-recognition - disposals and decommissioning	(2,004)	(1,114)	(643)	-	-	-	(3,761)
Transfers	7,221	(493)	-	-	-	(7,470)	(741)
Other movements	-	(932)	-	-	-	-	(932)
Balance at 31 March 2022	203,533	27,898	4,886	2,683	20	16,255	255,275
Accumulated Depreciation and Impairment							
Balance at 1 April 2021	-	(932)	(1,850)	-	-	-	(2,783)
Depreciation charge	(3,745)	(656)	(567)	-	-	-	(4,968)
- Depreciation written out to the Revaluation Reserve	1,094	238	-	-	-	-	1,332
- Depreciation written out to the Surplus / Deficit on the Provision of Services	2,651	418	-	-	-	-	3,069
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	-	643	-	-	-	643
Other movements	-	932	-	-	-	-	932
Balance at 31 March 2022	-	-	(1,775)	-	-	-	(1,775)
Net Book Value Balance at 1 April 2021	191,205	27,499	3,409	2,582	20	8,641	233,356
Net Book Value Balance at 31 March 2022	203,533	27,898	3,111	2,683	20	16,255	253,500

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Movement on Balances 2020-21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
Balance at 1 April 2020	170,918	27,725	5,798	2,431	131	583	207,586
Additions	5,068	965	489	151	-	7,984	14,657
Revaluations recognised in the Revaluation Reserve	26,224	1,864	-	-	-	-	28,087
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(9,740)	(1,229)	-	-	-	-	(10,970)
De-recognition - disposals and decommissioning	(1,227)	(893)	(1,027)	-	(37)	-	(3,183)
Transfers	(38)	-	-	-	(74)	74	(38)
Other movements	-	-	-	-	-	-	-
Balance at 31 March 2021	191,205	28,432	5,260	2,582	20	8,641	236,139
Accumulated Depreciation and Impairment							
Balance at 1 April 2020	-	(1,631)	(2,181)	-	-	-	(3,812)
Depreciation charge	(3,304)	(684)	(697)	-	-	-	(4,684)
- Depreciation written out to the Revaluation Reserve	1,001	125	-	-	-	-	1,125
- Depreciation written out to the Surplus / Deficit on the Provision of Services	2,303	365	-	-	-	-	2,668
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	893	1,027	-	-	-	1,919
Balance at 31 March 2021	-	(932)	(1,850)	-	-	-	(2,783)
Net Book Value Balance at 1 April 2020	170,918	26,094	3,617	2,431	131	583	203,774
Net Book Value Balance at 31 March 2021	191,205	27,499	3,409	2,582	20	8,641	233,356

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide a sound basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure Assets has a current net book value of £546k (2020-21 £546k). Total property plant and equipment including infrastructure is therefore £254,046k (2020-21 £233,901k).

2020-21 £'000		2021-22 £'000
1,230	Net Book Value Balance at 1 April 2020	546
-	Additions	
(684)	Depreciation	-
546	Net Book Value at 31 March 2021	546

Depreciation

All of the following assets are depreciated on a straight-line basis over the life of the asset, and no residual value is assumed for these assets.

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

- Council Dwellings – traditional build property 66 years, non-traditional build property 36 years and 21 years for garages.
- Other Land and Buildings – these have a range of lives varying between 5 and 60 years, although the majority of assets have an estimated life of around 20 to 35 years. Chapel Gallery is an exception to this standard range. As the building has existed since the 1800's it has been deemed that a useful life of 60 would not be appropriate. This asset is therefore depreciated over 165 years.
- Vehicles, Plant, Furniture and Equipment – this covers a range of different types of assets with estimated useful lives mostly between 5 and 20 years.
- Infrastructure – these assets are inalienable in nature, in that value is derived only by continued use of the asset in its current form. The assets are depreciated over a range of 5 to 40 years with the majority having an estimated life of 40 years.

Capital Commitments

At 31 March 2022 the Council had entered into a number of contracts for the construction or enhancement of non-current assets in future years budgeted to cost £6.593m, of which £3.919m relates to works at Skelmersdale Town Centre. Similar commitments as at 31 March 2021 were £12.182m.

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment is re-valued at fair value at least every 5 years, and a full revaluation of the housing stock took place in

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2020-21. This exercise also encompassed a review of the asset classes for each item. A desktop revaluation of general fund assets took place during 2021-22, and the valuations were undertaken internally by the requisite Royal Institution of Chartered Surveyors qualified staff. The valuation of the asset is largely impacted by the classification of each asset, which is fully considered as part of the exercise. The methodologies used were those as prescribed by the appropriate regulations and the valuations were fully updated accordingly.

The significant assumptions applied in estimating current values are:

- The analysis of value split between land and buildings.
- The estimated useful life of the asset
- Full building surveys have not been carried out as part of the valuation process.

	Council Dwellings	Vehicles, Furniture, Plant & Equipment	Other Assets	Total
	£'000	£'000	£'000	£'000
Historical cost at last valuation	-	4,886	22,508	27,394
Current Value as at:				
31 March 2022	-	-	-	-
31 March 2021	203,532	-	(533)	202,999
31 March 2020	-	-	1,007	1,007
31 March 2019	-	-	114	114
31 March 2018	-	-	24,306	24,306
Total	203,532	4,886	47,402	255,820

14. ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. For council house sales under Right-to-Buy (RTB), fair value is the discounted RTB value.

2020-21 £'000		2021-22 £'000
156	Balance at start of year	38
43	Assets newly classified as held for sale	81
-	Revaluation gains	350
(161)	Assets sold	(388)
38	Balance at end of year	81

15. HERITAGE ASSETS

The closing value of Heritage Assets is £0.509m (£0.509m in 2020-21).

Civic Regalia:

The Council owns a range of Civic regalia items including Mayoral Chains, Pendants and various other Chains and items of Office valued at £0.120m. These items are used by the Mayor and Deputy Mayor for Civic functions and are valued every 5 years by a specialist firm. The last valuation was undertaken during the 2018-19 financial year and resulted in a revaluation increase of £0.018m. There have been no other changes in asset values over the last 5 years.

Public Sculptures

Three public sculptures were built within the Skelmersdale area of the Borough and were identified as the 'Roundabout Sculptures.' These were built to provide character to the area as well as exhibiting high technology and innovation, and interaction with the local community. The sculptures are commonly termed the Daffodil Sculpture, the Faces Roundabout, and the Lighting Column. They are valued on the asset register at cost, £364,000, and no depreciation is accounted for as they have an indeterminate useful life.

These assets are visually inspected on an annual basis to review any potential impairment. There has been expenditure of £935 in 2015-16 on these sculptures, which has been fully impaired. There have been no other changes in asset values over the last 5 years.

Memorials, fountains and village cross

The Council has a number of war memorials located within the Borough, relating to the Boer War and First and Second World Wars. The Council also owns two fountains and a village cross. These assets have an indeterminate useful life and are valued at cost where known, or otherwise simply recognised in the Council's asset register. The total cost recognised for this class of asset is £24,000.

There was expenditure on war memorials of £8,168 in 2018-19. All of this expenditure was fully impaired. There have been no other changes in asset values over the last 5 years.

16. INVESTMENT PROPERTIES

The following items of income and expense 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
(2,310)	Rental income	(2,408)
1,468	Direct operating expenses	1,212
1,013	Movement in fair value of investment properties	(84)
171	Net (gain) / loss	(1,280)

There are restrictions on a number of investment properties concerning how any disposal proceeds or income generated can be used. The Council has no contractual obligations to purchase, construct, or develop investment property or repairs, maintenance or enhancement.

The movement in the fair value of investment properties is shown below:

2020-21 £'000		2021-22 £'000
18,725	Balance at start of year	17,722
(1,013)	Net gains/losses from fair value adjustments	84
10	Additions	197
-	Transfers	493
17,722	Balance at end of year	18,496

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2022, are as follows:

	Other significant observable inputs Level 2 £'000	Significant unobservable inputs Level 3 £'000	Fair Value £'000
Commercial Units	10,971	783	11,753
Office Units	6,743		6,743
Total	17,713	783	18,496

Valuation techniques used to determine level 2 and level 3 fair values for Investment properties

The fair values attributed to level 2 categorisation in the fair value hierarchy have been based upon the market approach using current market conditions and recent sales prices and other relevant transactional information for similar assets across the locality.

Level 3 categorisation has also been valued by the market approach however the transactional information available is not as comprehensive and as such the level of reliability is reduced. Levels of assumption have had to be used, the significance of such determines that they should be categorised as level 3.

Highest and best use

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

Gains and losses

Gains or losses arising from changes in the fair value of Investment Properties are recognised in the surplus or deficit on the provision of services. There was an overall fair value gain attributed to these assets of £0.084m in 2021-22 (loss of £1.013m in 2020-21).

17. INTANGIBLE ASSETS

The Council accounts for purchased software licences as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use. Most assets have a useful life of 5 years. The carrying amount of intangible assets is amortised on a straight-line basis.

2020-21 £'000		2021-22 £'000
	Balance at start of year:	
1,477	- Gross carrying amount	1,469
(625)	- Accumulated amortisation	(695)
852	Net carrying amount at start of year	774
208	Additions	174
(216)	Disposals	(410)
(286)	Amortisation	(284)
216	Other movements	578
774	Net carrying amount at end of year	832
	Balance at end of year:	
1,469	- Gross carrying amount	1,232
(695)	- Accumulated amortisation	(400)
774	Net carrying amount at end of year	832

In 2021-22 fully amortised assets with a gross carrying value of £0.410m were written off (£0.216 in 2020-21).

18. IMPAIRMENT AND REVALUATION

A downward revaluation of £1.194m (£5.915m in 2020-21) was made to the Housing Revenue Account. A downward revaluation of £0.141m (£0.784m in 2020-21) was also made to other parts of the Comprehensive Income and Expenditure Statement in the year.

Net revaluation increases of £7.381m (£29.132m increase in 2020-21) were posted to the revaluation reserve for the year. Both the downward revaluation charge and the upward revaluation were conducted in conjunction with the Council's internal Estates service who followed professional guidelines in conducting both exercises.

19. FINANCIAL INSTRUMENTS

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018, whose main changes include the reclassification of financial assets. Under this new approach debtors, investments and cash that were previously categorised as loans and receivables are now categorised as amortised cost. There were no significant re-measurements arising from the adoption of this new standard. Note 42 provides information about the nature and extent of risks arising from financial instruments.

The Council has £23.165m of short-term investments (£10.038m in 2020-21) that are classified at amortised cost. Details on debtors are shown in Note 21 to the accounts, and these are classified at amortised cost for financial instruments. The Council has £88.246m of borrowing (£88.246m in 2020-21) that is classified at amortised cost. Details on creditors are shown in Note 23, and these are classified at amortised cost for financial instruments.

Details on interest expenses and interest income are shown in Note 11. Interest payments primarily relate to the £88.246m of loans taken out from the Public Works Loans Board to fund the HRA self-financing payment to Central Government. Investment income is generated mainly from investments of short-term funds with Banks, Building Societies and Local Authorities.

The Code requires the fair value of each class of financial asset and liability to be disclosed in the Notes to the Statement of Accounts to enable it to be compared to its carrying amount in the Balance Sheet:

- The fair value of debtors and creditors (as shown in Notes 18 and 20) are taken to be the invoiced or billed amount. Consequently, these items' carrying value is judged to be not materially different from their fair value.
- The fair value of investments is assumed to approximate to its carrying value, as these instruments will mature within the next 12 months.
- The fair value of PWLB borrowing is £103.736m compared to the carrying amount of £88.246m (including accrued interest of £0.034m). This difference is because the Council's debt portfolio includes a number of fixed rate loans where the interest rate payable is more than the prevailing rates at the balance sheet date. This shows a notional future loss based on economic conditions at the balance sheet date arising from a commitment to pay interest to lenders above current market rates.

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Details of the Council's financial and non-financial instruments and information about the fair value hierarchy as at 31 March 2022, are as follows.

Financial Assets 2021-22	Non-Current				Current						Total	
	Debtors		Investments		Debtors		Investments		Cash & Cash Equivalents			
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss											-	-
Amortised cost	58	58	900	-	2,291	2,291	23,165	23,165	6,738	6,738	33,152	32,252
Fair Value Through OCI											-	-
Total financial assets	58	58	900	-	2,291	2,291	23,165	23,165	6,738	6,738	33,152	32,252
Non-Financial Instruments	-	-	-	-	12,382	12,382	-	-	-	-	12,382	12,382
Total Assets	58	58	900	-	14,673	14,673	23,165	23,165	6,738	6,738	45,534	44,634

Financial Assets 2020-21	Non-Current				Current							
	Debtors		Investments		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	2,275	2,275	5,250	5,250	10,038	10,038	9,190	9,190	26,811	26,811
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	2,275	2,275	5,250	5,250	10,038	10,038	9,190	9,190	26,811	26,811
Non-Financial Instruments	-	-	-	-	14,229	14,229	-	-	-	-	14,229	14,229
Total Assets	58	58	2,275	2,275	19,479	19,479	10,038	10,038	9,190	9,190	41,040	41,040

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Financial Liabilities 2021-22	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss					-	-
Amortised cost	(88,246)	(103,736)	(16,278)	(16,278)	(104,523)	(120,013)
Fair Value Through OCI					-	-
Total financial liabilities	(88,246)	(103,736)	(16,278)	(16,278)	(104,523)	(120,013)
Non-Financial liabilities			(17,178)	(17,178)	(17,178)	(17,178)
Total Liabilities	(88,246)	(103,736)	(33,455)	(33,455)	(121,701)	(137,191)

Financial Liabilities 2020-21	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(113,111)	(8,991)	(8,991)	(97,237)	(122,102)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(113,111)	(8,991)	(8,991)	(97,237)	(122,102)
Non-Financial liabilities	-	-	(13,008)	(13,008)	(13,008)	(13,008)
Total Liabilities	(88,246)	(113,111)	(21,999)	(21,999)	(110,245)	(135,110)

Assets held for sale

Assets held for sale are classified in the hierarchy as level 2 and are valued at £0.081m (£0.038m in 2020-21). These assets consist of land items and Council house sales. For both classes of asset there is adequate transactional data to classify them as level 2 in the hierarchy.

Valuation process for Investment properties and assets held for sale

The fair value is measured annually at each reporting date. Valuations are carried out internally by a Qualified RICS surveyor (Royal Institute of Chartered Surveyors) following the appropriate professional guidance.

Reconciliation of Fair Value Measurements categorised within level 3 of the Fair Value Hierarchy

There have been no transfers between the fair value hierarchies. General Fund assets have been revalued as at 31 March 2022 in line with regulation, and this accounts for the change in the fair value measurement. There is one specific asset classified within the level 3 category, valued at £783k. The robustness of the level 3 categorisation has been tested by varying the yield rate by a full percentage point.

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2020-21 £'000	2021-22 £'000
688 Opening Balance	688
- Total gain / (loss) for the period included in Surplus / Deficit on the provision of services resulting from changes in fair value	95
688 Total	783

20. INVENTORIES

2020-21 £'000	2021-22 £'000
- Work in progress	
13 All other items	14
13 Total	14

21. DEBTORS

2020-21 £'000	2021-22 £'000
9,991 General Government Bodies	4,879
10,201 Other Local Authorities	6,252
5,225 Other Debtors	10,099
37 Payments in Advance	112
25,455 Sub total	21,342
(5,976) Provision for impairments	(6,669)
19,479 Total	14,673

22. CASH AND CASH EQUIVALENTS

2020-21 £'000	2021-22 £'000
690 Cash and Bank	238
8,500 Money at call	6,500
9,190 Sub total	6,738

23. CREDITORS

2020-21 £'000	2021-22 £'000
(10,342) Central Government Bodies	(21,131)
(2,513) Other Local Authorities	(944)
(1,601) Leaseholder Advance and Tenant Prepayments	(1,874)
(7,542) Other Creditors	(9,506)
(21,998) Total	(33,455)

24. PROVISIONS

2020-21 £'000		2021-22 £'000
(1,060)	Opening balance	(1,209)
(41)	Additional provisions made	827
(108)	Amounts used	(1,176)
-	Unused amounts reversed	(70)
(1,209)	Closing balance	(1,628)

The Council holds a number of provisions for specific purposes, with the main provision relating to the potential cost of NNDR appeals.

25. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 9.

2020-21 £'000		2021-22 £'000
(960)	General Fund	(961)
(16,792)	Earmarked General Fund	(15,888)
(621)	Housing Revenue Account	(620)
(2,510)	Earmarked Housing Revenue Account	(2,603)
(20,883)		(20,072)
(2,236)	Capital Receipts	(2,978)
(901)	Capital Grants Unapplied	(779)
(9,308)	Community Infrastructure Levy	(11,622)
(33,328)	Total	(35,450)

26. UNUSABLE RESERVES

2020-21 £'000		2021-22 £'000
(59,495)	Revaluation Reserve	(64,591)
(89,179)	Capital Adjustment Account	(97,680)
70,599	Pensions Reserve	51,952
3,396	Collection Fund Adjustment Account	2,853
660	Accumulated Absences Account	526
(74,019)	Total	(106,940)

Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued 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 realised.

This reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2020-21 £'000		2021-22 £'000
(32,009)	Balance at start of year	(59,495)
(29,132)	Surplus or deficit on the revaluation of non- current assets not posted to the Surplus or Deficit on the Provision of Services	(7,381)
	Amount written off to the Capital Adjustment Account	
1,239	Difference between fair value depreciation and historical cost depreciation	1,333
408	Accumulated gains on assets sold or scrapped	952
1,647	Sub total	2,285
(59,495)	Balance at end of year	(64,591)

Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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2020-21 £'000		2021-22 £'000
(90,609)	Balance at start of year	(89,179)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
5,368	Charges for depreciation	4,968
286	Amortisation of intangible assets	284
2,536	Revenue expenditure funded from capital under statute	1,757
1,425	Non-current assets written off as part of the gain / loss on disposal of assets	3,506
9,615	Sub total	10,515
	<i>Capital financing applied in the year</i>	
(2,414)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,197)
(3,386)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,833)
(3,934)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to capital financing *	(7,500)
(396)	Application of grants to capital financing from the capital grants unapplied account *	(619)
(617)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(657)
(5,028)	Capital expenditure charged against the General Fund and HRA balances *	(4,174)
(15,773)	Sub total	(17,980)
(1,647)	Adjusting amounts written out of the Revaluation Reserve	(2,285)
9,235	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,250
(89,179)	Balance at end of year	(97,679)

Pensions Reserve

This 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 Council 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 Council makes employer's contributions to the pension fund. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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
53,148	Balance at start of year	70,599
14,477	Re-measurement of the net defined benefit liability / asset	(22,938)
6,517	Reversal of Items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services	7,109
(3,543)	Employer's pension contributions payable in the year	(2,818)
70,599	Balance at end of year	51,952

Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020-21 £'000		2021-22 £'000
(1,763)	Balance at start of year	3,396
5,159	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	(543)
3,396	Balance at end of year	2,853

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2020-21 £'000		2021-22 £'000
311	Balance at start of year	660
349	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(134)
660	Balance at end of year	526

27. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2020-21 £'000		2021-22 £'000
(91)	Interest received	(62)
3,057	Interest paid	3,057

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

2020-21 £'000		2021-22 £'000
5,368	Depreciation	4,968
8,221	Impairment and downward valuations	1,335
1,013	Movement in the market value of investment properties	(85)
286	Amortisation	284
9,383	Change in Creditors	11,761
(2,951)	Change in Debtors	3,930
-	Change in Inventories	(1)
(1,789)	Movement in Pension Liability	6,673
1,425	Carrying amount of non-current assets sold or disposed	3,506
149	Other non cash items charged to the deficit on the provision of services	419
21,105	Non cash movements	32,790

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

2020-21 £'000		2021-22 £'000
(1,734)	Proceeds from the sale of non-current assets	(2,832)
(6,920)	Capital grants for non-current assets charged through revenue	(10,342)
(8,654)	Non cash movements	(13,174)

28. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2020-21 £'000		2021-22 £'000
(13,956)	Purchase of property, plant and equipment, investment property and intangible assets	(23,951)
(6,200)	Purchase of short-term and long-term investments	(13,700)
1,734	Proceeds from the sale of non-current assets	2,832
13,500	Proceeds from short-term and long-term investments	2,000
9,085	Capital Grants & Contributions Received for the Financing of New Capital Expenditure	5,203
4,164	Net cash flows from investing activities	(27,616)

29. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2020-21 £'000		2021-22 £'000
(10,924)	Receipts from financing activities	824
-	Cash payments for the reduction of outstanding liabilities relating to finance leases and deferred liabilities	-
(10,924)	Net cash flows from financing activities	824

30. EXPENDITURE AND INCOME ANALYSED BY NATURE

2020-21 £'000		2021-22 £'000
	Expenditure	
22,031	Employee benefit expenses	23,335
47,712	Other services expenses	43,040
(2,633)	Support service recharges	(2,943)
14,889	Depreciation, amortisation, revaluations and impairment	6,502
2,536	Revenue Expenditure Funded from Capital Under Statute	1,757
4,492	Interest payments	4,269
624	Precepts	638
729	Payments to Housing Capital Receipts Pool	894
(310)	Disposal of assets	673
90,069	Total expenditure	78,164
	Income	
(31,877)	Fees, charges and other income	(32,486)
(2,441)	Interest and investment income	(2,541)
(6,852)	Income from council tax and NDR	(9,832)
(46,283)	Government grants and contributions	(38,029)
(87,453)	Total income	(82,888)
2,617	Surplus or Deficit on Provision of Services	(4,723)

31. TRADING OPERATIONS

Trading Services

The Council operates a market in Ormskirk on Thursdays and Saturdays under a market charter, as well as providing several car parks in Ormskirk Town Centre.

Direct Service Organisations

The council has previously reported trading services for Refuse Collection, Street Cleaning and Grounds Maintenance. As this service area has now been reviewed and combined plus the limited amount of external trading that is undertaken, it is now not appropriate to report, and this will not detract from the users understanding of the accounts.

2020-21			2021-22		
Expenditure	Income	(Surplus) / Deficit	Expenditure	Income	(Surplus) / Deficit
£'000	£'000	£'000	£'000	£'000	£'000
Trading Services					
152	(90)	63	Market	168	(179)
371	(168)	202	Car Parks	403	(607)
523	(258)	265	Total	571	(216)

32. MEMBER ALLOWANCES

The total allowances and expenses paid in the year were £0.346m (£0.341m in 2020-21).

33. OFFICER REMUNERATION

The remuneration paid to senior officers whose salary is £50,000 or more is shown overleaf. The number of other staff whose remuneration exceeded £50,000, excluding employer's pension contributions, is shown below.

Remuneration band	Number of employees	
	2021-22	Restated 2020-21
£50,000 - £54,999	4	8
£55,000 - £59,999	3	4
£60,000 - £64,999	1	2
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£80,000 - £84,999	-	1
£85,000 - £89,999	-	-
£95,000 - £99,999	-	-
£110,000 - £114,999	-	-
Total	8	15
*2020-21 Includes 1 Redundancy payment		

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The Council terminated the contracts of no employees in 2021-22 in different service areas incurring liabilities of £0m (£0.4m in 2020-21). This compares to 7 voluntary and 3 compulsory redundancies in the previous year.

Exit package cost band	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2021-22	2020-21	2021-22 £'000	2020-21 £'000
£0 - £20,000	-	2	-	23
£20,001 - £40,000	-	1	-	39
£40,001 - £60,000	-	5	-	233
£60,001 - £80,000	-	1	-	69
£80,001 - £100,000	-	1	-	84
£100,001 - £120,000	-	-	-	-
£120,001 - £140,000	-	-	-	-
Over £150,000	-	-	-	-
Total	-	10	-	448

In addition to the figures shown above there were no pension strain costs incurred in 2021-22 in relation to 1 flexible retirement (£0.018m in 2020-21).

It is the Council's policy that the savings made from voluntary redundancies and flexible retirements must be sufficient to ensure that the associated costs are recovered within a 3-year payback period.

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Post Title	Salary & Election Fees	Expenses	Compensation for loss of office	Benefits in Kind	Total before pensions	Pension contribution	Total
2021-22	£	£	£	£	£	£	£
Chief Operating Officer	111,117	-	-	-	111,117	18,725	129,842
Director of Place & Community	85,726	-	-	-	85,726	16,186	101,912
Director of Transformation & Resources	85,692	-	-	-	85,692	16,186	101,878
Head of Finance, Procurement & Commercial Services	65,155	-	-	-	65,155	12,333	77,488
Head of Corporate & Customer Services	60,228	-	-	846	61,074	11,311	72,385
Head of Growth & Development	23,385	-	-	353	23,738	4,393	28,131
Head of Wellbeing & Leisure	29,975	-	-	423	30,398	5,558	35,956
Head of Environmental Services	18,784	-	-	282	19,066	3,526	22,592
Head of Housing & Regulatory Services	64,811	-	-	846	65,657	12,228	77,885
Legal & Democratic Services Manager	55,742	-	-	-	55,742	10,475	66,217
	600,615	-	-	2,750	603,365	110,921	714,286
2020-21							
Chief Operating Officer	97,099	-	-	-	97,099	18,449	115,548
Director of Place & Community	83,933	-	-	-	83,933	15,947	99,880
Director of Transformation & Resources	83,933	-	-	212	84,145	15,947	100,092
Head of Finance, Procurement & Commercial Services	39,786	-	-	-	39,786	7,559	47,345
Head of Corporate & Customer Services	33,621	-	-	494	34,115	6,388	40,503
Head of Growth & Development	58,476	-	-	895	59,371	11,110	70,481
Head of Wellbeing & Leisure	58,509	-	-	846	59,355	11,117	70,472
Head of Environmental Services	57,899	-	-	895	58,794	11,001	69,795
Head of Housing & Regulatory Services	35,532	-	-	479	36,011	6,751	42,762
	548,788	-	-	3,821	552,609	104,269	656,878

34. EXTERNAL AUDIT COSTS

2020-21 £'000		2021-22 £'000
63	Fees payable in relation to the audit of the accounts and inspection fees for the year	63
-	Fees relating to prior year	-
19	Fees payable for the certification of grant claims and returns	20
82	Total	83

35. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

2020-21 £'000		2021-22 £'000
	<i>Credited to Taxation and Non-Specific Grants:</i>	
(875)	New Homes Bonus	(802)
(5,899)	S31 Business Rates & Council Tax Grants	(3,618)
(21)	Other Revenue Grants	(748)
(5,200)	Other Grants & Contributions	(8,853)
(11,996)	Total credited to Taxation & Non-Specific Grants	(14,021)
	<i>Credited to Services:</i>	
(20,177)	Benefit Payments and Administration	(18,444)
(1,798)	Capital Grants	(1,488)
(7,195)	Covid-19 Grant	(1,984)
(261)	Contribution to Highways	(267)
(2,159)	Other Grants and Contributions	(1,826)
(31,590)	Total credited to Services	(24,008)
(43,586)	Total government grants & contributions	(38,029)

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

2020-21 £'000		2021-22 £'000
	<i>Grants and Contributions Received in Advance</i>	
(2,766)	Section 106 Agreements	(2,676)
(6,451)	Homes England	(1,402)
(144)	Commuted Sums	(144)
(9,361)	Total	(4,222)

36. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosures of these transactions allow readers to assess the 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 significant influence over the general operations of the Council, and it is responsible for providing the statutory framework within which the Council operates. It provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g., council tax. Grants received from the Government of £38m are set out in Note 35 Grant Income.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member allowances paid in 2021-22 is shown in Note 32.

There are 54 Council Members, of whom 13 are also Parish Councillors, 4 are County Councillors and 1 is a member of the Police & Crime Panel for Lancashire. Precept payments to Lancashire County Council and the Police Authority are shown in the Collection Fund. The total precepts paid to Parish Councils are shown in Note 10 and grant funding of £0.072m (£0.068m in 2020-21) was also provided to them. Details of the payments made to the Lancashire Pension Fund are shown in Note 40.

Decisions on the overall level of funding to be provided to Parish Councils are taken by full Council with due regard to procedures for preventing undue influence. Decisions on how this funding pot is allocated to parishes are determined by the Head of Finance, Procurement and Commercial Services using a set formula in consultation with a Cabinet Member who is not a Parish Councillor.

Grant payments were also made to a number of voluntary organisations in which Council Members had interests as follows:

- Council for Voluntary Services – £30,000 – 4 Members.
- Dial a Ride - £31,555 – 2 Members.
- Lancashire West Citizens Advice Bureau £50,000 – 1 Member.

The Council is committed to maintaining and developing sound arrangements for its corporate governance, including having procedures in place to prevent undue influence. As part of this commitment, Members must make disclosures of their interests to the Council's Monitoring Officer. Details of these disclosures are recorded and maintained in registers of interests and can be viewed on the Council's website.

Members also have to declare any significant interests in agenda items at the start of Committee meetings and cannot then take part in any discussions or decisions in relation to those items.

Officers

Officers must make disclosures of their interests to the Council's Monitoring Officer, and these are maintained in a register of interests. Officers may not take part in any discussion, decision or administration in relation to these items.

Other Related Parties

The Council has entered into a long-term contractual arrangement with Lancashire County Council and BTLS for the provision of IT Services worth £1.2m in 2021-22 (£3.4m in 2020-21), and there were no payments due to BTLS on this contract at the year end. The Council also received income of £0.27m in 2021-22 (£0.26m in 2020-21) from Lancashire County Council in relation to Highways Verge Maintenance activities, and there were no outstanding amounts on these arrangements at the year end.

Payment of subsidy of £0.59m in 2021-22 (£0.79m in 2020-21) was made to West Lancashire Community Leisure Ltd as part of the Council's Leisure services arrangement. The Council provides the majority of the Trust's funding and also appoints one out of the Trust's 6 Board Members.

The Council has set up a wholly owned company, Tawd Valley Developments Limited that is now trading. The Director of Transformation & Resources and the Head of Finance, Procurement and Property Services act as Board Members for this Company, while the Chief Operating Officer acts as the Shareholder on behalf of the Council. For 2020-21 total income to the Council was £116k and total expenditure to the Council was £7.725m. As at 31 March 2022 the Council was owed £79k by TVDL and had an outstanding creditor with TVDL of £1.605m. TVDL have outstanding loans from the Council of £1.575m

37. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure for the year is shown in the table below (including the value of assets acquired under long term contracts), together with the resources used to finance it.

2020-21 £'000		2021-22 £'000
102,685	Opening Capital Financing Requirement	104,270
	<i>Capital Investment:</i>	
6,673	Property, Plant and Equipment	8,190
-	- Heritage Assets	-
7,984	Assets Under Construction	15,085
208	Intangible Assets	174
2,536	Revenue Expenditure funded from Capital under Statute	1,757
5	Assets Held for Sale	-
10	Investment Properties	197
	<i>Sources of Finance:</i>	
(2,414)	Capital Receipts	(1,197)
(4,329)	Government Grants and Other Contributions	(8,119)
(3,386)	Major Repairs Reserve	(3,834)
	<i>Sums set aside from Revenue:</i>	
(5,028)	Direct Revenue Contributions	(4,174)
(617)	Minimum Revenue Provision	(657)
104,327	Closing Capital Financing Requirement	111,692
	<i>Explanation of Movement in Year:</i>	
1,642	Increase / decrease in underlying need to borrow	7,422
1,642	Change in Capital Financing Requirement	7,422

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, which is a measure of the capital expenditure incurred by the Council that has yet to be financed.

38. LEASES

Authority as Lessee: Operating Leases

The Council has acquired a number of vehicles by entering into operating leases. The Council entered into a new arrangement with regards to vehicle supply and maintenance during 2020-21 for a period of 5 years. A review was undertaken that determined the supply of the vehicles under this contract represented an embedded lease.

The minimum lease payments due under non-cancellable leases in future years are:

2020-21 £'000		2021-22 £'000
1,064	Not later than one year	1,064
4,162	Later than one year and not later than five years	3,108
5,227	Total	4,172

Authority as Lessor: Operating Leases

The Council leases out property under operating leases for the provision of community services such as community centres. Similarly for economic development purposes it leases property to provide suitable accommodation for the business community.

The minimum lease payments receivable under non-cancellable leases in future years are as follows:

2020-21 £'000		2021-22 £'000
2,274	Not later than one year	2,308
3,817	Later than one year and not later than five years	3,796
6,588	Later than five years	5,875
12,680	Total	11,979

39. OTHER LONG-TERM LIABILITIES AND CONTRACTS

In April 2021 the Council agreed a 5-year contract for vehicle supply and maintenance, with an annual value of around £1.054m.

40. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

The Council makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its officers. Although these benefits will not actually be payable

until employees retire, the Authority has a commitment to make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in a Local Government Pension scheme, which is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with the investment assets. The scheme is administered by Lancashire County Council and is operated under the regulatory framework for the Local Government Pension Scheme. The governance of the scheme is the responsibility of a Pension Fund Committee comprised of a mixture of County Councillors and representatives from other employers. The Committee is assisted by an investment panel which advises on investment strategy and risk management.

Previously the Council had arrangements in place for the award of discretionary post-employment benefits upon early retirement, although these awards are no longer made. This is an unfunded defined benefit arrangement, under which liabilities were recognised when awards were made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council tax is based on the cash payable in the year. Consequently, the accounting cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Discretionary Benefits		All Benefits	
	2021-22 £'000	2020-21 £'000	2021-22 £'000	2020-21 £'000
Comprehensive Income & Expenditure Statement				
<i>Cost of Services</i>				
- Current service cost	-	-	5,452	4,322
- Settlements and curtailments	-	-	147	1,022
- Past service costs	-	-	-	-
<i>Other Operating Expenditure</i>				
- Administration expenses	-	-	82	80
<i>Financing and Investment Income and Expenditure</i>				
- Interest Cost	88	99	5,155	5,094
- Expected return on scheme assets	-	-	(3,727)	(4,001)
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	88	99	7,109	6,517
<i>Re-measurement of the net defined benefit liability</i>				
- Return on plan assets	-	-	(21,654)	(14,186)
- Actuarial gains and losses arising on changes in financial assumptions	(18)	333	(1,284)	28,663
Total post-employment benefit charged to the Comprehensive Income & Expenditure Statement	70	432	(15,829)	20,994
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(88)	(99)	(7,109)	(6,517)
Actual amount charged against the General Fund Balance for pensions	327	334	2,818	3,543

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pension assets and liabilities	Discretionary Benefits		All Benefits	
	2021-22 £'000	2020-21 £'000	2021-22 £'000	2020-21 £'000
Present value of the benefit obligation	4,109	4,366	252,184	248,193
Fair value of plan assets	-	-	(202,614)	(182,357)
Net liability	4,109	4,366	49,570	65,836

Reconciliation of the movements in the Fair Value of Scheme Assets	Discretionary Benefits		All Benefits	
	2021-22	2020-21	2021-22	2020-21
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets		-	177,594	162,232
Interest on plan assets		-	3,727	4,001
Re-measurements		-	21,654	14,186
Administration expenses		-	(82)	(80)
Employer contributions		334	2,818	8,306
Lump sum payment of employer contributions		-	-	-
Contributions by scheme participants		-	890	880
Benefits paid		(334)	(6,369)	(7,168)
Closing Balance	-	-	200,232	182,357

Reconciliation of Present value of the Scheme Liabilities	Discretionary Benefits		All Benefits	
	2021-22	2020-21	2021-22	2020-21
	£'000	£'000	£'000	£'000
Opening Balance	4,366	4,268	248,193	215,380
Current service cost	-	-	5,452	4,322
Past service cost	-	-	-	-
Interest cost	88	99	5,155	5,094
Contributions by scheme participants	-	-	890	880
Re-measurement gains and losses	(18)	333	(1,284)	28,663
Settlements and curtailments	-	-	147	1,022
Benefits paid	(327)	(334)	(6,369)	(7,168)
Closing Balance	4,109	4,366	252,184	248,193

During 2020-21 the Council made an advance payment of employer pension contributions of £4.763m in respect of 2021-22 and 2022-23. The element of this advance payment relating to 2022-23 of £2.382m is included in the net liability of the pension fund of £49.570m but is not taken into account in the pension reserve, which consequently stands at £51.952m

An analysis of scheme assets by category is shown below:

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

An analysis of scheme assets by category is shown below:

Asset category	Sub category	Quoted (Y/N)	31 March 2021 £'000	31 March 2022 £'000
Equities	Financials	Y	-	238
Bonds	UK corporate	Y	-	822
	Overseas corporate	N	-	739
Property	Offices	N	78	93
	Industrial / Warehouse	N	1,479	1,493
	Shops	N	175	177
	Retail Warehouse	N	-	-
	Multi Let Commercial Building	N	1,311	1,435
Alternatives	UK Private Equity	N	-	4,429
	Overseas private equity	N	14,249	12,072
	Infrastructure	N	21,298	22,810
	Credit Funds	N	23,740	26,798
	Pooled Fixed Income	N	5,920	8,706
	Indirect Property Funds	N	22,249	17,459
	UK Pooled Equity Funds	N	1,816	1,885
	Overseas Pooled Equity Funds	N	81,357	96,035
Cash	Cash accounts	N	4,385	5,553
	Net current assets	N	(463)	(512)
Total			177,594	200,232

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Mercer Limited, an independent firm of actuaries, has assessed these liabilities based on the last full actuarial valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary are set out below:

	2021-22 £'000	2020-21 £'000
<i>Financial Assumptions</i>		
Rate of inflation	3.40%	2.70%
Rate of increase in salaries	4.90%	4.20%
Rate of increase in pensions	3.50%	2.80%
Rate for discounting scheme liabilities	2.80%	2.10%
<i>Longevity Assumptions</i>		
<i>Life expectancy of a male / female</i>		
- Current pensioner aged 65	22.4 / 25.1	22.3 / 25.0
- Future pensioner aged 65 in 20 years time	23.9 / 26.9	23.8 / 26.8

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 of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method.

The principal risks to the Council relate to the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Sensitivity Analysis	Liabilities £'000	Assets £'000	Deficit £'000
Central	(252,184)	200,232	(51,952)
+ 0.1% discount rate	(248,275)	200,232	(48,043)
+0.1% inflation rate	(256,155)	200,232	(55,923)
+0.1% pay growth	(252,630)	200,232	(52,398)
1 year increase in life expectancy	(259,847)	200,232	(59,615)
+1% change in investment return	(252,184)	200,233	(51,951)
-1% change in investment return	(252,184)	198,231	(53,953)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial actuarial valuation is due in March 2022.

The total normal contributions the Council would expect to pay to the Pension scheme in the year to 31 March 2023 would be £2.732m however this has already been paid within the advance payment of £4.763m made in 2020-21. Expected contributions for Discretionary Benefits in the year to 31 March 2023 are £0.327m. The weighted average duration of the defined benefit obligation for scheme members is 16 years, and the duration profile used to determine assumptions is retired.

41. CONTINGENT LIABILITIES AND ASSETS

The Council, along with many other local authorities, was a member of the Municipal Mutual Insurance Scheme (MMI), which ran between 1975 and 1993 when the scheme ceased in its current form. Since that date MMI has been in a scheme of arrangement whereby claims for the period are settled under the arrangement terms, with an objective of matching assets to liabilities, but where past members may become liable for payments that the Fund cannot meet. The scheme has been triggered and this resulted in payments becoming due in 2013-14 and 2015-16 and further payments may also become due if the liability situation deteriorates. The scheme administrators consider that the present financial situation does not indicate that further payments are currently required. However, the financial picture is fluid, and it is not possible to estimate the timing and value of any potential future payments.

Correspondence has been received concerning the potential for clawback on historic funding agreements that were entered into by the Council in relation to land at the Whitemoss Business Park. These agreements were entered into with the North West Development Agency just under 20 years ago and have now been transferred to Homes England as its successor body. A review is currently taking place on compliance with the terms and conditions of these funding agreements to establish whether any clawback payments will need to be made.

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end of known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office, which can come from any organisation that pays business rates, and so there is a risk to the Council that further appeals may have a future impact on the accounts. However, it is anticipated that the level of the provision will be sufficient to meet the full cost of outstanding appeals.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Note 19 of these accounts provides information about the Council's financial instruments.

The Council has adopted CIPFA's Treasury Management Code of Practice, and our Treasury Management policy and strategy (available at www.westlancs.gov.uk) set out a framework for the control of risk arising from financial instruments.

The Council's activities expose it to a variety of financial risks as set out below:

a) Credit risk - the possibility that other parties might fail to pay amounts due to the Council

Credit risk from deposits with banks and financial institutions is minimised through the Annual Treasury Management Strategy which requires that deposits are only made with institutions that meet identified minimum credit criteria, and places limits on the time period and amounts to be invested with individual counter parties.

Investments are only made with UK based financial institutions with excellent credit ratings and other local authorities. The Council's maximum exposure to credit risk in relation to its investments and money at call of £30m cannot be assessed generally as the risk of any institution failing to make payments of interest or repaying the principal sum will be specific to each individual institution. However, the Council prioritises minimising risk above maximising its investment returns. Consequently, the Council does not expect any losses from defaults on its investments, and this position has been validated by historical experience.

The Council is also exposed to credit risk that it may not recover all of its debtor balances in full from its customers and other parties. Details on debtor balances and the associated bad debt provisions, which are typically based on the age of the debt and experience of default and non-collection, are shown in Note 21. The single largest bad debt provision is £2.523m in relation to housing benefit overpayments debt which has been fully provided for given the difficulties involved in collecting this type of liability.

(b) Liquidity risk - the possibility that the authority might not have funds available to meet its commitments to make payments

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. However, if unexpected commitments did arise, the Council has ready access to an overdraft with its bank or borrowing through the Public Works Loan Board. There is also typically a significant amount of money held at call that would be available.

Consequently, there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

There is a risk that the Council could be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. However, no borrowing is due to mature in the near future, and the debt portfolio has been spread out over a period of up to 45 years. The maturity analysis of loans is set out below:

2020-21		2021-22
£'000		£'000
4,411	Between 5 and 10 years	4,411
4,411	Between 10 and 15 years	4,411
8,821	Between 15 and 20 years	8,821
8,821	Between 20 and 25 years	8,821
17,642	Between 25 and 30 years	17,642
17,642	Between 30 and 35 years	17,642
17,642	Between 35 and 40 years	17,642
8,822	Between 40 and 45 years	8,822
88,212	Total	88,212

(c) Market risk - the possibility that there will be a financial loss because of changes in

interest rates, market prices, foreign exchange currency rates etc.

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates can have a complex impact, and for example an increase in interest rates would have the following effect:

- Borrowing at fixed rates – the fair value of the liabilities will fall. However, as borrowings are not carried at fair value then this would not impact on the Surplus or Deficit on the Provision of Services.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the asset will fall.

The Council has borrowed from the Public Works Loans Board specifically for HRA self-financing. Consequently the £88.246m of loans that have been taken out for HRA self-financing are at fixed interest rates and with long maturity periods. An increase of 1% in discount rates would result in a reduction in the fair value of these loans from the current level of £103.736m to £87.318m.

Investment income in 2021-22 was £0.136m based on an average rate of interest earned of 0.51%.

There is an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and budget monitoring during the year. This allows any changes to be accommodated, and this analysis will also advise whether any new borrowing taken out should be fixed or variable.

The Council does not have any investments in shares, or any financial instruments denominated in foreign currencies. Consequently, it does not have any direct risk from movements in stock prices or foreign exchange rates.

43. TRUST FUNDS

The Council acts as sole trustee for three trust funds. These funds do not represent assets of the Council and are not included in the balance sheet. There has been negligible expenditure and income on these trust funds over the last 2 years.

The Charity of Richard Berry was established in 1906 to provide help for the aged poor in Skelmersdale. The assets of the trust are £4,391 and there are no liabilities.

The Jervis Charity was established in 1898 to provide help for the poor or ill associated with coal mining in Skelmersdale. The assets of the trust are £1,868 and there are no liabilities.

The Ruff Public Park and Pleasure Ground was conveyed to the former Ormskirk District Council on charitable trust to be used as a public park in perpetuity.

44. AGENCY ARRANGEMENTS

During this financial year the Council acted as agent for Central Government in relation to various Covid-19 grants totalling £6.55m. The income and expenditure transactions relating to ` grants were processed through the financial ledger but do not form part of the Council's income and expenditure and are therefore excluded.

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2020-21 £'000	Agency Arrangements - Covid-19 Grants	2021-22 £'000
(20,255)	Small Business Grant Fund & Retail Hospitality & Leisure Grant Fund	10
(8,381)	Local Revenue Support Grant - Lockdown	(6,560)
(61)	Christmas Support Payment	
(28,697)	Total	(6,550)

GROUP ACCOUNTS

The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

The Council has a wholly owned development company, Tawd Valley Developments Limited, 2021/22 represents their second full year of trading.

The Council has consolidated its subsidiary Tawd Valley Developments Limited on a line-by-line basis with all intra-group transactions and balances removed.

GROUP MOVEMENT IN RESERVES STATEMENT 2021-22

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves	Group Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(960)	(16,792)	(621)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,347)	770	(106,577)
<i>Movement in Reserves during 2021-22</i>												
Total Comprehensive Income and Expenditure	(772)	-	(4,068)	-	-	-	-	(4,840)	(30,319)	(35,159)	368	(34,791)
Adjustments between accounting basis and funding basis under regulations	1,591	-	3,976	-	(742)	123	(2,345)	2,602	(2,602)	-	-	-
Adjustments between Group Accounts and Council Accounts	116	-	-	-	-	-	-	116	-	116	116	232
Transfers to / from Earmarked Reserves	(935)	904	93	(93)	-	-	32	-	-	-	-	-
Increase / Decrease in Year	(0)	904	(0)	(93)	(742)	123	(2,314)	(2,122)	(32,921)	(35,043)	484	(34,559)
Balance at 31 March 2022	(960)	(15,888)	(621)	(2,603)	(2,978)	(779)	(11,623)	(35,451)	(106,939)	(142,390)	1,254	(141,135)

GROUP MOVEMENT IN RESERVES STATEMENT 2020-21

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves	Group Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2020	(960)	(8,941)	(621)	(2,600)	(3,644)	(1,018)	(6,602)	(24,386)	(70,923)	(95,309)	447	(94,862)
<i>Movement in Reserves during 2020-21</i>												
Total Comprehensive Income and Expenditure	(5)	-	2,669	-	-	-	-	2,664	(14,655)	(11,991)	276	(11,715)
Adjustments between accounting basis and funding basis under regulations	(7,799)	-	(2,578)	-	1,408	117	(2,707)	(11,559)	11,559	-	-	-
Adjustments between Group Accounts and Council Accounts	(47)	-	-	-	-	-	-	(47)	-	(47)	47	-
Transfers to / from Earmarked Reserves	7,851	(7,851)	(90)	90	-	-	-	-	-	-	-	-
Increase / Decrease in Year	(0)	(7,851)	(0)	90	1,408	117	(2,707)	(8,942)	(3,096)	(12,038)	323	(11,715)
Balance at 31 March 2021	(960)	(16,792)	(621)	(2,510)	(2,236)	(901)	(9,309)	(33,328)	(74,019)	(107,347)	770	(106,577)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020-21				2021-22		
Gross Cost	Gross Income	Net Cost	Service	Gross Cost	Gross Income	Net Cost
£'000	£'000	£'000		£'000	£'000	£'000
25,404	(22,553)	2,851	Corporate and Customer Svs	22,638	(19,160)	3,478
9,231	(1,629)	7,602	Environmental Services	8,929	(1,651)	7,278
927	(487)	440	Finance, Procure & Commercial	905	(544)	361
6,333	(2,991)	3,342	Housing and Regulatory	5,357	(2,811)	2,546
25,973	(26,333)	(360)	Housing Revenue Account	20,383	(26,361)	(5,979)
5,043	(2,432)	2,611	Growth and Development	4,620	(2,376)	2,244
3,223	(196)	3,027	Wellbeing and Leisure	4,382	(1,532)	2,850
6,490	(9,527)	(3,037)	Other Services	3,420	(2,050)	1,370
82,624	(66,148)	16,476	Cost of Services	70,633	(56,486)	14,147
1,124	-	1,124	Other operating expenditure	2,287	-	2,287
6,598	(2,409)	4,189	Financing & investment income & expenditure	5,612	(2,433)	3,179
-	(18,848)	(18,848)	Taxation & non-specific grant income & expenditure	-	(23,853)	(23,853)
90,346	(87,405)	2,941	Surplus or (Deficit) on Provision of Services	78,532	(82,772)	(4,240)
		(29,133)	Surplus (-) or deficit on revaluation of non-current assets			(7,381)
		14,477	Re-measurement of the net defined pension liability			(22,938)
		(14,656)	Other Comprehensive Income and Expenditure			(30,319)
		(11,715)	Total Comprehensive Income and Expenditure			(34,559)

GROUP BALANCE SHEET

31 March 2021		Notes	31 March 2022
£'000			£'000
233,556	Property, Plant & Equipment		253,008
509	Heritage Assets		509
17,722	Investment Property		18,496
774	Intangible Assets		832
58	Long Term Debtors	G1	58
252,619	Long term assets		272,902
10,038	Short Term Investments		21,590
38	Assets held for sale		81
543	Inventories	G2	534
19,532	Short Term Debtors	G3	14,611
10,227	Cash and Cash Equivalents	G4	7,455
40,378	Current assets		44,272
-	Bank Overdraft		-
(21,769)	Short Term Creditors	G5	(32,371)
(21,769)	Current Liabilities		(32,371)
(1,209)	Provisions		(1,628)
(65,836)	Pension Liabilities		(49,570)
(9,360)	Grants & Contributions in Advance		(4,222)
(88,246)	Long Term Borrowing		(88,246)
(164,651)	Long Term Liabilities		(143,666)
106,577	Net Assets		141,137
(32,558)	Usable Reserves		(34,197)
(74,019)	Unusable Reserves		(106,940)
(106,577)	Total Reserves		(141,137)

GROUP CASH FLOW STATEMENT

2020-21 £'000		2021-22 £'000
(2,941)	Net Position on the Provision of Services	4,240
20,470	Adjustments for non-cash movements (Note G6)	32,061
(8,654)	Adjustments for items that are investing or financing activities	(13,174)
8,875	Net Cash Flows from Operating Activities	23,127
5,710	Investing Activities (Note G7)	(26,724)
(10,923)	Financing Activities	824
3,662	Change in Cash and Cash Equivalents	(2,773)
6,564	Cash & Cash Equivalents at start of period	10,227
10,227	Cash & Cash Equivalents at end of period (Note G4)	7,455

GROUP NOTES TO THE ACCOUNTS

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. FINANCIAL INSTRUMENTS

Financial Assets 2021-22	Non-Current				Current				Total	
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss									-	-
Amortised cost	58	58	1,779	1,779	21,590	21,590	7,455	7,455	30,882	30,882
Fair Value Through OCI									-	-
Total financial assets	58	58	1,779	1,779	21,590	21,590	7,455	7,455	30,882	30,882
Non-Financial assets	-	-	12,832	12,832	-	-	-	-	12,832	12,832
Total assets	58	58	14,611	14,611	21,590	21,590	7,455	7,455	43,714	43,714

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Financial Assets 2020-21	Non-Current				Current				Total	
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	5,303	(14,209)	10,038	10,038	10,227	10,227	25,626	6,114
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-
Financial assets	58	58	5,303	(14,209)	10,038	10,038	10,227	10,227	25,626	6,114
Non-Financial assets	-	-	14,229	14,229	-	-	-	-	14,229	14,229
Total assets	58	58	19,532	20	10,038	10,038	10,227	10,227	39,855	20,343

Financial Liabilities 2021-22	Non-Current				Total	
	Borrowings		Creditors		Total	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(103,736)	(15,183)	(15,183)	(103,429)	(118,919)
Fair Value Through OCI	-	-	-	-	-	-
Financial liabilities	(88,246)	(103,736)	(15,183)	(15,183)	(103,429)	(118,919)
Non-Financial instruments	-	-	(17,188)	(17,188)	(17,188)	(17,188)
Total Liabilities	(88,246)	(103,736)	(32,371)	(32,371)	(120,617)	(136,107)

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Financial Liabilities 2020-21	Non-Current				Total	
	Borrowings		Creditors		Total	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(113,111)	(8,746)	(8,746)	(96,992)	(121,857)
Fair Value Through OCI	-	-	-	-	-	-
Financial liabilities	(88,246)	(113,111)	(8,746)	(8,746)	(96,992)	(121,857)
Non-Financial instruments	-	-	(13,023)	(13,023)	(13,023)	(13,023)
Total Liabilities	(88,246)	(113,111)	(21,769)	(21,769)	(110,015)	(134,880)

G2. INVENTORIES

2020-21 £'000		2021-22 £'000
530	Work in progress	520
13	All other items	14
543	Total	534

G3. DEBTORS

2020-21 £'000		2021-22 £'000
9,991	General Government Bodies	4,879
5,189	Other Local Authorities	6,252
10,291	Other Debtors	10,037
37	Payments in Advance	112
25,508	Sub total	21,280
(5,976)	Provision for impairments	(6,669)
19,532	Total	14,611

G4. CASH AND CASH EQUIVALENTS

2020-21 £'000		2021-22 £'000
1,727	Cash and Bank	955
8,500	Money at call	6,500
10,227	Total	7,455

G5. CREDITORS

2020-21 £'000		2021-22 £'000
(10,342)	Central Government Bodies	(21,131)
(2,208)	Other Local Authorities	(944)
(1,601)	Leaseholder Advance and Tenant Prepayments	(1,875)
(7,618)	Other Creditors	(8,421)
(21,769)	Total	(32,371)

G6. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

2020-21 £'000		2021-22 £'000
5,369	Depreciation	4,968
8,221	Impairment and downward valuations	1,335
1,013	Movement in the market value of investment properties	(85)
286	Amortisation	284
9,127	Change in Creditors	10,907
(2,907)	Change in Debtors	4,045
(424)	Change in Inventories	9
(1,789)	Movement in Pension Liability	6,673
1,425	Carrying amount of non-current assets sold or disposed	419
149	Other non cash items charged to the deficit on the provision of services	3,506
20,470	Non cash movements	32,062

G7. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2020-21 £'000		2021-22 £'000
(13,610)	Purchase of property, plant and equipment, investment property and intangible assets	(23,259)
(5,000)	Purchase of short-term and long-term investments	(13,500)
1,734	Proceeds from the sale of non-current assets	2,832
13,500	Proceeds from short-term and long-term investments	2,000
9,086	Other receipts from investing activities	5,203
5,710	Net cash flows from investing activities	(26,724)

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT		
2020-21 £'000		2021-22 £'000
	Expenditure	
(5,187)	Repairs and maintenance (note 2)	(5,577)
(8,782)	Supervision and management	(8,652)
(373)	Rents, rates, taxes and other charges	(400)
(3,402)	Depreciation (note 3)	(5,028)
(7,437)	Revaluation (note 3)	
(136)	Movement in bad debt provision	(103)
(25,316)	Total expenditure	(19,760)
	Income (note 5)	
22,993	Dwelling rents	23,397
403	Non-dwelling rents	392
2,452	Charges for services and facilities	2,566
485	Contributions towards expenditure	7
26,333	Total income	26,361
(486)	HRA share of Corporate & Democratic Core	(496)
(171)	HRA share of Pension Past Service Gain/Cost (-)	(127)
360	Net Cost of HRA Services in the Comprehensive Income & Expenditure Statement	5,979
360	Net Income of HRA Services	5,979
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
186	Gain or Loss on Disposal of Non-Current Assets	345
(3,023)	Interest payable	(3,057)
5	Interest and Investment Income	5
	Capital Grants & Contributions receivable	1,050
(183)	Pensions interest cost and expected return on pensions assets	(240)
(13)	Pension administration expenses	(14)
(2,669)	(Surplus) / Deficit for the year on HRA services	4,068

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MOVEMENT ON THE HRA STATEMENT		
2020-21		2021-22
£'000		£'000
(620)	HRA Balances brought forward	(620)
2,669	Surplus or Deficit (-) for the year on the HRA Income and Expenditure Statement	(4,068)
(2,579)	Adjustments between accounting basis and funding basis under statute	3,975
90	Net change before transfers to or from reserves	(93)
(90)	Transfers to (-) or from reserves	93
-	Increase or Decrease in balances in year	-
(620)	HRA Balances carried forward	(620)

Adjustments between accounting basis and funding basis under statute		
2020-21		2021-22
£'000		£'000
(34)	Transfers to / from (-) the Accumulated Absences Account	13
186	Gain (-) or loss on sale of non-current assets	345
(549)	HRA share of contributions to or from the Pensions Reserve	(721)
5,028	Capital expenditure funded by the HRA	4,136
3,386	Transfer to Major Repairs Reserve	3,833
	Transfers to and from the Capital Adjustment Account	
(7,437)	Revaluation (Note H3)	(1,194)
(94)	Revenue expenditure funded from capital under statute	(3)
(3,402)	Depreciation (Note H3)	(3,833)
	Capital Grants & Contributions Applied	1,050
338	Provision for repayment of debt	350
(2,578)	Total adjustments	3,975

NOTES TO THE HOUSING REVENUE ACCOUNT

H1. The Housing Revenue Account

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision. The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. The Council charges rents to cover expenditure in accordance with the legislative framework and this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

H2. Repairs and Maintenance

Details of repairs and maintenance expenditure are as follows:

2020-21 £'000		2021-22 £'000
1,077	Programmed Work (including painting)	1,039
4,431	Repairs	4,538
5,508	Total	5,577

H3. Capital charges

A downward revaluation charge of £1.194m (£5.915m in 2020-21) has been made to the HRA in the year. This reflects revaluation decreases that could not be charged against the Revaluation Reserve. These charges do not affect the bottom-line position of the HRA as they are reversed in the Adjustments section of the Movement on the HRA Statement.

Depreciation charges of £3.833m have been made to the HRA to reflect its use of assets (£3.386m in 2020-21). An amount equal to depreciation has then been transferred to the Major Repairs Reserve, which has been used to finance capital expenditure.

H4. Pensions

The HRA has been compiled on an IAS19 compliant basis. This treatment does not affect the bottom-line position of the HRA, as accounting entries are reversed out in the Adjustments section of the Movement on the HRA Statement and replaced with the HRA's actual contribution to the pension fund.

H5. Rents and Service Charges

Dwelling rents comprise the total rent income for all Council owned dwellings in the year. The average rent of our dwellings at the end of 2021-22 was £76.55 (on a 52-week basis). This is an increase of £1.22 from 2020-21.

The overall 1.6% increase in average rent is driven by a 1.5% annual increase in 2021-22 compared to 2020-21.

Non-dwelling rents include the rent of garages, garage sites, and miscellaneous plots of housing land. The Council also levies service charges to contribute towards the costs of special services such as Caretakers, door entry systems, sheltered dwellings, and furnished homes.

H6. Rent Arrears and Provision for Bad Debts

2020-21		2021-22
£'000		£'000
1,001	Arrears carried forward	1,015
(500)	Provision for bad debts carried forward	(500)

H7. Movement in the Major Repairs Reserve

2020-21		2021-22
£'000		£'000
-	Balance brought forward	-
3,386	Depreciation Charge	3,833
(3,386)	Funding for Capital Expenditure	(3,833)
-	Balance carried forward	-

H8. Housing Stock

The Council owned an average of 5,860 dwellings (including flats and maisonettes, houses and bungalows) during 2021-22. The following table shows the changes in stock over the last two years.

2020-21	2021-22
5,895 Opening Stock	5,862
2 Additions	44
(28) Sales	(47)
(7) Transfers to / from Assets Held for Sale	(2)
- Demolitions and disposals	-
- Other movements	1
5,862 Closing Stock	5,858

An analysis of the housing stock at 31 March 2022 is shown below.

	PRE 1919	1919-44	1945-64	AFTER 1964	TOTAL
Low-Rise Flats					
1 Bedroom	-	-	46	1,037	1,083
2 Bedroom	-	-	95	94	189
3 (or more) Bedroom	-	-	-	9	9
Sub Total	-	-	141	1,140	1,281
Medium-Rise Flats					
1 Bedroom	-	1	1	290	292
2 Bedroom	-	-	-	522	522
3 (or more) Bedroom	-	-	-	106	106
Sub Total	-	1	1	918	920
Houses					
1 Bedroom	2	32	287	261	582
2 Bedroom	32	52	196	288	568
3 Bedroom	9	130	424	1,623	2,186
4 (or more) Bedroom	-	4	5	312	321
Sub Total	43	218	912	2,484	3,657
Totals	43	219	1,054	4,542	5,858

H9. Movement in the Balance Sheet Value of HRA Non-Current Assets

2021-22	Intangible Assets	Assets held for sale	Council dwellings	Other land / buildings	Assets Under Construction	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening value	79	38	191,205	1,459	4,084	192	197,056
Additions and Enhancements	1	-	7,589	-	9,029	1	16,621
Disposals	-	(38)	(2,004)	-	-	-	(2,042)
Depreciation	(46)	-	(3,745)	(20)	-	(23)	(3,833)
Revaluation and Impairment	-	-	3,266	968	-	-	4,234
Other	(2)	-	-	-	-	-	(2)
Transfers	168	81	7,221	-	(7,470)	-	0
Closing value	200	81	203,533	2,407	5,642	170	212,034

H10. Vacant Possession Value of Council Dwellings

The vacant possession value of dwellings on the 1 April 2021 was £470.7m (£455.3m at 1 April 2020). The difference between the vacant possession value and balance sheet value of dwellings within the HRA reflects the economic cost to the Government of providing Council housing at less than open market rents.

H11. Sources of Funding for HRA Capital Expenditure

2020-21	2021-22
£'000	£'000
3,386 Major Repairs Reserve	3,833
5,028 HRA Revenue Contribution	4,136
Capital Grants	1,050
183 Internal Borrowing	7,051
516 Capital Receipts	540
9,113 Total	16,610

H12. Capital Receipts

The value of receipts on disposals of HRA assets were £2.448m in the year (£2.850m in 2020-21).

COLLECTION FUND

COLLECTION FUND STATEMENT				
2020-21			2021-22	
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000
INCOME				
(20,930)	(70,591)	Income due in year (notes 2 & 3)	(27,900)	(73,906)
-	-	Contributions to previous year deficits (note 4)	(7,587)	(955)
(2)	-	Transitional protection payments		-
(20,932)	(70,591)	Total income	(35,487)	(74,861)
EXPENDITURE				
Precepts, Demands and Shares				
15,236	-	Central Government	15,404	-
-	-	Transitional Protection Payments	83	
12,189	8,122	West Lancashire Borough Council	12,323	8,485
2,742	50,382	Lancashire County Council	2,773	53,550
305	2,549	Lancashire Combined Fire Authority	308	2,658
-	7,608	Lancs Police & Crime Commissioner		8,327
901	1,026	Contributions from previous year surpluses (note 4)		
Charges to Collection Fund				
1,255	2,502	Impairment of debts – write offs and provisions	691	1,590
799	-	Change in provision for appeals	1,522	
126	-	Cost of Collection Allowance	127	
33,553	72,189	Total expenditure	33,231	74,610
12,621	1,598	Movement on Fund Balances	(2,256)	(252)
3,352	956	Opening Fund Balances	9,269	643
(12,621)	(1,598)	Increase / (decrease) for the year (as above)	(2,256)	(252)
(9,269)	(642)	Closing Fund Balances	7,013	391

NOTES TO THE COLLECTION FUND

C1. The Collection Fund Account

This account 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.

C2. 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 shown in Note 8.

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

The council tax base for 2021/2022 was 36,774.06 (35,978.93 in 2020-21) Band D equivalent properties calculated as follows:

Property Band	Chargeable Dwellings	Band Multiplier	Relevant Amount
Z	31	5/9	17
A	9,460	6/9	6,306
B	7,044	7/9	5,479
C	8,409	8/9	7,474
D	6,581	1	6,581
E	4,568	11/9	5,584
F	2,354	13/9	3,401
G	1,512	15/9	2,520
H	81	2	162
Total Relevant Amount	40,040		37,525
Estimated Collection Rate			98%
Council Tax Base			36,774

C3. National Non-Domestic Rates (Business Rates)

NNDR is the business rate and is organised on a national basis. The Government specifies an amount (51.2p in 2021-22 and 51.2p in 2020-21) and, subject to the effects of transitional arrangements and mandatory and discretionary reliefs, local businesses pay rates calculated by multiplying that amount by their rateable value.

West Lancashire Borough Council Statement of Accounts 2021-22

The NNDR income after reliefs and discounts was £27.900m for 2021-22 (£20.930m for 2020-21). The rateable value for the Council's area at the end of the financial year 2021-22 was £80.231m (£80.378m for 2020-21).

C4. Surplus and Deficit on Collection

The final outturn on Council Tax operations shows a deficit of £0.391m, which compares with the estimated deficit of £0.478m declared in January 2022 and which will be distributed in 2022-23.

The financing arrangements for deficits and surpluses in respect of Council Tax provide for a sharing between major precepting authorities in proportion to their demands on the Collection Fund. The following table shows how these items have been shared over the last 2 years.

2020-21 Surplus £'000		2021-22 Surplus £'000
752	Lancashire County Council	(701)
112	Lancashire Police Authority	(106)
39	Lancashire Fire Authority	(35)
123	West Lancashire Borough Council	(113)
1,027	Total	(955)

The financing arrangements for deficits and surpluses in respect of Business Rates provide for a sharing between the Government and major precepting authorities on a set percentage basis. The following table shows how these items have been shared over the last 2 years.

2020-21 Surplus £'000		2021-22 Surplus £'000
583	Central Government	(4,406)
276	West Lancashire Borough Council	(2,643)
36	Lancashire County Council	(474)
6	Lancashire Fire Authority	(64)
901	Total	(7,587)

C5. Lancashire Business Rates Pool

This section is awaiting information from the Lancashire Pool lead Authority.

GLOSSARY OF TERMS

This Glossary of Terms is designed to aid interpretation of the Council's Statement of Accounts.

Accounting Policies

These specify how transactions and other events should be reflected in financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuary

An actuary is an expert on pension scheme assets and liabilities.

Actuarial Gains and Losses

Changes in the actuarial deficits or surpluses over time arising from either or both of i) differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation (known as experience gains and losses), and ii) changes in the actuarial assumptions.

Amortisation

An annual charge to the revenue account that spreads the cost of an asset over a period of time.

Appropriation

A contribution to or from a financial reserve.

Balances (Or Reserves)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves which are for technical purposes, and it is not possible to utilise these to provide services.

Budget

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

Capital Expenditure

Expenditure on the acquisition and/or improvement of an existing Non-Current Asset which adds to, and not merely maintains, its value. Expenditure that does not fall within the definition must be charged to a revenue account.

Capital Receipts

Proceeds from the sale of capital assets which can only be used to repay loans or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as 'capital receipts unapplied'.

CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

Collection Fund

The Collection Fund is a separate statutory fund which billing authorities have to maintain. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Consistency

This is a concept that the accounting treatment of like items, within an accounting period and from one period to the next, is the same.

Contingency

This is a condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Contingent assets and contingent liabilities are not recognised in the accounting statements but are disclosed by way of notes.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

Council Tax

This is a banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

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

Current Assets

Current assets are items that can be readily converted into cash.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period.

Current Service Cost (Pensions)

The increase in the pension liabilities as a result of years of service earned this year.

Debtors

Amounts owed to the Council for work carried out, services rendered, or goods provided by the Council for which income has not been received by the balance sheet date.

Deferred Credits

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed.

Defined Benefit Scheme

A pension or other retirement benefits scheme other than a defined contribution scheme, where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciation

This is the measure of the cost or revalued amount of the benefits of the Non-Current Asset that have been consumed during the period.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Estimation Techniques

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Events after the Balance Sheet Date

These are events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

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 (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

Finance Lease

This is a lease that transfers substantially all of the risks and rewards of ownership of a Non-Current Asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Reporting Standards (FRSs)

FRSs are statements which deal with accounting issues of fundamental importance and general application. They are applicable to all published accounts and compliance is mandatory. The Code of Practice on Local Authority Accounting in the UK applies FRSs to Council accounts as appropriate.

Financial Year

The Council's financial year runs from 1 April to 31 March.

General Fund

This is the main revenue account of the Council covering day to day spending on services other than the provision of housing.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to significantly curtail the scale of operations.

Government Grants

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Assets

Heritage assets are defined as assets which have historical, artistic or cultural qualities and that are held and maintained principally for their contribution to knowledge and culture.

Historic Cost

The cost of an asset at the time it was bought.

Housing Revenue Account (HRA)

The HRA is an account which includes the expenditure and income arising from the direct provision of housing by the Council.

Impairment

This is a reduction in the value of a Non-Current Asset below its carrying amount on the balance sheet.

Infrastructure Assets

Non-Current Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

These are non-financial Non-Current Assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. Examples are purchased software licences.

Inventories

The amount of unused or unconsumed stocks bought but not used at the end of the accounting period, held in expectation of future use, for example goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, and finished goods.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pension fund, that do not meet the above criteria should be classified as current assets.

Investment Properties

This represents an interest in land and/or buildings in respect of which construction work and development have been completed, and which is held for its investment potential, with any rental income being negotiated at arm's length.

Leasing

Leasing is a method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Materiality

The concept that any omission from or inaccuracy in the statement of accounts should not be so large as to affect the understanding of those statements by the reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in Statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

Non-Domestic Rates (NDR)

NDR is a tax levied on business properties and sometimes known as Business Rates. This tax is set nationally by the Government. Sums based on rateable values are collected by billing authorities and shared between major preceptors, central government, the Police and Crime Commissioner and the billing authority.

Net Book Value

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

Net Current Replacement Cost

This is the cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e., the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

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

Non-Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non-distributable Costs

These are costs that cannot be specifically applied to a service or services and are held centrally, for example certain pension costs.

Non-Operational Assets

Non-Current Assets held by a local authority but not directly occupied, used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

An operating lease is a lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own an asset. A third party purchases the asset on behalf of the Council, who then pay the lessor an annual rental over the life of the asset.

Operational Assets

Non-Current Assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Examples include Council dwellings, other land and buildings, vehicles, plant, equipment, infrastructure assets and community assets.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Post Balance Sheet Events

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

This is a charge levied by one Council which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

Principal

The amount of money borrowed, not including interest charges.

Prior Year Adjustments

Prior year adjustments are material adjustments, arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provision

These are monies set aside for liabilities or losses which are likely or certain to be incurred but the exact amount and dates are not currently known.

Prudence

The concept that revenue is not anticipated but is recognised only when realisation in cash is reasonably certain. Conversely, provisions should be made for all known liabilities.

Prudential Code for Capital Finance

This Code was introduced from 1 April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Related Parties

Two or more parties are related parties when at any time during the financial period: one party has direct or indirect control of the other party; or the parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts set aside in one year's accounts which can be spent in later years. Reserves are often earmarked for specific purposes, including the financing of future capital expenditure, replacement or renewals and the funding of future defined Council initiatives.

Residual Amount

The amount an asset can be sold for, less the cost of selling it.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by the employee.

Revenue Expenditure

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

Revenue Expenditure Funded from Capital Under Statute

Expenditure that is not capital in accordance with UK GAAP is allowed by statute to be funded from capital resources and hence such expenditure would have no impact on council tax in the year that it was incurred.

Revenue Support Grant (RSG)

This is a general grant received from Central Government to contribute towards the cost of providing services.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method, reflect the benefits that the employer is committed to provide for service up to the valuation date.

Specific Grants

Government grants for a particular service.

Statement of Recommended Practice – (SORP)

This is the Code of Practice on Local Authority Accounting in the United Kingdom.

Tangible Non-Current Assets

Assets which have a physical form e.g., buildings, equipment.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads which need to be apportioned.

Total Net Worth

The total net value of resources available to or owned by the Council.

Useful Life

The period over which the local authority will derive benefits from the use of a Non-Current Asset.

WEST LANCASHIRE BOROUGH COUNCIL
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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INTRODUCTION

We are pleased to introduce West Lancashire Borough Council's Statement of Accounts.

The Statement shows the financial performance and financial position of the Council for 2022-23. The publication of the Statement is a statutory requirement and demonstrates the Council's stewardship of public money for this year.

Mark Anderson

James Pierce

Chair of the Audit and Governance Committee

Head of Finance, Procurement and
Commercial Services (Section 151 Officer)

Date

NARRATIVE REPORT

Introduction

This publication presents the Council's Statement of Accounts for the year ended 31 March 2023. These accounts provide details of the money that the Council spent on delivering services and where this money came from. The accounts also show the Council's financial performance and financial position for the year.

Stewardship of public money and best value

The accounts have been prepared in accordance with the statutory and accounting regulations that govern the Council's financial affairs. These rules are primarily designed to safeguard public money and to promote best value.

The Council's accounts are subject to scrutiny by its elected Councillors and its Internal and External Auditors to verify that these regulations are being followed. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed.

About the Council

The Council employs around 501 people and uses assets of around £275 million to deliver its services .

The Council is structured using a Chief Operating Officer model with two Corporate Directors. The Corporate Director of Place and Community manages Growth and Development Services, Housing and Regulatory Services, Wellbeing and Leisure Services and Environmental Services. The Corporate Director of Transformation and Resources manages Finance, Procurement and Commercial Services, Corporate and Customer Services and Legal and Democratic Services.

Council services cover a wide range of different activities including refuse collection, street cleansing, grounds maintenance, planning, economic development and regeneration, council housing, housing benefits, collecting council tax and business rates income, leisure and wellbeing activities, environmental health, and community safety.

The Council currently has 54 Borough Councillors serving the 25 wards of the borough. Councillors are elected by a simple majority and serve for four years.

The visions of the Council are to produce engaged, empowered and inclusive communities within the Borough. To support local businesses to adapt and prosper and make West Lancashire a place of choice for business. To become a greener Council by becoming carbon neutral by 2030, improving the energy efficiency of the Council's housing stock and encouraging businesses and the residents to embrace the green agenda. The Council seeks to provide a clean, safe environment with affordable homes to buy or rent for everyone in the Borough. The Council will seek to design services to ensure a healthy, happy, safe and resilient environment.

And finally, to ensure the Council is financially sustainable by 2023 by maximising funding opportunities and income generation, improve efficiency and effectiveness of services and provide value for money.

The operating environment of the Council during 2022-23, in which it has continued to deliver its array of service obligations, has remained highly uncertain. The financial challenges faced in year should be viewed in the context of inflationary rises of more than 5%, the continued impact of increasing demand for services, the continued significant challenge of setting budgets with one-year local government finance settlements and Government uncertainty about future government funding reforms and plans.

Governance

West Lancashire Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Regulation (1) (b) of the Accounts and Audit Regulations (England & Wales) Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement.

The Council also fulfils a governance role in relation to Tawd Valley Developments Limited, a Company for which it is a shareholder.

In respect of 2022-23, 24 assurance audits were completed, 20 of which recorded an audit opinion (1 substantial assurance, 8 moderate assurance, 11 limited assurance and 0 no assurance).

Based upon the work undertaken by Internal Audit in respect of 2021-22, and the continued implications of the Covid-19 epidemic on the Council's internal control framework, the opinion of the Corporate Compliance and Governance Manager on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is **moderate assurance**.

The 2022/23 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

- The Council's Medium Term Financial Strategy shows a budget gap of £1.5m in 24/25 and £1.2m in 2025-26.
- The current delivery model for Council Procurement is a historical decentralised advisory service. During 2022-23 the service underwent significant change and moved to a centralised service managed by the Corporate Compliance and Governance Manager's independence. However, due to a perceived conflict of interest, as recommended by the external auditors, management of the service was transferred to the Head of Finance, Procurement and Commercial Services.

- The Council 2020-21 audit is now complete however the 2021-22 Statement of Accounts remain unaudited.

Operation Model

The Council Plan 2020-21 to 2022-23

The Council Plan was agreed by Members in October 2020. No revisions were made to the Plan for 2022-23. The Plan provides clarity of purpose for the Council allowing efficient communication of its strategic direction with the public, stakeholders and staff. This in turn allows effective planning and prioritisation of work and supports transparency and accountability.

Vision

West Lancashire together; the place of choice to live, work, visit and invest

The Council aims to deliver the vision through 6 key priorities of:

1. Create empowered, engaged and inclusive communities
2. Support businesses to adapt and prosper
3. Become a Greener West Lancashire
4. Be a financially sustainable Council by 2023
5. A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire
6. Everyone to be healthy, happy, safe and resilient

Each of the 6 key priorities contain "We will" statements that provide an outline of suggested supporting actions to deliver the priorities and to give a programme of work and action plan for the priorities.

The "We will" statements are dynamic and continue to be developed throughout the 3-year life of the Plan. These statements will form the basis of the delivery plans to achieve the priorities. A refresh will be considered annually thereafter to ensure that the Plan remains relevant and in line with the needs of the Borough.

Non-financial performance for the year

Progress against the actions and supporting KPIs are summarised and provided as a Corporate Performance Delivery Plan. The Delivery Plan refers to 44 items within the suite of KPIs, 10 of which are 'data only' (no target). Of the 34 KPIs with targets reported:

	2022-23
Indicators meeting or exceeding target ('Green')	20
Indicators narrowly missing target ('Amber')	7
Indicators 5% or more off target ('Red')	6
Data not yet available	0
Data that will not be provided (reason in notes)	1

Progress has been measured against the Council's key priorities for the Borough of:

- Create empowered, engaged and inclusive communities
- Support business to adapt and prosper
- Become a greener West Lancashire
- A clean, safe environment with affordable homes to buy or rent for everyone in West Lancashire
- Everyone to be healthy, happy, safe and resilient

- Be a financially sustainable Council by 2023

Some key performance areas (both positive achievements and challenges) include for 2022-23:

General Revenue Account (GRA)

- 6.4% rent loss through empty commercial units (target 10%)
- Successful bin collections 99.9% (target 97%)
- 93.79% Council Tax collected (target 97.1%)
- 95.78% NNDR collected (target 97.2%)
- Invoices paid on time 94.57% (target 98.75%)
- Percentage of kerbside household waste sent for reuse, recycling and composting 41.15% (target 47.8%)
- No of visits to Leisure facilities 564k (target 550k)
- Number of new participants engaged in health & wellbeing programmes/interventions 1,389 (target 250)
- Contact Centre calls answered 93.4% (target 88%)
- Number of new participants engaged to enhance employability, confidence, skills and qualifications 116 (target 140)

Housing Revenue Account (HRA)

- Rent collected from current and former tenants as a % of rent 100.47% (target 100%)
- Rent loss through vacant dwellings 0.97% (target 1.1%)
- Properties with a valid Landlord Gas Safety Record 99.9% (target 100%)
- Properties with a valid Electrical Installation Condition Report (homes and buildings) 94.5% (target 100%)
- Affordable Housing units via Tawd Valley Developments Limited 37 (target 37)

Performance plans are prepared by service managers for those indicators where performance falls short of the target by 5% or more and include proposed actions plans:

- % locations inspected falling into C/D - Detritis
It was identified that 10 of the 24 locations that scored C or above were in Skelmersdale. Previously, Skelmersdale was cleaned by one road sweeper. After reviewing cleansing schedules, the area of Skelmersdale has now been split into 3 areas, each assigned to a different road sweeper. Additional training has taken place to ensure cover in sweepers is in place during annual leave periods.
- % of properties with a valid electrical installation condition report.
Outstanding electrical safety certificates are principally as a result of access issues. A number of actions have been identified to help gain access to the properties such as pursuing access more rigorously, as per the gas procedure and starting the re-surveys earlier to ensure adequate time to resolve the access issues.
- % of non-domestic properties that require an asbestos management survey/re-inspection.
Outstanding re-inspections are the result of the requirement to procure a new supplier combine with the recommended re-inspection dates being due in March and April for most of the programme. We anticipate that the performance will steadily improve towards the end of the first quarter of the year with the new supplier in place.

2022-23 Budget Setting

On the 23 February, Council approved and set a net General Revenue Account budget of £12.394m.

The budget setting process for 22/23 included a budget headroom of £89k excluding policy options, the inclusion of policy options decreased the budget headroom to £69k.

The Council's medium term financial approach involves using reserves to support the budget position while the savings attributable to the Sustainable Organisation Review (SORP) are being realised. There are adequate funds in reserves to support this approach and consequently, enabled the Council to achieve a balanced budget position for 2022-23.

Financial performance for the year

General Revenue Account (GRA)

This account shows income and expenditure for all services except Council housing, and a net budget of £14.954m was set for the year.

A favourable variance was delivered against the net service budgets of £257k or 1.6%. This position was principally due some minor movements against service specific reserves and other minor variances

	Revised Budget	Outturn reported to Council	Variance
	£'000	£'000	£'000
Corporate & Customer Services	2,725	3,812	(1,087)
Environmental Services	6,595	6,962	(367)
Finance, Procurement and Commercial Services	(1,206)	(1,164)	(42)
Housing Services	839	495	344
Legal and Democratic Services	1,178	1,177	1
Planning and Regulatory	1,810	2,101	(291)
Wellbeing and Place	1,735	1,976	(241)
Chief Officers	440	379	61
Other Budget Items	(700)	421	(1,121)
Total Net Budget	13,416	16,159	(2,743)
Treasury Management	(435)	(405)	(30)
Capital Charges	314	314	-
Contribution to / (from) reserves	(1,341)	(1,107)	(234)
Total Net Budget	11,954	14,961	(3,007)
Council Tax	8,226	8,226	-
Business Rates (NNDR)	5,643	5,643	-
Government Grants and Contributions	1,085	1,092	(7)
Total Funding	14,954	14,961	(7)

The level of GRA earmarked reserves decreased by £3.3m, from £15.9m to £12.6m. This was a reduction of £731k in the estimated use of these reserves. This was principally due to a £234k reduction in the use of the Budget and Efficiency Savings Reserve and a reduction of £462k in the use of the Business Rates Equalisation Reserve due to additional S31 Grants for Business Rates Reliefs received from Central Government.

Housing Revenue Account (HRA)

This account shows income and expenditure relating to the Council's housing stock. An adverse budget variance was delivered in the year of around £188k, which represents around 0.7% of the overall budget requirement. The main reasons for this position were the pay settlement being larger than budgeted by around £100k, the use of agency staff to fill key vacancies, rising energy costs and higher contract inflation, particularly on the key repairs contract.

There was capital investment of £7.04m in existing housing stock in the year against a budget of £10.72m. This means that 66% of the revised programme was spent. It is intended that most of the unused budget will be slipped into the next financial year to enable ongoing schemes to be delivered in line with our standard practice.

In addition, there was capital investment of £6.1m in new housing stock, through the Council development company Tawd Valley Developments Limited.

HRA earmarked reserves decreased by £511k, from £2.603m to £2.092m.

Capital investment in the year

Each year the Council invests money to buy new infrastructure, buildings and equipment and to pay for long-term improvements to its existing assets. This spending is needed to maintain and develop the services that the Council provides.

The following tables provide a breakdown of the total investment for the year and how it has been financed:

Where the money comes from

2021-22		2022-23
£'000		£'000
(1,197)	Capital Receipts	(1,204)
(8,119)	Government Grants and Other Contributions	(7,051)
(8,008)	Revenue Contributions	(7,434)
(8,079)	Borrowing	(5,117)
(25,402)	Total	(20,806)

What the money is spent on

2021-22		2022-23
£'000		£'000
23,275	Property, Plant and Equipment	18,421
370	Other long-term assets	367
1,757	Revenue Expenditure Funded from Capital	2,010
25,402	Total	20,798

Strategy and Resource Allocation

Future revenue spending and capital investment plans

A Medium-Term Financial Forecast (MTFF) document was presented to members in September 2022.

The purpose of the MTFF is to provide the strategic framework and a forward-looking approach to achieving long term financial sustainability. It is central to the delivery of priority outcomes in the Council's strategy and plans in an affordable way over the next three years to 2025/26. It aids robust and methodical planning as it forecasts the Council's financial position, considering known pressures, major issues affecting the Council's finances, including national and regional influences as well as local priorities and factors.

Planning over the medium term helps the Council to respond in a considered manner, to pressures and changes because of many internal and external influences. This is particularly important during a period where the Council is facing unprecedented changes and challenges. The impact of the Ukraine conflict and in particular the consequences for energy costs together with the changes in National funding are examples of this. The MTFF recognises the key role that financial resources play in the future delivery of outcomes and in enabling the effective planning, management and delivery of services that contribute towards the delivery of the Council's Strategic Plan.

Included within the forecast are assumptions on the Business Rates baseline reset and reform that is assumed to be implemented for 2024/25. The current modelling received suggests a reduction to the retained business rates of circa £2m due to the removal of section 31 business rates compensation grant that is being rolled into the baseline reset. To mitigate the full impact of the reduction in funding in 2024/25, it has been assumed that the council will receive government transitional relief and also the utilisation of the Business Rates Equalisation Reserve to smooth the impact.

The MTFF forecast a budget gap for the 3 years 2023/24 to 2025/26 of:

2023/24	£0.539m
2024/25	£1.474m
2025/26	£1.001m

The key features of the capital programme over the 3-years 2023/24 to 2025/26 will be the continued planned investment in existing HRA housing stock of £32.596m, which will be funded primarily by HRA revenue contributions. This is part of a 5-year programme of investment in existing Council dwellings which will see a similar level of investment in subsequent years. In addition, during 2021/22 the Council approved investment of £11.450m in Skelmersdale Town Centre regeneration project.

During 2020/21 Council approved an additional scheme for £8.4m to the HRA capital investment programme to increase the investment to £22m in new housing stock to be delivered through the Council development company Tawd Valley Developments Limited.

The Council produced an updated Medium-Term Financial Forecast document which it presented to members in Feb 2023. This presented an increased budget gap for 2024/25 of £1.470m and 2025/26 of £1.238m, an overall deterioration in the financial outlook.

Given the current macro-economic cost pressures, in particular inflation, it is necessary to revise this document in order to determine their future financial impact. It is planned for the revision of the MTFF be completed and represented to members by October 2023.

Risks and Opportunities

The Government has introduced a one-year funding settlement for 2021/22. This settlement did not involve any significant changes in funding. The Government continued with a one-year funding settlement for 2023/24 and set out thorough an LGFS policy statement in December 2022, the planning assumptions, rather than detailed allocations for 2024/25. There remains significant uncertainty as we await confirmation of the details of the long-awaited Government reforms to the settlement formula (Fairer Funding), together with a new business rates retention system and baseline reset. In December the Government announced that this will not now be implemented in the next two years.

Although the full utilisation of the £1.3m contribution from reserves was not required in 2022/23, this remains in the 2023/24 budget and beyond, the usage of reserves represents an un-sustainable position moving forward if reserves diminish further. It is clear, that further savings, will therefore, need to be identified during 2023/24 for 2024/25 in order to stabilise the Council's finances over the medium term.

The Council is facing a difficult medium term financial situation as a result of the Government reducing the funding it provides to all local authorities, and due to the inflationary pressures effecting the UK economy. It is expected that there will continue to be a budget gap between the spending required to maintain existing service levels and the resources that will be available. This challenging financial position is recognised as a significant risk on the Council's key risk register.

Key risks and sensitivities in the MTFF include:

- Government funding decisions
- Pay awards
- Levels of economic activity
- Changes in the business rate base
- Numbers of council tax support claimants
- General inflation rates
- Interest rates
- Numbers of new homes built in the Borough

Financial Statements

The Accounts and Audit Regulations 2015 set out the statutory deadlines for an authority to publish both the unaudited Statement of Accounts by 31 May and audited Statement of Accounts by 31 July.

The Statement of Accounts provide an overview of the Council's financial position for 2022/23. The 2022/23 set of accounts conform to the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based on International Financial Reporting Standards (IFRSs).

Overview

The Council spent £74.6m in providing day-to-day services for the local community in 2021-22. The Council also invested £20.8m in capital projects during the year to maintain and develop the services that it provides. Total usable reserves decreased by £1.6m over the course of the year to £33.9m.

Service Provision

In broad terms the following tables show where the money for providing services comes from and what it was spent on.

Where the money comes from (net cost of services)

2021-22 £'000		2022-23 £'000
18,179	Benefits Payments and Administration grants	18,392
26,354	Housing rents and service charges	27,871
11,961	Service specific fees, charges and grants	8,512
56,494	Total	54,775

What the money is spent on (net cost of services)

2021-22 £'000		2022-23 £'000
21,275	Corporate & Customer Services	22,444
9,457	Environmental Services	10,021
437	Finance, Procurement and Commercial Services	610
3,156	Housing Services	2,759
20,383	Housing Revenue Account	24,069
1,357	Legal and Democratic	1,721
4,209	Planning and Regulatory	5,566
6,098	Wellbeing and Leisure	6,156
68	Corporate Directors	69
3,827	Other Services	1,188
70,265	Total	74,603

A more detailed breakdown of expenditure by nature is provided in Note 30

Financial position

The main assets of the Council are its housing stock and the other land, buildings and equipment that it owns. Total long-term assets have been valued at £295.7m, which is an increase of £20.2m on the previous year.

The Council had a total net worth of £237.4m as at 31st March 2023, taking into account all of its assets and liabilities, which was an increase of £94.3m on the previous year. This change was the result of a wide range of different factors.

Outlook

The value of the net pension liability in the accounts has decreased by £22.9m to £26.7m. The net pension liability represents the excess of long term accrued liabilities, assessed on a prescribed

basis, compared with the market value of pension assets. Statutory arrangements for the funding of the pension scheme mean that the financial position of the Council remains healthy.

The Cash Flow Statement shows a decrease of £3.3m in cash and cash equivalents over the year, and there was also a decrease of £15.8m in short term investments. The main reason for the reduction in the levels of cash and cash equivalents and the level of short-term investments is the termination of many of the Covid related grants and reliefs.

An upward revaluation of £8.4m was made on Council dwellings within the HRA, compared to an upward revaluation of £3.3m in the previous year. This revaluation review was conducted in conjunction with the Council's Estates section who followed professional guidelines in conducting this exercise.

At the start of the year the Council had £88.2m of external borrowing that was taken out with the Public Works Loans Board to finance the introduction of the HRA Self Financing system. During 2022/23 the scale of capital investment meant there was an increase in the underlying need to borrow of £4.2m, although this was funded from internal sources rather than through external borrowing. The Council Capital Financing Requirement (CFR) increased to £116.1m, with the under borrowed position being £27.9m.

The Council has a wholly owned company called Tawd Valley Developments Limited which is intended to undertake residential and commercial development. 2020/21 was the company's first full operational year, during the year the Council provided equity of £200k funding to it, in line with its approved Business Plan, to cover its operating costs and the costs of its initial development works. The total loan funding of £1.6m has been provided at a commercial rate of interest and it is expected that dividends will also be earned on the total equity of £900k in due course as the company completes its development schemes.

Following an assessment of materiality, the Council has prepared Group Accounts in 2022-23 to include its interests in the subsidiary company Tawd Valley Developments Limited.

Contents of the Accounts

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the Movement in Reserves Statement between usable and non-usable reserves. These constitute the net worth of the Council in the Balance Sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the Balance Sheet are shown in the Cash Flow Statement. These inter-relationships are shown below.

Movement in Reserves Statement	2022/2023
	£'000
Effect on Usable Reserves	(1,517)
Effect on Unusable Reserves	95,845
Change in Total Net Worth	94,328

Movement in Reserves Statement	2022/2023
	£'000
Effect on Usable Reserves	(1,517)

Effect on Unusable Reserves	95,845
Change in Total Net Worth	94,328

Balance Sheet (Change in Assets less Liabilities)	2022/2023
	£'000
Change in Net Assets (Excluding Cash)	97,632
Change in Cash and Cash Equivalents	(3,304)
Change in Total Net Worth	94,328

Cash Flow Statement	2022/2023
	£'000
Change in Cash and Cash Equivalents	(3,304)

An explanation of the main accounting statements, and their purpose, are set out below.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (which can be applied to fund expenditure or reduce taxation) and other unusable reserves.

The Total Comprehensive Income and Expenditure line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and rent setting purposes, and the Adjustments between Accounting Basis and Funding Basis under Regulations Line shows the differences between them.

The Transfers to and from Earmarked Reserves line shows the movements between balances and earmarked reserves for the General Fund and the HRA.

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 and housing rents. Councils raise taxation and rents to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and note 29.

Balance Sheet

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories.

The first category of reserves are usable reserves, which may be used 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 may only be used to fund capital expenditure or to repay debt).

The second category of reserves is those that the Council 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. This category also includes reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustment between accounting basis and funding basis under regulations”.

Cash Flow Statement

This shows the changes in cash and cash equivalents for the Council during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

The other parts of the Statement of Accounts and their purposes are set out below:

Annual Governance Statement

This outlines key elements of the Council’s governance framework, provides a review of its effectiveness, and sets out plans for its future development.

Independent Auditor’s Report

This report sets out the External Auditor’s opinion on whether the Accounts present a true and fair view of the financial performance and position of the Authority, and whether the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Statement of Responsibilities

This summarises the responsibilities of the Council and its Chief Finance Officer in relation to the Statement of Accounts.

Group Accounts

Group accounts have been prepared where the authority (the Parent) controls an entity (Subsidiary) by the ownership of the majority of shares in a company and where the authority is exposed to (or has rights to) variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The main authority statements have been consolidated by adding like items of assets, liabilities, reserves, income and expenses together line by line to those of other group members in the financial statements and Intra-group balances and transactions are eliminated in full.

Housing Revenue Account (HRA)

This summarises all transactions relating to the provision and maintenance of Council houses and flats, and reflects a statutory obligation to account separately for local authority housing provision.

Collection Fund

This account shows the income raised from Council Tax and Business Rates and how these funds are distributed to local authorities and central government.

Further information

Details on the Council's performance are available in the Council Plan Annual report at the following address:

<http://www.westlancs.gov.uk>

It is the Council's policy to provide full information about its financial affairs. Further details about the accounts, and summary versions of the statement in other languages, can be obtained by:

- E-mailing accountancy@westlancs.gov.uk
- Telephoning (01695) 577177
- Writing to West Lancashire Borough Council
 52 Derby Street
 Ormskirk
 Lancashire L39 2DF

2022-23 ANNUAL GOVERNANCE STATEMENT

Introduction and Scope of Responsibility

This statement provides an overview of how West Lancashire Borough Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. Its purpose is to give an objective and honest appraisal of the Council's governance framework.

Governance comprises the systems and processes, culture, and values by which the Council is directed and controlled, and through which it is accountable to, engages with and leads the community.

A summary of significant governance challenges which the Council faces is given, alongside an explanation of what actions have been taken to bring about required improvements, and what work is remaining to be done. This provides transparency and gives assurance that the Council is committed to continually improve the way in which it functions.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively.

The Council also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

To discharge this overall responsibility, the Council must have in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance, and this statement explains how the Council has complied with the code and meets the requirements of the Accounts and Audit Regulations, in relation to the production of an Annual Governance Statement.

West Lancashire Borough Council has approved and adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government 2016.

This statement explains how the Council has complied with the code and also meets the requirements of the [Accounts and Audit Regulations \(England & Wales\) Regulations 2015 regulation 6 \(1\)](#) which requires all relevant bodies to:

- Conduct a review of the effectiveness of the system of internal controls.
- Prepare an Annual Governance Statement.

It should be noted that the Council also fulfils a governance role in relation to Tawd Valley Development Company for which it is a shareholder.

What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led, and held to account. The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive, and honest manner.
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently, and effectively.
- Has effective arrangements for the management of risk.
- Secures continuous improvements in the way it operates.

The Purpose of the Framework

The governance framework comprises the systems, processes, culture, and values by which the Council is directed and controlled and the mechanisms through which it accounts to, engages with, and leads the community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes and enables the Council to monitor the achievement of its Vision and priorities:



By adhering to this framework, it enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Both risk management and internal control are a significant part of the Council's framework and are designed to manage risk to a reasonable level. These safeguarding processes cannot eliminate all risk of failure to achieve policies, aims and strategic objectives and can therefore only provide reasonable and not absolute assurance of their effectiveness.

The system of risk management and internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and strategic objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively, and economically.

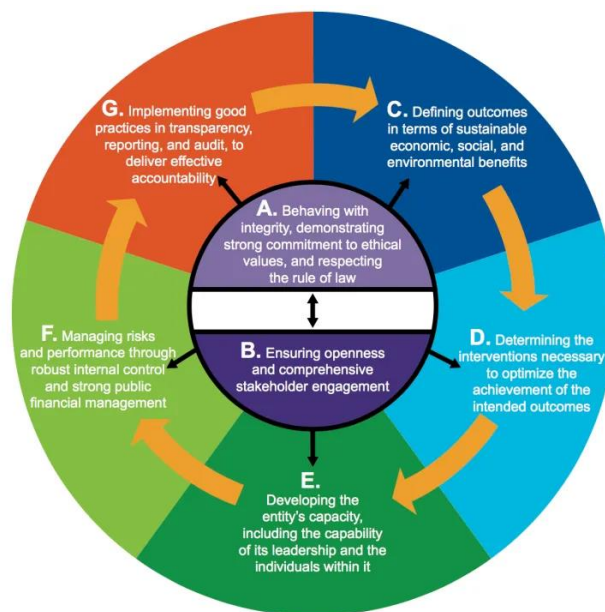
Annual Review of Effectiveness of the Governance Framework

The Council has a legal responsibility to conduct an annual review of the effectiveness of its governance framework, including the systems of internal control. The annual review is undertaken by the Internal Audit Service. After conducting the review, the council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance.

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance.

The seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition) are as follows:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management; and
- G. Implementing good practices in transparency, reporting and audit, to deliver effective accountability.



(International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the "International Framework")

The review of effectiveness is informed by:

- Corporate Management Team and Senior Managers - Responsibility for the development and maintenance of the governance environment and internal control lies with the Chief Operating Officer and Corporate Management Team within their service areas. Their feedback and comments are provided in annual Governance Assurance Statements and are an essential part of this review.
- The Internal Audit Manager's Annual Report and Opinion 2022/23 – In terms of the year to March 2023 the Internal Audit Manager can provide "moderate assurance" that the Council's governance, risk and control framework was generally sound and operated consistently in the year.
- Feedback, recommendations, and comments made by the external auditors and other review agencies and inspectorates, including the LGA Peer Review undertaken.

Decision Making and Scrutiny

The Council approved the overall policy and budgetary framework for the financial year 2022/23. Cabinet subsequently made decisions at various points throughout the year that were in line with this policy and budget framework. The decisions of the Cabinet have been the subject of scrutiny through the Council's Overview and Scrutiny Committees which met regularly during the year.

Each Overview and Scrutiny Committee had a work programme for the year and reviewed a range of current activities and potential issues as part of that programme.

All decisions made by Committees, Council, Cabinet, Cabinet Member (under their delegated powers) and Chief Officer executive decisions are recorded and published online for transparency.

Delegation arrangements for Cabinet Members are reviewed annually by the Legal and Democratic Services Manager as part of the Constitution review process.

The Council publishes a calendar of meetings and deadlines for the submission of agenda items. Agendas and reports are produced promptly and provided to the relevant Members.

Audit and Governance Committee

The Audit and Governance Committee provides independent assurance on the adequacy of the Council's risk, governance, and assurance environment. All political parties are represented on the Audit and Governance Committee.

The Committee met regularly during 2022/23, considering reports, from the Monitoring Officer, the Section 151 (S151) Officer, the Internal Audit Manager (now known as the Corporate Compliance & Governance Manager), and the External Auditor.

Standards Committee

The Standards Committee role is to promote and maintain high standards of conduct throughout the authority and create a sense of 'ethical well-being' and ensure that Councillors and Co-opted Members within West Lancashire follow the highest standards of conduct. The Annual Report of the Standards Committee is one of the Council's sources of governance assurance. The annual report for 2022/23 was presented to members of the Standards Committee in September 2023.

Tawd Valley Development Shareholders Committee

The Tawd Valley Development Shareholders Committee are a cross party committee who have discussions about the future direction of Tawd Valley Developments (TVD), evaluate the company's effectiveness against agreed objectives and business plan; and assess any risks to the Council due to TVD activities. The committee was set up during 2021/22 with the first meeting taking place in March 2022.

Corporate Management Team (CMT)

CMT consists of the Chief Operating Officer, Corporate Directors, Monitoring Officer, Section 151 Officer and Heads of Service. It provides senior management and leadership in the development, delivery and communication of Council and borough-wide policy and performance. It has a key responsibility for the development and maintenance of the governance environment.

As part of the corporate governance review for 2022/23 members of the CMT have provided formal assurance in respect of their service area, by their responses to the Governance Assurance Statement questionnaires.

External Audit

Grant Thornton is the Council's appointed External Auditor for 2022/23. The work of the Council's External Auditor includes an examination of the Council's financial statements and an assessment of the degree to which the Council has the required arrangements in place to deliver value for money in the use of its resources.

Internal Audit

The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit which provides independent and objective assurance across the whole range of Council activities. It is the duty of the Internal Audit Manager to give an opinion, at least annually, on the adequacy and effectiveness of internal control within the Council.

Based upon the work of Internal Audit during 2022/23, the Internal Audit Manager provided the Council with an overall opinion of Moderate. Internal audit carried out follow up audit reviews for all recommendations made and reported results to CMT and the Audit and Governance Committee.

The Public Sector Internal Audit Standards were introduced from April 2013 and updated in April 2017. The service was the subject to an external review during 2022/23 which was assessed as being generally compliant with the Public Sector Internal Audit Standards 2017.

Financial Sustainability

The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms and, consequently, has utilised its reserves to achieve a balanced budget over this period. Balanced budgets were achieved for 2021/22 and 2022/23, but the Council's Medium Term Financial Strategy shows a budget gap of £1.5m in 24/25 and a further £1.2m in 2025/26. Action is underway to identify the necessary savings and efficiencies to address this gap.

Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable, and CIPFA launched a Financial Management Code to support this. Councils are required to be compliant with the Code.

A key goal of the code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The code incorporates existing requirements on local government, to give a comprehensive picture of financial management in the Council.

Our evaluation has demonstrated that the requirements of the code are being satisfied.

How WLBC achieves the Seven Principles

From the evaluation work undertaken the following sections look at how the Council is held to account for the seven principles of Corporate Governance.

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> Behaving with integrity. Demonstrating strong commitment to ethical values. Respecting the rule of law. 	<ul style="list-style-type: none"> The Council has an agreed constitution which sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. It also refers to the adherence of the Seven Principles of Public Life (the 'Nolan Principles'). The Council has put processes in place to minimise the risk that its councillors and employees act in an improper way (influenced by prejudice, bias, or conflict of interest) when dealing with stakeholders. The Council has Codes of Conduct for councillors and employees. Additionally, there is a suite of policies and

	<p>procedures for councillors and employees which define the standards of behaviour expected. Deviation from these policies may result in the use of the embedded disciplinary processes in place.</p> <ul style="list-style-type: none"> • The Council has approved Management and Employee Core Expected Behavioural Standards in place. All employees of the Council are expected to display the Employee Core Expected Behavioural Standards whilst they are undertaking their duties. Employees who are appointed as supervisors and managers are expected to display certain Manager Expected Behavioural Standards as well as the Employee Core Expected Behavioural Standards. • The Council's Vision and Priorities and, People's Strategy are clear and demonstrates its commitment to its stakeholders. • The Standards Committee ensure that there are high standards of ethical governance from elected members of the Council. The committee provides a summary of its work in its annual report. • The Chief Operating Officer is designated Head of Paid Services and is responsible for reporting to Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers. • The Head of Finance, Procurement and Commercial Services is the designated Chief Finance Officer and is responsible for ensuring lawfulness and financial prudence of decision making, administering the financial affairs of the Council, contribute to the corporate management of the Council through the provision of professional financial advice, provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all councillors and the elected mayor and will support and advise councillors and officers in their respective roles; and provide financial information to the media, members of the public and the community when required. • The Head of Legal & Democratic Services undertakes the role of the Monitoring Officer. Details of the role of the Monitoring Officer is documented in the Monitoring Officer Protocol and Council Constitution. The role includes maintaining the Council Constitution, ensuring that Council decisions are taken in a lawful and fair way, correct procedures are followed, and that all applicable laws and regulations are complied with.
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B: Ensuring openness and comprehensive stakeholder engagement

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none">• Openness.• Engaging comprehensively with institutional stakeholders.• Engaging with individual citizens and service users effectively.	<ul style="list-style-type: none">• The Council publishes all relevant information (as required by the Local Government Transparency Code 2015) on its website.• The Council's website contains comprehensive information pertaining to the services provided by West Lancashire Borough Council and its partners.• The Council's decision-making information, including committee agendas and minutes (not restricted) is available via the council's website and intranet.• The Council undertakes consultation exercises regularly including budget proposals, these can be found on the council website.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none">• Defining outcomes.• Sustainable economic, social and environmental benefits.	<ul style="list-style-type: none">• The Council is committed to community engagement and involvement.• The Council has a clear vision for the future as set out in its Vision and Council Priorities which considers all relevant economic, social and environmental factors. Outcomes are reported in the Annual Council Report which available on the Council website.• The Council has structured budget and treasury management processes in place.• Each Council service area has its own service action plan that contributes to delivering an effective service.• The Council's wholly owned company, Tawd Valley Developments has its own website where information regarding current and future developments and the Annual Review Report are documented. A TVD Shareholders committee is also in place and is made up of cross-party membership.• The Council declared a Climate Emergency in 2019 and has a Climate Change Strategy and Action Plan 2023 in place which can be found on the Council Website.• Climate Action news is available on the Council Website and details actions to deliver carbon reduction projects across West Lancashire.•

D. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> • Determining interventions. • Planning interventions. • Optimising achievement of intended outcomes. 	<ul style="list-style-type: none"> • The Council operates a Scrutiny and Review Committee system, and the decision-making process allows for challenge where necessary. • The Council has a robust financial strategy with financial planning protocols in place (Medium Term Financial Strategy, annual budget monitoring and Forward Plans). • Cabinet receives regular reports on the General Revenue, Housing Revenue and Capital Budgets. • The Council engages and undertakes consultation exercises with its stakeholders in relation to service provision changes and new initiatives. • The Council Plan is underpinned by individual Service Action Plans which set out the core priorities and activities for each service. •

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> • Developing the entity's capacity. • Developing the capability of the entity's leadership and other individuals. 	<ul style="list-style-type: none"> • The Council has an agreed constitution which details roles and responsibilities of councillors and key officers of the Council. • The Council requires all new employees and councillors to undertake an induction process. • The Council has an Our People Strategy 2020-23 in place. • The Council has a number of human resource policies in place to support employees and managers. • Employee training needs are identified through the annual appraisal process. • The Council has a training system in place which includes mandatory modules for employees to complete and a selection of other useful training modules. • Financial Regulations are contained within the Council's Constitution and all employees are required to operate within them. • A number of new projects are being progressed as part of the Council's Our Futures Strategy. • The Council works with a number of partners to deliver services throughout the borough.

F. Managing risks and performance through robust internal control and strong public financial management.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> • Managing risk. • Managing performance. • Robust internal control. • Managing data. • Strong public financial management. 	<ul style="list-style-type: none"> • The Council has a Risk Management Framework which includes a Policy and Toolkit and is updated annually. All Members and Council staff have received training in. • The Council's has a suite of Key Performance Indicators which are managed and monitored using the Pentana Risk System. Reports on performance are presented to executive Overview and Scrutiny Committee on a regular basis. • A system of scrutiny and review is in place as part of the Council's decision-making process. • The Council has an Audit and Governance Committee who meet quarterly and provide independent assurance of the adequacy of the Council's Risk Management Framework and the associated control environment. • The Council has a Standards Committee in place and are required to promote and maintain high standards of conduct throughout the Council and create a sense of 'ethical well-being' and ensure that Councillors and Co-opted Members within West Lancashire follow the highest standards of conduct. • An internal audit service is maintained and reports quarterly to the Audit and Governance Committee. • The role of the Head of Internal Audit is undertaken by the Corporate Compliance and Governance Manager (CCGM). The CCGM conforms with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019). • The Council maintains policies and arrangements in respect of Anti-fraud, Bribery & Corruption, Anti-Money Laundering and Whistleblowing. • A data management framework and procedures are in place and are readily available to all members of staff. • The Council has appointed a Senior Information Risk Owner and Data Protection Officer (DPO). The DPO provides the Council with independent assurance regarding compliance with the data protection law. • The Council has an Information Governance Committee (IGC) and has appointed Information Asset Owners who are required to attend and contribute to IGC meetings.

	<ul style="list-style-type: none"> • Effective arrangements are in place and operating effectively for the collection, storage and sharing of information. • The Council complies with the NHS Data Security and Protection Toolkit. • The Council has a robust financial strategy with Financial Planning protocols in place (Annual Budget Monitoring, Medium Term Financial Strategy and Forward Plans) • The Council's Financial Statements are available to the Public on the Council's website.
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G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Sub Principle	How West Lancashire Borough Council Achieves the Principle
<ul style="list-style-type: none"> • Implementing good practice in transparency. • Implementing good practices in reporting. • Assurance and effective accountability 	<ul style="list-style-type: none"> • The Council adheres to the Local Government Transparency Code 2015, with relevant information accessible via the Council's website. • The Council's Financial Statements and External Auditor's Letter is available on the Council's website for 2012/13 to 2019/20. For 2020/21 and 2021/22 draft financial statements are available on the Council website and the External Auditor is in the process of reviewing these statements. • The Council produces Financial Statements in accordance with CIPFA's Practice on Local Authority Accounting in the UK following International Financial Reporting Standards (IFRS). The Financial Statements are scrutinised by the External Auditor with a separate report produced. • An Annual Governance Statement is produced and incorporated into the Council's approved Financial Statements. • The Council has undergone an LGA Peer review and published the findings on its website. Additionally, the outcome of the follow up review has also been published.

Significant Governance Issues (SGI)

In addition to identifying those areas where the Council meets the principles of Corporate Governance, it is also appropriate to identify areas of improvement that can be undertaken during the next financial year. These are termed as 'Significant Governance Issues' and can be defined as an issue that:

- Seriously prejudices or prevents achievement of a key target.
- Has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business.

- The external auditor regards as having a material impact on the accounts/value for money conclusion.
- Audit and Governance Committee advises that it should be considered significant.
- The Internal Audit Manager identifies and reports on it as significant.
- It has been reported as significant by external bodies – for example Ombudsman, Information Commissioner, independent consultants.
- The issue, or its impact, has attracted significant public interest, or has seriously damaged the reputation of the Council.
- May make it harder to prevent fraud or other misuse of resources.
- May put financial stability, security or data integrity at risk.

Action taken to address Significant Governance Issues Identified During 2021/22 Review:

This section provides a summary of the strategic actions taken to address the Council's significant governance issues reported in the Annual Governance Statement 2021/22.

Action to be addressed	Action Taken	Responsible Officer(s)	Status
The Local Code of Corporate Governance requires an update.	The draft Local Code of Corporate Governance has been devised and has been presented to Audit & Governance Committee in October 2023 and full Council for review and adoption.	Monitoring Officer, Corporate Compliance & Governance Manager	Complete
The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms and, consequently, has utilised its reserves to achieve a balanced budget over this period. Balanced budgets were achieved for 2021/22 and 2022/23, but the Council's Medium Term Financial Strategy shows a budget gap of £1.5m in 24/25 and a further £1.2m in 2025/26. These will require urgent action and targeted decision making to achieve a balanced budget for 2024/25 and beyond.	The Council's approved budget for 2022/23 continued with the medium-term use of reserves. The Medium-Term Financial Strategy for 2023/24 onwards was presented to Council in February 2023. This identified a budget gap totaling £2.7m across the years to 2025/26. An action plan is in place to address the necessary savings and efficiencies to address this gap.	Head of Finance, Procurement & Commercial Services (s151 Officer) Corporate Finance Manager (Deputy s151)	Ongoing

Action to be addressed	Action Taken	Responsible Officer(s)	Status
There has been a delay in the completion of the external audit of the Council's Financial Statements for 2020/21 and 2021/22 due to issues out of the Council's control, including, Covid-19, staffing resources and the need to meet new requirements such as the completion and incorporation of Group Accounts in the Financial Statements.	<p>The Audit of the 20/21 Accounts is now substantially complete, but the finalisation of the document itself, ready for publication, including all identified amendments, has yet to be completed.</p> <p>A restructure of the Finance Team has been undertaken.</p> <p>The draft financial statements for 2021/22 have been produced on time and external audit of the Council's 2021/22 Financial Statements is due to commence.</p> <p>The draft Statement for 2022/23 remains in progress.</p>	<p>Head of Finance, Procurement & Commercial Services (s151 Officer).</p> <p>Corporate Finance Manager (Deputy s151)</p>	Ongoing

Significant Governance Issues Identified During 2022/23 Review

The 2022/23 annual governance review undertaken by the Council's Internal Audit Service has identified the following issues:

Significant Governance Issue	Action to Address the issue
The Local Code of Corporate Governance has been updated, however, it must be reviewed and agreed by members of CMT and the Audit and Governance Committee.	<p>The Corporate Compliance & Governance Manager and Legal & Democratic Services Manager (Monitoring Officer) will present the document to CMT for review and agreement.</p> <p>A review of the document will be undertaken annually and presented to Audit & Governance Committee at their July 2023 meeting.</p>
The Council has seen a substantial reduction in the revenue it receives from Central Government over the past decade in real terms. Whilst urgent action and targeted decision making to achieve a balanced budget for 2022/23 has been undertaken, there remains budgetary pressures going forward further exacerbated by the continued absence of a long-term financial settlement.	There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired because of a need to close facilities and reduce levels of service provision.

Significant Governance Issue	Action to Address the issue
<p>The financial statements for 2020/21 and 2021/22 have been finalised. The external audit review for 2020/21 is now substantially complete and detailed work on that for 2021/22 is due to commence shortly.</p> <p>The 2022/23 financial statements are in progress.</p>	<p>The external audit review for 2020/21 is substantially complete and all relevant amendments arising from the Auditor's work will be incorporated into the final version of the documents. The Council will likewise respond to any findings in respect of 2021/22 and 2022/23 when received.</p>

Conclusion

This Annual Governance Statement demonstrates that the systems and processes employed provide a comprehensive framework upon which to give assurance appropriate governance arrangements were in place during 2022/23.

The governance arrangements outlined in this Annual Governance Statement have been applied throughout the year and will continue to be applied throughout 2023/24. The annual review has provided an effective process to identify any governance issues and to put in place the necessary improvement actions. Additionally, the challenging approach we take to Corporate Governance has identified areas that the Council would like to improve further, and these actions are recorded in an action plan that is monitored by the Corporate Management Team.

The annual review process and action plan demonstrates the culture of the Council to robustly challenge itself and constantly seek out opportunities to improve. The annual review has identified, overall, that the Council continues to have an effective framework of governance.

Certification

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming months to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed:



Jacqui Sinnott-Lacey
Chief Operating Officer

Date: 28 November 2023

Signed:



Councillor Yvonne Gagen
Leader of the Council

Date: 28 November 2023

INDEPENDENT AUDIT REPORT

Independent auditor's report to the members of West Lancashire
Borough Council

Report on the Audit of the Financial Statements

TO BE INSERTED ONCE THE ACCOUNTS ARE FINALISED

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The following responsibilities are placed upon the Authority and its Chief Finance Officer in relation to the Council's financial affairs.

The Authority's 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 Head of Finance, Procurement and Commercial Services
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

The Chief Finance Officer's Responsibilities

As the Authority's Chief Finance Officer, I am responsible for preparing the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

I have also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Statement of Accounts presents a true and fair view of the financial position of the Authority at the 31 March 2023 and its income and expenditure for the year then ended.

James Pierce

Head of Finance, Procurement and Commercial Services (Section 151 Officer)

19 January 2024

MOVEMENT IN RESERVES STATEMENT 2022/23

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(960)	(15,888)	(620)	(2,602)	(2,978)	(778)	(11,623)	(35,450)	(106,940)	(142,389)
<i>Movement in Reserves during 2022-23</i>										
Total Comprehensive Income and Expenditure	10,514	-	(4,059)	-	-	-	-	6,455	(100,784)	(94,329)
Adjustments between accounting basis and funding basis under regulations (Note 8)	(7,225)	-	4,569	-	(2,095)	-	(189)	(4,939)	4,939	-
Transfers to / from Earmarked Reserves (Note 9)	(3,290)	3,258	(511)	511	-	-	32	-	-	-
Increase / Decrease in Year	(0)	3,258	(0)	511	(2,095)	-	(157)	1,517	(95,845)	(94,329)
Balance at 31 March 2023	(960)	(12,630)	(620)	(2,093)	(5,073)	(778)	(11,780)	(33,933)	(202,785)	(236,719)

MOVEMENT IN RESERVES STATEMENT 2021/22

	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(960)	(16,792)	(620)	(2,510)	(2,236)	(901)	(9,309)	(33,327)	(74,019)	(107,346)
<i>Movement in Reserves during 2021-22</i>										
Total Comprehensive Income and Expenditure	(656)	-	(4,068)	-	-	-	-	(4,724)	(30,319)	(35,043)
Adjustments between accounting basis and funding basis under regulations (Note 8)	1,591	-	3,976	-	(742)	123	(2,345)	2,602	(2,602)	-
Transfers to / from Earmarked Reserves (Note 9)	(935)	904	93	(93)	-	-	32	-	-	-
Increase / Decrease in Year	(0)	904	(0)	(93)	(742)	123	(2,314)	(2,122)	(32,921)	(35,043)
Balance at 31 March 2022	(960)	(15,888)	(620)	(2,602)	(2,978)	(778)	(11,623)	(35,450)	(106,940)	(142,389)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Cost £'000	2021-22		Service	Gross Cost £'000	2022-23	
	Gross Income £'000	Net Cost £'000			Gross Income £'000	Net Cost £'000
21,275	(18,891)	2,384	Corporate and Customer Svs	22,444	(19,517)	2,927
9,457	(1,846)	7,611	Environmental Services	10,021	(1,816)	8,206
437	(533)	(96)	Finance, Procure & Commercial	610	(456)	154
3,156	(2,329)	827	Housing Services	2,759	(2,582)	178
20,383	(26,361)	(5,979)	Housing Revenue Account	24,069	(28,040)	(3,972)
1,357	(270)	1,087	Legal and Democratic	1,721	(242)	1,479
4,209	(1,694)	2,516	Planning and Regulatory	5,566	(1,637)	3,928
6,098	(2,504)	3,594	Wellbeing and Place	6,156	(1,286)	4,870
68	-	68	Corporate Directors	69	(6)	63
3,827	(2,068)	1,760	Other Services	1,188	(207)	981
70,265	(56,494)	13,771	Cost of Services	74,603	(55,789)	18,815
2,287	-	2,287	Other operating expenditure (Note 10)	1,102	-	1,102
5,612	(2,541)	3,071	Financing & investment income & expenditure (Note 11)	10,536	(3,583)	6,953
-	(23,853)	(23,853)	Taxation & non-specific grant income & expenditure (Note 12)		(20,414)	(20,414)
78,164	(82,888)	(4,724)	Surplus (-) or Deficit on Provision of Services	86,240	(79,785)	6,455
		(7,381)	Surplus (-) or deficit on revaluation of non-current assets (Note 26)			(18,050)
		(22,938)	Re-measurement of the net defined pension liability (Note 40)			(82,734)
		(30,319)	Other Comprehensive Income and Expenditure			(100,784)
		(35,043)	Total Comprehensive Income and Expenditure			(94,329)

The comparative figures for 2021-2022 have been restated to reflect the new Management Structure that was implemented 1 April 22

BALANCE SHEET

31 March 2022		Note	31 March 2023
£'000			£'000
254,045	Property, Plant & Equipment	13	266,128
509	Heritage Assets	15	516
18,496	Investment Property	16	26,494
832	Intangible Assets	17	926
900	Long Term Investments	19	900
58	Long Term Debtors	19	58
274,839	Long term assets		295,022
23,165	Short Term Investments	19	7,396
81	Assets held for sale	14	54
14	Inventories	20	8
14,673	Short Term Debtors	21	15,133
6,738	Cash and Cash Equivalents	22	3,434
44,672	Current assets		26,025
(33,455)	Short Term Creditors	23	(16,458)
(33,455)	Current Liabilities		(16,458)
(1,628)	Provisions	24	(2,084)
(49,570)	Pension Liabilities	40	26,678
-	Other Long-Term Liabilities	39	-
(4,222)	Grants & Contributions in Advance	35	(4,219)
(88,246)	Long Term Borrowing	19	(88,246)
(143,666)	Long Term Liabilities		(67,871)
142,390	Net Assets		236,718
(35,450)	Usable Reserves	25	(33,933)
(106,940)	Unusable Reserves	26	(202,785)
(142,390)	Total Reserves		(236,718)

CASH FLOW STATEMENT

2021-22 £'000		2022-23 £'000
4,724	Surplus (Deficit) on the Provision of Services	(6,455)
32,790	Adjustments for non-cash movements (Note 27)	7,091
(13,174)	Adjustments for items that are investing or financing activities (Note 27)	(10,538)
24,340	Net Cash Flows from Operating Activities	(9,903)
(27,616)	Investing Activities (Note 28)	5,661
824	Financing Activities (Note 29)	938
(2,452)	Change in Cash and Cash Equivalents	(3,304)
9,190	Cash & Cash Equivalents at start of period	6,738
6,738	Cash & Cash Equivalents at end of period (Note 22)	3,434

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i. General Principles

This Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at the year-end of 31 March 2023. It has been prepared in accordance with relevant statutory regulations and proper accounting practice, and in particular the Code of Practice on Local Authority Accounting in the United Kingdom, supported by International Financial Reporting Standards.

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

ii. Accruals of Income and Expenditure

Activity is accounted for in the financial year in which it takes place, not when cash payments are made 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 of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and interest 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.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. 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 accounting 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 practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are also corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service

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 authority in accordance with statutory guidance (England).

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by a Minimum Revenue Provision contribution in the General Fund balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Capital charges to the Housing Revenue Account are calculated in accordance with statutory regulations, and in particular the Item 8 Credit and Debit Determinations.

vi. Council Tax and Non-Domestic Rates

Billing authorities 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.

The council tax and the NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council'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 reconciling item in the Movement in Reserves Statement.

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

vii. 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 salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account, so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. These amounts are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises the costs of the restructuring.

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 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 entries 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 of the Council participate as members of the Local Government Pension Scheme, administered by the Lancashire County Pension Fund.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

The liabilities of the Lancashire County Pension Fund attributable to the Council 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 future earnings for current employees.

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

The assets of the Lancashire County Pension Fund attributable to the Council 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 the net pensions 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 – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) 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 (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 Lancashire County 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, rather than the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and to 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 on the General Fund balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

viii. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the statement of accounts are 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.

ix. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) and/or financial assets designated at FVOCI, where relevant.

The Council business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not

solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the financing and investment income and expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], 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.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income.

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council where there is reasonable assurance that the Council will comply with any conditions attached to the payments and that the payments 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 either current or long-term liabilities. 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.

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from this levy will be used to fund infrastructure projects to support the development of the Borough.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

xi. Heritage Assets

Heritage assets include civic regalia, public sculptures, memorials, fountains and village cross, with historic, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture and this purpose is central to the objectives of the Council holding them.

Heritage assets (other than operational heritage assets) will be measured at valuation in accordance with FRS 102. Where this is not practicable, they will be valued at historical cost (less any impairment losses).

There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation the carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current and valuations will be made by any method that is appropriate and relevant.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The proceeds of such items are accounted for in accordance with the Council'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.

All the Council's heritage assets are considered to have an indefinite useful life and are not depreciated.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xiii. Interests in companies and other entities

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

xiv. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv. Investment Property

Investment properties are those that are used solely to earn rentals and / 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.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. The same treatment is applied for gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xvi. Leases

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

The Council currently only has operating leases in place.

The Council as Lessee: Operating Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased asset. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (eg there is a rent-free period at the commencement of the lease).

The Council as Lessor: Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. Overheads and Support Services

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

xviii. Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g., repairs and maintenance) is charged as a revenue expense as it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price,
- 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 management, and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the

Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Dwellings – current value determined using the basis of existing use value for social housing (EUV-SH)
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value determined as the amount that would be paid for the asset in its existing use. (EUV = Existing Use Value).

Where there is no market-based evidence of current value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value.

Where non property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying value is not materially different to their current value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

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

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and the possible difference is estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve – the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)

- Where there is no balance in the Revaluation Reserve or an insufficient balance – the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (such as freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset
- infrastructure - straight-line allocation over the useful life of the asset

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and whose costs are significant in relation to the total cost of the item, then the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation charge that would have been made based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and 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 its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale; and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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 from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e.,

netted off against the carrying value of the asset at the time of disposal). The net value of these transactions then reflects the gain or loss on the disposal of the asset. Any revaluation gains accumulated on the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

A proportion of capital receipts relating to housing disposals is payable to Central Government. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow i.e., the Capital Financing Requirement (CFR). Receipts are appropriated to the Capital Receipts Reserve from the General Fund in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liability

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent liabilities can also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Asset

A contingent asset arises where an event has taken place that gives the Council a possible asset but whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, local taxation, retirement, and employee benefits. These do not represent usable resources for the Council, and include the capital adjustment account, revaluation reserve, collection fund adjustment account, pensions reserve and accumulated absences account.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that 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 in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxii. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HM Revenues and Customs.

VAT receivable is excluded from income.

xxiii. Fair value measurement

The Council's accounting policy for fair value measurement of financial assets is set out in Note 18.

The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction

between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

When measuring 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 for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy are as follows:

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

xxi. Interests in Companies and Other Entities

The Council has a material interest in an external entity that is classified as a subsidiary and therefore group accounts have been prepared. In the Council's single entity accounts the Council's interest is recorded as a financial asset at cost less any provision for losses.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED.

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted.

Accounting Standards that have been issued but not yet adopted, include:

- IFRS 16 Leases: This will require the Council as lessee to recognise most leases on the balance sheet as right of use assets with corresponding lease liabilities (there is recognition for low value and short-term leases). The implementation of this standard is encouraged for 2022/23. However, the adoption is not required until the 2024/25 code.
- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.

- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is not expected that these changes will have a material effect on the Council's Statement of Accounts in 2022/23.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council entered into a one year agreement with a Leisure Trust and Serco Group PLC for the operation of its main leisure centres. It has been determined that the Council does not have control of the Trust and it is not a subsidiary of the Council
- The Council has a wholly owned development company called Tawd Valley Developments Limited, the Council has provided a mixture of equity and loan financing, having considered the materiality of all intercompany transactions, the Council continue to produce group accounts, the Group Accounts and Notes section to the accounts provide further information.
- The Council has agreed with Lancashire County Pension Fund to make prepayments towards the cost of post-employment benefits for the three-year period 2020/21 – 2022/23. In line with the Council's accounting policies, in 2021/22 the amounts relating to 2022/23 have been offset against the pension liability on the balance sheet. For further details see Note 39 Defined Benefit Pension Schemes.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, the actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the next financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Council Dwellings, Other Land & Buildings, and Investment Property: Valuations	The valuations of council dwellings, other land & buildings, and investment property are compiled by an expert using recognised measurement techniques and based on professional guidance the underlying data is considered to be sound and reliable and the scope to use judgement and change assumptions is limited. The carrying value for these categories of assets are contained in notes 13 and 16.	The effect of any changes of assumptions could be significant due to the high value council dwellings, other land & buildings, and investment property on the balance sheet. For every 1% increase in valuation, the carrying value of property, plant and equipment would increase by £2.499m
Property, Plant and Equipment: Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The carrying value for these categories of assets are contained in notes 13 and 16.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase for every year that useful lives had to be reduced as follows: Dwellings £0.127m Buildings £0.033m Vehicles, Plant & Equipment £0.097m Intangible Assets £0.126m
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £12.527m. Sensitivity to the actuarial assumptions are set out in Note 39.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

All material items have been disclosed in the main financial statements or in the notes to the accounts.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts were authorised for issue by the Head of Finance, Procurement and Commercial Services and S151 designate. Events taking place after this date have not been reflected in the financial statement or notes.

Where events taking place before this date provide information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. EXPENDITURE AND FUNDING ANALYSIS

This Analysis shows how expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources used in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
2022-23	£'000		£'000	£'000	£'000
Corporate & Customer Svs.	3,812	(1,782)	2,030	898	2,927
Environmental Services	6,961	(25)	6,936	1,269	8,206
Finance, Procure & Commercial	(1,164)	860	(304)	458	154
Housing and Regulatory	495	(596)	(101)	278	178
Housing Revenue Account	-	(2,840)	(2,840)	(1,131)	(3,971)
Legal and Democratic Services	1,177	170	1,347	132	1,479
Planning and Regulatory Services	2,101	1,460	3,561	367	3,928
Wellbeing and Place Services	1,976	1,499	3,475	1,396	4,870
Chief Officers	379	(379)	-	63	63
Other Services	421	1,921	2,342	(1,361)	981
Net Cost of Services	16,159	288	16,446	2,368	18,814
Other Income & Expenditure	(16,160)	3,513	(12,646)	287	(12,359)
Surplus or Deficit	(1)	3,801	3,800	2,655	6,455
Opening General Fund & HRA balances & reserves			(20,071)		
Less (Surplus) or Deficit			3,800		
Reserve Transfer			(32)		
Closing General Fund & HRA balances & reserves			(16,303)		

Restated Service Area	Revised Outturn	Adjustment between Outturn report and chargeable to General Fund	Net Expenditure Chargeable to the General Fund & HRA	Adjustments Between the Funding and Accounting Basis	Net Expenditure in Comprehensive Income and Expenditure
2021-22	£'000		£'000	£'000	£'000
Corporate & Customer Svs.	1,480	(37)	1,442	941	2,384
Environmental Services	7,178	(689)	6,489	1,122	7,611
Finance, Procure & Commercial	(1,156)	871	(285)	190	(96)
Housing and Regulatory	469	39	508	320	827
Housing Revenue Account	-	(3,495)	(3,495)	(2,484)	(5,979)
Legal and Democratic Services	946	6	952	135	1,087
Planning and Regulatory Services	1,846	261	2,107	409	2,516
Wellbeing and Place Services	2,299	544	2,843	751	3,594
Chief Officers	(29)	29	-	68	68
Other Services	778	1,029	1,807	(48)	1,759
Net Cost of Services			12,368	1,403	13,771
Other Income & Expenditure	(13,810)	2,285	(11,525)	(6,970)	(18,495)
Surplus or Deficit			843	(5,567)	(4,724)
Opening General Fund & HRA balances & reserves			(20,882)		
Less (Surplus) or Deficit			843		
Reserve Transfer			(32)		
Closing General Fund & HRA balances & reserves			(20,071)		

Net expenditure chargeable to the General Fund and HRA has been adjusted to reflect the reporting format requirements of the comprehensive income and expenditure account. These adjustments separate out costs incurred in providing services from other operating income and expenditure not directly related to providing services such as those arising from investment properties, interest payments and receipts, in addition to the neutralisation of contributions to/from reserves. The adjustments to reflect the full accounting costs of services relate mainly to adjustments for capital purposes and pensions.

The adjustments made to arrive at the Comprehensive Income and Expenditure Statement amounts are shown below.

2022-23	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	661	274	(37)	898
Environmental Services	810	488	(28)	1,269
Finance, Procure & Commercial	217	248	(7)	458
Housing and Regulatory	86	181	12	278
Housing Revenue Account	503	(1,606)	(28)	(1,131)
Legal and Democratic Services	136	-	(5)	132
Planning and Regulatory Services	282	114	(29)	367
Wellbeing and Place Services	153	1,248	(5)	1,396
Chief Officers	64	-	(1)	63
Other Services	(270)	20	(1,111)	(1,361)
Other Income & Expenditure	1,463	(914)	(261)	287
Surplus or Deficit	4,104	52	(1,501)	2,655

Restated 2021-22	Pensions	Capital	Other	Total
	£'000	£'000	£'000	£'000
Corporate & Customer Svs.	663	295	(17)	941
Environmental Services	755	396	(29)	1,122
Finance, Procure & Commercial	196	6	(12)	190
Housing and Regulatory	112	225	(17)	320
Housing Revenue Account	467	(2,941)	(10)	(2,484)
Growth and Development	136	-	(1)	135
	315	124	(30)	409
	179	591	(19)	751
Wellbeing and Leisure	68	-	(0)	68
Other Services	(110)	61	1	(48)
Other Income & Expenditure	1,510	(7,936)	(543)	(6,970)
Surplus or Deficit	4,291	(9,180)	(678)	(5,567)

Adjustments for Capital Purposes

This column adjusts for a number of factors including depreciation, impairment, Revenue Expenditure Funded from Capital under Statute, write offs of non-current assets on disposal, capital grants, the minimum revenue provision, and movements in the market value of investment properties. It also includes adjustments for capital expenditure funded from revenue, the capital receipts reserve and the major repairs reserve.

Pensions Adjustment

For services, this adjustment removes employer pension contributions and replaces them with current and past service costs. This adjustment also charges the net interest on the defined benefit liability to the other income and expenditure line.

Other Adjustments

This adjustment includes the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund. This adjustment also includes transfers to the Accumulated Absences Account.

The opening and closing balances of reserves in the Expenditure and Funding Analysis are broken down into GRA and HRA reserves and balances in the Movement in Reserves Statement.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. A description of the reserves that the adjustments are made against is set out below:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid, and out of which all the liabilities of the authority 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 Balances, which is not necessarily in accordance with proper accounting practice. This 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. This Balance is not however available to be applied to funding HRA services.

Housing Revenue Account Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part IV of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

This 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

This 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.

Adjustments between Accounting and Funding Basis Under Regulations 2022-23	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Community Infrastructure Levy £'000	Mov't in Unusable Reserves £'000
<i>Adjustments to Revenue Resources</i>							
Pensions costs (transferred to or from the Pensions Reserve)	(3,601)	(503)	-	-	-	-	4,104
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	1,368	-	-	-	-	-	(1,368)
Holiday pay (transferred to the Accumulated Absences Account)	104	28	-	-	-	-	(132)
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(5,456)	(6,004)	-	-	-	(1,677)	13,136
Total Adjustments to Revenue Resources	(7,584)	(6,478)	-	-	-	(1,677)	15,739
<i>Adjustments between revenue and capital resources</i>							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	46	3,340	(3,386)	-	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	-	(88)	88	-	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	-	-	-	-	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	4,546	-	(4,546)	-	-	-
Statutory provision for the repayment of debt	314	362	-	-	-	-	(676)
Capital expenditure financed from revenue balances	-	2,888	-	-	-	-	(2,888)
Total Adjustments between revenue and capital resources	360	11,048	(3,298)	(4,546)	-	-	(3,564)
<i>Adjustments to Capital Resources</i>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,203	-	-	-	(1,203)
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	4,546	-	-	(4,546)
Application of Unapplied Community Infrastructure Levy (CIL) receipts to finance capital expenditure	-	-	-	-	-	1,488	(1,488)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	1,203	4,546	-	1,488	(7,237)
Total Adjustments	(7,225)	4,569	(2,095)	-	-	(189)	4,939

Adjustments between Accounting and Funding Basis Under Regulations 2021-22	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Community Infrastructure Levy £'000	Mov't in Unusable Reserves £'000
<i>Adjustments to Revenue Resources</i>							
Pensions costs (transferred to or from the Pensions Reserve)	(3,570)	(721)	-	-	-	-	4,291
Council tax and NNDR (transfers to or from the Collection Fund Adjustment Account)	543	-	-	-	-	-	(543)
Holiday pay (transferred to the Accumulated Absences Account)	121	13	-	-	-	-	(134)
Reversal of entries included in the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	4,599	(6,022)	-	-	(397)	(2,444)	4,265
Total Adjustments to Revenue Resources	1,694	(6,731)	-	-	(397)	(2,444)	7,878
<i>Adjustments between revenue and capital resources</i>							
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	446	2,448	(2,895)	-	-	-	-
Administrative costs of non-current asset disposals funded from the Capital Receipts Reserve	(1)	(61)	62	-	-	-	-
Payments to the government housing receipts pool funded from the Capital Receipts Reserve	(894)	-	894	-	-	-	-
Posting of HRA resources from revenue to the Major Receipts Reserve	-	3,834	-	(3,834)	-	-	-
Statutory provision for the repayment of debt	307	350	-	-	-	-	(657)
Capital expenditure financed from revenue balances	39	4,136	-	-	-	-	(4,174)
Total Adjustments between revenue and capital resources	(103)	10,706	(1,939)	(3,834)	-	-	(4,831)
<i>Adjustments to Capital Resources</i>							
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	1,197	-	-	-	(1,197)
Use of the Major Receipts Reserve to finance capital expenditure	-	-	-	3,834	-	-	(3,834)
Application of capital grants to finance capital expenditure	-	-	-	-	520	-	(520)
Cash payments in relation to deferred capital receipts	-	-	-	-	-	99	(99)
Total Adjustments to Capital Resources	-	-	1,197	3,834	520	99	(5,649)
Restated Total Adjustments	1,591	3,976	(742)	-	123	(2,345)	(2,602)

9. TRANSFERS TO AND FROM EARMARKED RESERVES

	Balance 31 March 2021 £'000	Movement in year £'000	Balance 31 March 2022 £'000	Movement in year £'000	Balance 31 March 2023 £'000
Insurance Fund	(2,055)	48	(2,007)	1,068	(939)
Renewal and Repairs Funds	(467)	(44)	(511)	(39)	(550)
Corporate Reserves	(13,150)	1,164	(11,986)	2,230	(9,756)
Ring Fenced Reserves	(1,120)	(264)	(1,384)	-	(1,384)
Specific Grant Reserves			-		-
General Fund subtotal	(16,792)	904	(15,888)	3,259	(12,629)
HRA Reserves	(2,510)	(93)	(2,603)	511	(2,092)
Total	(19,302)	811	(18,491)	3,770	(14,721)

Insurance fund	A sum of money to meet potential insurance liabilities.
Renewal and Repairs	Resources to meet future repairs liabilities
Corporate reserves	A range of reserves to meet income fluctuations and budget sustainability.
Ring fenced	These are sums that are restricted in their application due to agreements and regulation

10. OTHER OPERATING EXPENDITURE

2021-22 £'000	2022-23 £'000
638 Parish Council Precepts	679
894 Payments to the Government Housing Capital Receipts Pool	-
673 (Gains) / Losses on the disposal of non-current assets	336
82 Pension Fund administration expenses	87
2,287	1,102
Total	1,102

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021-22 £'000	2022-23 £'000
3,057 Interest payable and similar charges	3,060
1,428 Pensions interest cost and expected return on pension assets	1,376
(134) Interest income	(476)
(1,280) Income, expenditure and changes in the fair value of investment properties	2,993
3,071	6,953
Total	6,953

12. TAXATION AND NON-SPECIFIC GRANT INCOME

2021-22		2022-23
£'000		£'000
(8,405)	Council tax income	(8,737)
(1,427)	Non-domestic rates income and expenditure	(1,695)
(5,168)	Non-ring-fenced government grants	(4,582)
(8,853)	Capital grants and contributions	(5,400)
(23,853)	Total	(20,414)

13. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2022-23	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Constructi on £'000	Total £'000
Cost or Valuation							
Balance at 1 April 2022	203,533	27,898	4,885	2,683	20	16,255	255,274
Additions	7,045	154	562	416	-	10,244	18,421
Revaluations recognised in the Revaluation Reserve	12,857	3,140	-	-	-	-	15,997
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(4,423)	(961)	-	-	-	-	(5,384)
De-recognition - disposals and decommissioning	(2,879)	(648)	(139)	-	-	-	(3,666)
Transfers	6,688	(41)	-	-	-	(19,519)	(12,872)
Other movements	(1)	-	-	-	-	-	(1)
Balance at 31 March 2023	222,820	29,542	5,308	3,099	20	6,980	267,769
Accumulated Depreciation and Impairment							
Balance at 1 April 2022	-	-	(1,775)	-	-	-	(1,775)
Depreciation charge	(4,446)	(742)	(503)	-	-	-	(5,691)
- Depreciation written out to the Revaluation Reserve	1,305	714	-	-	-	-	2,019
- Depreciation written out to the Surplus / Deficit on the Provision of Services	3,141	20	-	-	-	-	3,161
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	9	139	-	-	-	148
Other movements	-	(1)	-	-	-	-	-
Balance at 31 March 2023	-	-	(2,139)	-	-	-	(2,138)
Net Book Value Balance at 1 April 2022	203,533	27,898	3,110	2,683	20	16,255	253,499
Net Book Value Balance at 31 March 2023	222,820	29,542	3,169	3,099	20	6,980	265,630

Movement on Balances 2021-22	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
<i>Cost or Valuation</i>							
Balance at 1 April 2021	191,205	28,432	5,260	2,582	20	8,641	236,139
Additions	7,589	231	269	101	-	15,085	23,275
Revaluations recognised in the Revaluation Reserve	3,367	1,915	-	-	-	-	5,281
Revaluations recognised in the Surplus / Deficit on the Provision of Services	(3,845)	(141)	-	-	-	-	(3,986)
De-recognition - disposals and decommissioning	(2,004)	(1,114)	(643)	-	-	-	(3,761)
Transfers	7,221	(493)	-	-	-	(7,470)	(741)
Other movements	-	(932)	-	-	-	-	(932)
Balance at 31 March 2022	203,533	27,898	4,886	2,683	20	16,255	255,275
<i>Accumulated Depreciation and Impairment</i>							
Balance at 1 April 2021	-	(932)	(1,850)	-	-	-	(2,783)
Depreciation charge	(3,745)	(656)	(567)	-	-	-	(4,968)
- Depreciation written out to the Revaluation Reserve	1,094	238	-	-	-	-	1,332
- Depreciation written out to the Surplus / Deficit on the Provision of Services	2,651	418	-	-	-	-	3,069
Impairments recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairments recognised in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-	-
De-recognition - disposals and decommissioning	-	-	643	-	-	-	643
Other movements	-	932	-	-	-	-	932
Balance at 31 March 2022	-	-	(1,775)	-	-	-	(1,775)
Net Book Value Balance at 1 April 2021	191,205	27,499	3,409	2,582	20	8,641	233,356
Net Book Value Balance at 31 March 2022	203,533	27,898	3,111	2,683	20	16,255	253,500

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide a sound basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Infrastructure Assets has a current net book value of £498k (2021/22 £546k). Total property plant and equipment including infrastructure is therefore £266,128k (2021/22 £254,046k).

2021-22 £'000		2022-23 £'000
546	Net Book Value Balance at 1 April 2021	546
-	Additions	
-	Depreciation	(48)
546	Net Book Value at 31 March 2022	498

Depreciation

All of the following assets are depreciated on a straight-line basis over the life of the asset, and no residual value is assumed for these assets.

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

- Council Dwellings – traditional build property 66 years, non-traditional build property 36 years and 21 years for garages
- Other Land and Buildings – these have a range of lives varying between 5 and 60 years, although the majority of assets have an estimated life of around 20 to 35 years. Chapel Gallery is an exception to this standard range. As the building has existed since the 1800's it has been deemed that a useful life of 60 would not be appropriate. This asset is therefore depreciated over 165 years.
- Vehicles, Plant, Furniture and Equipment – this covers a range of different types of assets with estimated useful lives mostly between 5 and 20 years.
- Infrastructure – these assets are inalienable in nature, in that value is derived only by continued use of the asset in its current form. The assets are depreciated over a range of 5 to 40 years with the majority having an estimated life of 40 years.

Capital Commitments

At 31 March 2023 the Council had entered into a number of contracts for the construction or enhancement of non-current assets in future years budgeted to cost £2.889m. Similar commitments as at 31st March 2022 were £6.593m. This commitment relates to works on Council Dwelling stock and new Leisure Facilities.

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment is re-valued at fair value at least every 5 years, and a full revaluation of the housing stock took place in 2020/21. This exercise also encompassed a review of the asset classes for each item. A desktop

revaluation of general fund assets took place during 2022-23, and the valuations were undertaken internally by the requisite Royal Institution of Chartered Surveyors qualified staff. The valuation of the asset is largely impacted by the classification of each asset, which is fully considered as part of the exercise. The methodologies used were those as prescribed by the appropriate regulations and the valuations were fully updated accordingly.

A downward revaluation of £4.423m (£1.194m in 2021-22) was made to the Housing Revenue Account primarily as a result of an element of the Housing capital programme not increasing the book value of Council dwellings.

Net revaluation increases of £15.966m (£7.381m increase in 2021-22) were posted to the revaluation reserve for the year. Both the downward revaluation charge and the upward revaluation were conducted in conjunction with the Council's internal Estates service who followed professional guidelines in conducting both exercises.

The significant assumptions applied in estimating current values are:

- The analysis of value split between land and buildings
- The estimated useful life of the asset
- Full building surveys have not been carried out as part of the valuation process

	Council Dwellings	Vehicles, Furniture, Plant & Equipment	Other Assets	Total
	£'000	£'000	£'000	£'000
Historical cost at last valuation	-	5,308	13,601	18,909
Current Value as at:	-	-	-	
31 March 2023	222,820	-	1,644	224,464
31 March 2022	-	-	(533)	(533)
31 March 2021	-	-	1,007	1,007
31 March 2020	-	-	114	114
31 March 2019	-	-	24,306	24,306
Total	222,820	5,308	40,139	268,267

ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. For council house sales under Right-to-Buy (RTB), fair value is the discounted RTB value.

2021-22 £'000		2022-23 £'000
38	Balance at start of year	81
81	Assets newly classified as held for sale	54
350	Revaluation gains	35
(388)	Assets sold	(116)
81	Balance at end of year	54

14. HERITAGE ASSETS

The closing value of Heritage Assets is £0.516m (£0.509m in 2021-22).

Civic Regalia:

The Council owns a range of Civic regalia items including Mayoral Chains, Pendants and various other Chains and items of Office valued at £0.120m. These items are used by the Mayor and Deputy Mayor for Civic functions and are valued every 5 years by a specialist firm. The last valuation was undertaken during the 2018/19 financial year and resulted in a revaluation increase of £0.018m. There have been no other changes in asset values over the last 5 years.

Public Sculptures

Three public sculptures were built within the Skelmersdale area of the Borough and were identified as the 'Roundabout Sculptures.' These were built to provide character to the area as well as exhibiting high technology and innovation, and interaction with the local community. The sculptures are commonly termed the Daffodil Sculpture, the Faces Roundabout and the Lighting Column. They are valued on the asset register at cost, £364,000, and no depreciation is accounted for as they have an indeterminate useful life.

These assets are visually inspected on an annual basis to review any potential impairment. There has been expenditure of £935 in 2015-16 on these sculptures, which has been fully impaired. There have been no other changes in asset values over the last 5 years.

Memorials, fountains and village cross

The Council has a number of war memorials located within the Borough, relating to the Boer War and First and Second World Wars. The Council also owns two fountains and a village cross. These assets have an indeterminate useful life and are valued at cost where known, or otherwise simply recognised in the Council's asset register. The total cost recognised for this class of asset is £24,000.

There was expenditure on war memorials of £7,844 in 2022-23. There have been no other changes in asset values over the last 5 years.

15. INVESTMENT PROPERTIES

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

2021-22 £'000		2022-23 £'000
(2,408)	Rental income	(3,107)
1,212	Direct operating expenses	1,257
(84)	Movement in fair value of investment properties	4,825
(1,280)	Net (gain) / loss	2,975

There are restrictions on a number of investment properties concerning how any disposal proceeds or income generated can be used. The Council has no contractual obligations to purchase, construct, or develop investment property or repairs, maintenance or enhancement.

Valuation process for Investment properties and assets held for sale

The fair value is measured annually at each reporting date. Valuations are carried out internally by a Qualified RICS surveyor (Royal Institute of Chartered Surveyors) following the appropriate professional guidance.

The movement in the fair value of investment properties is shown below:

2021-22 £'000		2022-23 £'000
17,722	Balance at start of year	18,496
84	Net gains/losses from fair value adjustments	(4,825)
197	Additions	5
493	Transfers	12,818
18,496	Balance at end of year	26,494

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2023, are as follows:

	Other significant observable inputs Level 2 £'000	Significant unobservable inputs Level 3 £'000	Fair Value £'000
Commercial Units	19,950	695	20,645
Office Units	5,361	-	5,361
Other	488	-	488
Total	25,799	695	26,494

Valuation techniques used to determine level 2 and level 3 fair values for Investment properties

The fair values attributed to level 2 categorisation in the fair value hierarchy have been based upon the market approach using current market conditions and recent sales prices and other relevant transactional information for similar assets across the locality.

Level 3 categorisation has also been valued by the market approach however the transactional information available is not as comprehensive and as such the level of reliability is reduced. Levels of assumption have had to be used, the significance of such determines that they should be categorised as level 3.

Highest and best use

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

Gains and losses

Gains or losses arising from changes in the fair value of Investment Properties are recognised in the surplus or deficit on the provision of services. There was an overall fair value loss/gain attributed to these assets of £4.825m in 2022-23 (loss of £0.084m in 2021-22).

Assets held for sale

Assets held for sale are classified in the hierarchy as level 2 and are valued at £0.054m (£0.081m in 2021-22). These assets consist of Council house sales. And there is adequate transactional data to classify as level 2 in the hierarchy.

Valuation process for Investment properties and assets held for sale

The fair value is measured annually at each reporting date. Valuations are carried out internally by a Qualified RICS surveyor (Royal Institute of Chartered Surveyors) following the appropriate professional guidance.

Reconciliation of Fair Value Measurements categorised within level 3 of the Fair Value Hierarchy

2021-22 £'000		2022-23 £'000
688	Opening Balance	783
95	Total gain / (loss) for the period included in Surplus / Deficit on the provision of services resulting from changes in fair value	(88)
783	Total	695

There have been no transfers between the fair value hierarchies. General Fund assets, including investment properties have been revalued as at 1st April 2018 in line with regulation, and this accounts for the change in the fair value measurement. There is one specific asset classified within the level 3 category, valued at £695,076. The robustness of the level 3 categorisation has been tested by varying the yield rate plus or minus a full percentage point. This produces a value range between £702,026 and £688,125.

16. INTANGIBLE ASSETS

The Council accounts for purchased software licences as intangible assets. All software is given a finite useful life, based on assessments of the period that the software is expected to be of use. Most assets have a useful life of 5 years. The carrying amount of intangible assets is amortised on a straight-line basis.

2021-22 £'000		2022-23 £'000
Balance at start of year:		
1,469	- Gross carrying amount	1,400
(695)	- Accumulated amortisation	(568)
774	Net carrying amount at start of year	831
174	Additions	362
(410)	Disposals	(226)
(284)	Amortisation	(267)
578	Other movements	226
832	Net carrying amount at end of year	926
Balance at end of year:		
1,232	- Gross carrying amount	1,535
(400)	- Accumulated amortisation	(609)
832	Net carrying amount at end of year	926

In 2022-23 fully amortised assets with a gross carrying value of £226,300 were written off (£410,248 in 2021-22).

17. IMPAIRMENT AND REVALUATION

There were no impairments made during 2021-22 (nil in 2020-21).

18. FINANCIAL INSTRUMENTS

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018, whose main changes include the reclassification of financial assets. Under this new approach debtors, investments and cash that were previously categorised as loans and receivables are now categorised as amortised cost. There were no significant re-measurements arising from the adoption of this new standard. Note 40 provides information about the nature and extent of risks arising from financial instruments.

The Council has £7.396m of short-term investments (£23.165m in 2021-22) that are classified at amortised cost. Details on debtors are shown in note 20 to the accounts, and these are classified at amortised cost for financial instruments. The Council has £88.246m of borrowing (£88,246m in 2021-22) that is classified at amortised cost. Details on creditors are shown in note 22, and these are classified at amortised cost for financial instruments.

Details on interest expenses and interest income are shown in note 11. Interest payments primarily relate to the £88.246m of loans taken out from the Public Works Loans Board to fund the HRA self-financing payment to Central Government. Investment income is generated mainly from investments of short-term funds with Banks, Building Societies and Local Authorities.

The Code requires the fair value of each class of financial asset and liability to be disclosed in the Notes to the Statement of Accounts to enable it to be compared to its carrying amount in the Balance Sheet:

- The fair value of debtors and creditors (as shown in notes 20 and 22) are taken to be the invoiced or billed amount. Consequently, these items' carrying value is judged to be not materially different from their fair value
- The fair value of investments is assumed to approximate to the carrying value, as these instruments will mature within the next 12 months
- The fair value of PWLB borrowing is £74.041m compared to the carrying amount including accrued interest of £88.246m. This difference is because the Council's debt portfolio includes a number of fixed rate loans where the interest rate payable is more than the prevailing rates at the balance sheet date. This shows a notional future loss based on economic conditions at the balance sheet date arising from a commitment to pay interest to lenders above current market rates.

Categorisation of the Council's Financial Instruments and information about the fair value hierarchy as at 31st March 2023, are as follows.

Financial Assets 2022-23	Non-Current				Current						Total	
	Debtors		Investments		Debtors		Investments		Cash & Cash Equivalents			
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	900	-	3,596	3,596	7,396	7,396	3,434	3,434	15,384	14,484
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	900	-	3,596	3,596	7,396	7,396	3,434	3,434	15,384	14,484
Non-Financial Instruments	-	-	-	-	11,537	11,537	-	-	-	-	11,537	11,537
Total Assets	58	58	900	-	15,133	15,133	7,396	7,396	3,434	3,434	26,921	26,021

3,648

Financial Assets 2021-22	Non-Current				Current							
	Debtors		Investments		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	900	-	2,291	2,291	23,165	23,165	6,738	6,738	33,152	32,252
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets	58	58	900	-	2,291	2,291	23,165	23,165	6,738	6,738	33,152	32,252
Non-Financial Instruments	-	-	-	-	12,382	12,382	-	-	-	-	12,382	12,382
Total Assets	58	58	900	-	14,673	14,673	23,165	23,165	6,738	6,738	45,534	44,634

Financial Liabilities 2022-23	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(74,041)	(11,224)	(11,224)	(99,469)	(85,265)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(74,041)	(11,224)	(11,224)	(99,469)	(85,265)
Non-Financial liabilities	-	-	(5,235)	(5,235)	(5,235)	(5,235)
Total Liabilities	(88,246)	(74,041)	(16,458)	(16,458)	(104,704)	(90,499)

Financial Liabilities 2021-22	Non-Current Borrowings		Current Creditors		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(103,736)	(16,278)	(16,278)	(104,523)	(120,013)
Fair Value Through OCI	-	-	-	-	-	-
Total financial liabilities	(88,246)	(103,736)	(16,278)	(16,278)	(104,523)	(120,013)
Non-Financial liabilities	-	-	(17,178)	(17,178)	(17,178)	(17,178)
Total Liabilities	(88,246)	(103,736)	(33,455)	(33,455)	(121,701)	(137,191)

Carrying Value

Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Fair Value

Fair value has been measured by:

- Direct reference to published price quotations in an active market; and/or
- Estimating using a valuation technique

Financial Instruments Designated at Fair Value through Other Comprehensive Income

	Nominal	Fair Value	Change in fair value during 2022-23	Dividends
Fair Value through Other Comprehensive Income and Expenditure	£'000	£'000	£'000	£'000
Tawd Valley Developments Ltd shares	900	900	0	0

The Authority has a shareholding in Tawd Valley Developments Ltd (representing 100% of the company's Capital). The shares are carried at cost of £900k and have not been valued as a fair value cannot be measured reliably. There are no established companies with similar aims in the Authority's area whose shares are traded, and which might provide comparable market data. The Authority has no current intention to dispose of the shareholding.

Income, Expense, Gains and Losses

	2022-23		2021-22	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
Income, Expenses, Gains and Losses	£'000	£'000	£'000	£'000
<i>Net gains / losses on:</i>				
Financial Liabilities measure at amortised cost	-	-	-	-
Total net gains / losses	-	-	-	-
<i>Interest Revenue:</i>				
Financial Assets measured as amortised cost	(398)	-	(129)	-
Total Interest Revenue	(398)	-	(129)	-
Total Interest Expense	3,060	-	3,057	-

Fair Values of Financial Assets and Liabilities

Basis for recurring fair value measurements:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
 - Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3 Inputs – unobservable inputs for the asset or liability.
- Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets measured at Fair Value

			2021-22	2022-23
	Input Level in	Valuation	Fair Value	Fair Value
	Fair Value	technique used		
	Hierarchy	to measure		
Recurring Fair Value Measurements	£'000	£'000	£'000	£'000
<i>Fair Value through Other Comprehensive Income</i>				
Equity Shareholding in Tawd Valley Developments	Level 3	Acquisition amount	900	900
Total	-	-	900	900

Equity shareholding in Tawd Valley Developments Ltd

The Council's shareholding in Tawd Valley Developments Ltd - the shares in this company are not traded in the active market and fair value of £900k is the acquisition amount at the current time as no assessment of its future trading prospects can be made with reasonable certainty.

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

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by amortised cost 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, using the following assumptions:

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For non-PWLB loans payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities	2022-23		2021-22	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	(88,246)	(74,041)	(88,246)	(103,736)
Non-PWLB debt	-	-	-	-
Short-term borrowing	-	-	-	-
Total borrowing	(88,246)	(74,041)	(88,246)	(103,736)
<i>PFI, Service Concessions</i>	-	-	-	-
trade Creditors	(11,224)	(11,224)	(16,227)	(16,227)
Total Interest Revenue	(11,224)	(11,224)	(16,227)	(16,227)
Financial Liabilities	(99,470)	(85,265)	(104,473)	(119,963)

The fair value of Public Works Loan Board (PWLB) loans of £74.041m 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 as at 31 March 2023. The difference between the carrying amount and the fair value measures the reduced interest that the Council 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 prevailing market rates.

Financial Assets	2022-23		2021-22	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents	3,434	3,434	6,738	6,738
Short -Term Investments	7,396	7,396	23,165	23,165
Long -Term Investments	900	-	900	
Long-Term Debtors	58	58	58	58
Short-Term Debtors	3,596	3,596	2,291	2,291
Financial Assets	15,384	14,484	33,152	32,252

Short-term investments & borrowing, long-term debtors and short-term debtors & creditors are all carried at cost as this is a fair approximation of their value.

19. INVENTORIES

2021-22		2022-23
£'000		£'000
-	Work in progress	-
14	All other items	8
14	Total	8

20. DEBTORS

2021-22		2022-23
£'000		£'000
4,879	General Government Bodies	2,410
6,252	Other Local Authorities	7,914
10,099	Other Debtors	11,708
112	Payments in Advance	-
21,342	Sub total	22,032
(6,669)	Provision for impairments	(6,899)
14,673	Total	15,133

21. CASH AND CASH EQUIVALENTS

2021-22		2022-23
£'000		£'000
238	Cash and Bank	(1,566)
6,500	Money at call	5,000
6,738	Sub total	3,434

22. CREDITORS

2021-22		2022-23
£'000		£'000
(21,131)	Central Government Bodies	(4,571)
(944)	Other Local Authorities	(671)
(1,874)	Leaseholder Advance and Tenant Prepayments	(1,978)
(9,506)	Other Creditors	(9,239)
(33,455)	Total	(16,458)

23. PROVISIONS

2021-22 £'000		2022-23 £'000
(1,209)	Opening balance	(1,628)
827	Additional provisions made	119
(1,176)	Amounts used	(574)
(70)	Unused amounts reversed	-
(1,628)	Closing balance	(2,084)

The Council holds a number of provisions for specific purposes, with the main provision relating to the potential cost of NNDR appeals.

24. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 9.

2021-22 £'000		2022-23 £'000
(961)	General Fund	(960)
(15,888)	Earmarked General Fund	(12,630)
(620)	Housing Revenue Account	(621)
(2,603)	Earmarked Housing Revenue Account	(2,092)
(20,072)		(16,303)
(2,978)	Capital Receipts	(5,073)
(779)	Capital Grants Unapplied	(779)
(11,622)	Community Infrastructure Levy	(11,779)
(35,450)	Total	(33,933)

25. UNUSABLE RESERVES

2021-22 £'000		2022-23 £'000
(64,591)	Revaluation Reserve	(79,279)
(97,680)	Capital Adjustment Account	(98,707)
51,952	Pensions Reserve	(26,678)
2,853	Collection Fund Adjustment Account	1,485
526	Accumulated Absences Account	394
(106,940)	Total	(202,785)

Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued 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 realised

This reserve contains only revaluation gains accumulated since 1 April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2021-22 £'000		2022-23 £'000
(59,495)	Balance at start of year	(64,591)
(7,381)	Surplus or deficit on the revaluation of non- current assets not posted to the Surplus or Deficit on the Provision of Services	(18,050)
-	- Amount written off to the Capital Adjustment Account	-
1,333	Difference between fair value depreciation and historical cost depreciation	2,020
952	Accumulated gains on assets sold or scrapped	1,343
2,285	Sub total	3,363
(64,591)	Balance at end of year	(79,278)

Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment Properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2021-22 £'000		2022-23 £'000
(89,179)	Balance at start of year	(97,679)
-	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	-
4,968	Charges for depreciation	5,740
284	Amortisation of intangible assets	267
1,757	Revenue expenditure funded from capital under statute	2,010
3,506	Non-current assets written off as part of the gain / loss on disposal of assets	3,634
10,515	Sub total	11,651
	<i>Capital financing applied in the year</i>	
(1,197)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,204)
(3,833)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,546)
(7,500)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to capital financing *	(7,051)
(619)	Application of grants to capital financing from the capital grants unapplied account *	-
(657)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(676)
(4,174)	Capital expenditure charged against the General Fund and HRA balances *	(2,888)
(17,980)	Sub total	(16,365)
(2,285)	Adjusting amounts written out of the Revaluation Reserve	(3,363)
1,250	Movement in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	7,049
(97,679)	Balance at end of year	(98,707)

Pensions Reserve

This 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 Council 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 Council makes employer's contributions to the pension fund. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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.

2021-22		2022-23
£'000		£'000
70,599	Balance at start of year	51,952
(22,938)	Re-measurement of the net defined benefit liability / asset	(82,734)
7,109	Reversal of Items relating to retirement benefits debited or credited to the Surplus / Deficit on the Provision of Services	7,243
(2,818)	Employer's pension contributions payable in the year	(3,139)
51,952	Balance at end of year	(26,678)

Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2021-22		2022-23
£'000		£'000
3,396	Balance at start of year	2,853
(543)	Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(1,368)
2,853	Balance at end of year	1,485

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from this Account.

2021-22		2022-23
£'000		£'000
660	Balance at start of year	526
(134)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(132)
526	Balance at end of year	394

26. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2021-22 £'000	2022-23 £'000
(62) Interest received	(98)
3,057 Interest paid	3,060

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

2021-22 £'000	2022-23 £'000
4,968 Depreciation	8,230
1,335 Impairment and downward valuations	(561)
(85) Movement in the market value of investment properties	4,825
284 Amortisation	
11,761 Change in Creditors	(14,851)
3,930 Change in Debtors	(1,001)
(1) Change in Inventories	6
6,673 Movement in Pension Liability	6,486
3,506 Carrying amount of non current assets sold or disposed	3,634
419 Other non cash items charged to the deficit on the provision of services	323
32,790 Non cash movements	7,091

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

2021-22 £'000	2022-23 £'000
(2,832) Proceeds from the sale of non current assets	(3,273)
(10,342) Capital grants for non current assets charged through revenue	(7,266)
(13,174) Non cash movements	(10,538)

27. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2021-22 £'000	2022-23 £'000
(23,951) Purchase of property, plant and equipment, investment property and intangible assets	(20,809)
(13,700) Purchase of short term and long term investments	(32,000)
2,832 Proceeds from the sale of non-current assets	3,273
2,000 Proceeds from short term and long term investments	47,775
5,203 Capital Grants & Contributions Received for the Financing of New Capital Expenditure	7,422
(27,616) Net cash flows from investing activities	5,661

28. CASH FLOW STATEMENT - FINANCING ACTIVITIES

2021-22		2022-23
£'000		£'000
824	Receipts from financing activities	938
-	Cash payments for the reduction of outstanding liabilities relating to finance leases and deferred liabilities	
824	Net cash flows from financing activities	938

29. EXPENDITURE AND INCOME ANALYSED BY NATURE

2021-22		2022-23
£'000		£'000
	Expenditure	
23,335	Employee benefit expenses	25,614
43,040	Other services expenses	44,181
(2,943)	Support service recharges	(3,970)
6,502	Depreciation, amortisation, revaluations and impairment	13,055
1,757	Revenue Expenditure Funded from Capital Under Statute	2,010
4,269	Interest payments	4,335
638	Precepts	679
894	Payments to Housing Capital Receipts Pool	-
673	Disposal of assets	336
78,164	Total expenditure	86,240
	Income	
(32,486)	Fees, charges and other income	(33,359)
(2,541)	Interest and investment income	(3,583)
(9,832)	Income from council tax and NDR	(10,432)
(38,029)	Government grants and contributions	(32,411)
(82,888)	Total income	(79,785)
(4,723)	Surplus or Deficit on Provision of Services	6,455

30. TRADING OPERATIONS

Trading Services

The Council operates a market in Ormskirk on Thursdays and Saturdays under a market charter, as well as providing several car parks in Ormskirk Town Centre.

31. MEMBER ALLOWANCES

The total allowances and expenses paid in the year were £0.347m (£0.346m in 2021-22).

32. OFFICER REMUNERATION

The remuneration paid to senior officers whose salary is £50,000 or more is shown overleaf. The number of other staff whose remuneration exceeded £50,000, excluding employer's pension contributions, is shown below.

Remuneration band	Number of employees	
	2022-23	Restated 2021-22
£50,000 - £54,999	5	4
£55,000 - £59,999	1	3
£60,000 - £64,999	3	1
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999*	1	-
Total	10	8

* Includes a one off redundancy payment

The Council terminated the contract of 1 employee in 2022-23 incurring liabilities of £0.15m (£0m in 2021-22). This consisted of 1 voluntary and 0 compulsory redundancies. This compares to 0 voluntary and 0 compulsory redundancies in the previous year.

Exit package cost band	Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022-23	2021-22	2022-23 £'000	2021-22 £'000
£0 - £20,000	-	-	-	-
£20,001 - £40,000	-	-	-	-
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	-	-	-
£80,001 - £100,000	-	-	-	-
£100,001 - £150,000	-	-	-	-
Over £150,000	1	-	152	-
Total	1	-	152	-

In addition to the figures shown above there were also £0.000m of pension strain costs incurred in 2022-23 in relation to 1 flexible retirement (£0m in 2021-22).

It is the Council's policy that the savings made from voluntary redundancies and flexible retirements must be sufficient to ensure that the associated costs are recovered within a 3 year payback period.

Post Title	Salary & Election Fees	Expenses	Compensation for loss of office	Benefits in Kind	Total before pensions	Pension contribution	Total
	£	£	£	£	£	£	£
2022-23							
Chief Operating Officer	108,328	-	-	-	108,328	19,091	127,419
Director of Place & Community	66,868	-	-	-	66,868	12,443	79,311
Corporate Director of Transformation, Housing & Resources	87,897	-	-	-	87,897	16,552	104,449
Head of Finance, Procurement & Commercial Services	69,129	-	-	-	69,129	13,116	82,245
Head of Corporate & Customer Services	62,038	-	-	846	62,884	11,677	74,561
Corporate Compliance & Governance Manager	53,330	-	-	-	53,330	10,001	63,331
Head of Housing Services	39,406	-	-	428	39,834	7,487	47,321
Head of Planning & Regulatory Services	63,142	-	-	846	63,988	11,781	75,769
Head of Environmental Services	60,604	-	-	846	61,450	11,477	72,927
Head of Wellbeing & Place Services	-	-	-	-	-	-	-
Head of Housing & Regulatory Services	19,739	-	-	250	19,989	3,867	23,856
Legal & Democratic Services Manager	61,065	-	-	-	61,065	11,429	72,494
	691,546	-	-	3,216	694,762	128,921	823,683
2021-22							
Chief Operating Officer	111,117	-	-	-	111,117	18,725	129,842
Director of Place & Community	85,726	-	-	-	85,726	16,186	101,912
Director of Transformation & Resources	85,692	-	-	-	85,692	16,186	101,878
Head of Finance, Procurement & Commercial Services	65,155	-	-	-	65,155	12,333	77,488
Head of Corporate & Customer Services	60,228	-	-	846	61,074	11,311	72,385
Head of Growth & Development	23,385	-	-	353	23,738	4,393	28,131
Head of Wellbeing & Leisure	29,975	-	-	423	30,398	5,558	35,956
Head of Environmental Services	18,784	-	-	282	19,066	3,526	22,592
Head of Housing & Regulatory Services	64,811	-	-	846	65,657	12,228	77,885
Legal & Democratic Services Manager	55,742	-	-	-	55,742	10,475	66,217
	600,615	-	-	2,750	603,365	110,921	714,286

33. EXTERNAL AUDIT COSTS

2021-22 £'000		2022-23 £'000
63	Fees payable in relation to the audit of the accounts and inspection fees for the year	74
-	Fees relating to prior year	209
20	Fees payable for the certification of grant claims and returns	41
83	Total	324

34. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement.

2021-22 £'000		2022-23 £'000
	<i>Credited to Taxation and Non Specific Grants:</i>	
(802)	New Homes Bonus	(703)
(3,618)	S31 Business Rates & Council Tax Grants	(3,490)
(748)	Other Revenue Grants	(388)
(8,853)	Other Grants & Contributions	(5,400)
(14,021)	Total credited to Taxation & Non-Specific Grants	(9,981)
	<i>Credited to Services:</i>	
(18,444)	Benefit Payments and Administration	(18,638)
(1,488)	Capital Grants	(1,841)
(1,984)	Covid-19 Grant	(191)
(267)	Contribution to Highways	(280)
	Kickstart Grant	(121)
(1,826)	Other Grants and Contributions	(1,358)
(24,008)	Total credited to Services	(22,429)
(38,029)	Total government grants & contributions	(32,410)

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

2021-22 £'000		2022-23 £'000
	<i>Grants and Contributions Received in Advance</i>	
(2,676)	Section 106 Agreements	(2,460)
(1,402)	Homes England	(1,615)
(144)	Commuted Sums	(144)
(4,222)	Total	(4,219)

35. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the

Council. Disclosures of these transactions allow readers to assess the 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 significant influence over the general operations of the Council, and it is responsible for providing the statutory framework within which the Council operates. It provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties e.g., council tax. Grants received from the Government of £38.4m are set out in Note 36 Grant Income.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Member allowances paid in 2022-23 is shown in Note 31.

There are 54 Council Members, of whom 13 are also Parish Councillors, 6 are County Councillors, 2 are members of the Fire and Rescue Authority and 1 is a member of the Police & Crime Panel for Lancashire. Precept payments to Lancashire County Council, the Fire and Rescue Authority and the Police Authority are shown in the Collection Fund. The total precepts paid to Parish Councils are shown in note 8 and grant funding of £0.069m (£0.072m in 2021-22) was also provided to them. Details of the payments made to the Lancashire Pension Fund are shown in note 39.

Decisions on the overall level of funding to be provided to Parish Councils are taken by full Council with due regard to procedures for preventing undue influence. Decisions on how this funding pot is allocated to parishes are determined by the Head of Finance, Procurement and Commercial Services using a set formula in consultation with a Cabinet Member who is not a Parish Councillor.

Grant payments were also made to a number of voluntary organisations in which Council Members had interests as follows:

- Council for Voluntary Services – £30,000 – 4 Members
- Dial a Ride - £56,555 – 2 Members
- Lancashire West Citizens Advice Bureau £50,000 – 1 Member

The Council is committed to maintaining and developing sound arrangements for its corporate governance, including having procedures in place to prevent undue influence. As part of this commitment, Members must make disclosures of their interests to the Council's Monitoring Officer. Details of these disclosures are recorded and maintained in registers of interests and can be viewed on the Council's website.

Members also have to declare any significant interests in agenda items at the start of Committee meetings, and cannot then take part in any discussions or decisions in relation to those items.

Officers

Officers must make disclosures of their interests to the Council's Monitoring Officer and these are maintained in a register of interests. Officers may not take part in any discussion, decision or administration in relation to these items.

Other Related Parties

The Council has entered into a long-term contractual arrangement with Lancashire County Council and BTLS for the provision of IT Services worth £1.0m in 2022-23 (£1.2m in 2021-22), and there were no payments due to BTLS on this contract at the year end. The Council also received income

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of £0.28m in 2022-23 (£0.27m in 2021-22) from Lancashire County Council in relation to Highways Verge Maintenance activities, and there were no outstanding amounts on these arrangements at the year end.

Payment of subsidy of £0m in 2022-23 (£0.59m in 2021-22) was made to West Lancashire Community Leisure Ltd as part of the Council's Leisure services arrangement. The Council provided the majority of the Trust's funding and also appointed one out of the Trust's 6 Board Members but West Lancashire Community Leisure Ltd was disbanded in March 2022 with More Leisure Community Trust replacing the previous arrangement from April 2022. This arrangement formed part of the extension of the sport and leisure management contract from April 2022 to end September 2023 at which point the service will be managed and operated in house.

The Council has set up a wholly owned company, Tawd Valley Developments Limited that is now trading. The Director of Transformation, Housing & Resources and the Head of Finance, Procurement and Commercial Services act as Board Members for this Company, while the Chief Operating Officer acts as the Shareholder on behalf of the Council. Total income to the Council was £96k and total expenditure to the Council was £6.6m. As at 31 March 2023 the Council was owed £74k by TVDL and had an outstanding creditor with TVDL of £760k. TVDL have outstanding loans from the Council of £1.3m

36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure for the year is shown in the table below (including the value of assets acquired under long term contracts), together with the resources used to finance it.

2021-22 £'000		2022-23 £'000
104,270	Opening Capital Financing Requirement	111,692
	<i>Capital Investment:</i>	
8,190	Property, Plant and Equipment	8,177
-	- Heritage Assets	8
15,085	Assets Under Construction	10,244
174	Intangible Assets	362
1,757	Revenue Expenditure funded from Capital under Statute	2,010
-	- Assets Held for Sale	-
197	Investment Properties	5
	<i>Sources of Finance:</i>	
(1,197)	Capital Receipts	(1,204)
(8,119)	Government Grants and Other Contributions	(7,051)
(3,834)	Major Repairs Reserve	(4,546)
	<i>Sums set aside from Revenue:</i>	
(4,174)	Direct Revenue Contributions	(2,888)
(657)	Minimum Revenue Provision	(676)
111,692	Closing Capital Financing Requirement	116,133
	<i>Explanation of Movement in Year:</i>	
7,422	Increase / decrease in underlying need to borrow	4,441
7,422	Change in Capital Financing Requirement	4,441

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, which is a measure of the capital expenditure incurred by the Council that has yet to be financed.

37. LEASES

Authority as Lessee: Operating Leases

The Council has acquired a number of vehicles by entering into operating leases. The Council entered into a new arrangement with regards to vehicle supply and maintenance during 2020-21 for a period of 5 years. A review was undertaken that determined the supply of the vehicles under this contract represented an embedded lease.

The minimum lease payments due under non-cancellable leases in future years are:

2021-22		2022-23
£'000		£'000
1,064	Not later than one year	1,064
3,108	Later than one year and not later than five years	2,054
4,172	Total	3,118

Authority as Lessor: Operating Leases

The Council leases out property under operating leases for the provision of community services such as community centres. Similarly for economic development purposes it leases property to provide suitable accommodation for the business community.

The minimum lease payments receivable under non-cancellable leases in future years are as follows:

2021-22		2022-23
£'000		£'000
2,308	Not later than one year	2,326
3,796	Later than one year and not later than five years	3,389
5,875	Later than five years	5,174
11,979	Total	10,889

38. OTHER LONG-TERM LIABILITIES AND CONTRACTS

In April 2021 the Council agreed a 5 year contract for vehicle supply and maintenance, with an annual value of around £1.054m.

39. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

The Council makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its officers. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in a Local Government Pension scheme, which is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with the investment assets. The scheme is administered by Lancashire County Council and is operated under the regulatory framework for the Local Government Pension Scheme. The governance of the scheme is the responsibility of a Pension Fund Committee comprised of a mixture of County Councillors and representatives from other employers. The Committee is assisted by an investment panel which advises on investment strategy and risk management.

Previously the Council had arrangements in place for the award of discretionary post-employment benefits upon early retirement, although these awards are no longer made. This is an unfunded defined benefit arrangement, under which liabilities were recognised when awards were made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge we are required to make against Council tax is based on the cash payable in the year. Consequently the accounting cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Discretionary Benefits		All Benefits	
	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000
Comprehensive Income & Expenditure Statement				
<i>Cost of Services</i>				
- Current service cost		-	5,689	5,452
- Settlements and curtailments		-	91	147
- Past service costs		-	-	-
<i>Other Operating Expenditure</i>				
- Administration expenses		-	87	82
<i>Financing and Investment Income and Expenditure</i>				
- Interest Cost	110	88	6,960	5,155
- Expected return on scheme assets		-	(5,584)	(3,727)
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	110	88	7,243	7,109
<i>Re-measurement of the net defined benefit liability</i>				
- Return on plan assets		-	(936)	(21,654)
- Actuarial gains and losses arising on changes in financial assumptions	(396)	(18)	(81,798)	(1,284)
Total post-employment benefit charged to the Comprehensive Income & Expenditure Statement	(286)	70	(75,491)	(15,829)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(110)	(88)	(6,960)	(7,109)
Actual amount charged against the General Fund Balance for pensions	367	327	3,139	2,818

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

Pension assets and liabilities	Discretionary Benefits		All Benefits	
	2022-23 £'000	2021-22 £'000	2022-23 £'000	2021-22 £'000
Present value of the benefit obligation	3,456	4,109	175,969	252,184
Fair value of plan assets	-	-	(202,647)	(202,614)
Net liability	3,456	4,109	(26,678)	49,570

Reconciliation of the movements in the Fair Value of Scheme Assets	Discretionary Benefits		All Benefits	
	2022-23	2021-22	2022-23	2021-22
	£'000	£'000	£'000	£'000
Opening fair value of scheme assets	-	-	200,232	177,594
Interest on plan assets	-	-	5,584	3,727
Re-measurements	-	-	936	21,654
Administration expenses	-	-	(87)	(82)
Employer contributions	367	-	3,139	2,818
Contributions by scheme participants	-	-	953	890
Benefits paid	(367)	-	(8,110)	(6,369)
Closing Balance	-	-	202,647	200,232

Reconciliation of Present value of the Scheme Liabilities	Discretionary Benefits		All Benefits	
	2022-23	2021-22	2022-23	2021-22
	£'000	£'000	£'000	£'000
Opening Balance	4,109	4,366	252,184	248,193
Current service cost	-	-	5,689	5,452
Past service cost	110	-	6,960	-
Interest cost	-	88	953	5,155
Contributions by scheme participants	-	-	-	890
Re-measurement gains and losses	(396)	(18)	(81,798)	(1,284)
Settlements and curtailments	-	-	91	147
Benefits paid	(367)	(327)	(8,110)	(6,369)
Closing Balance	3,456	4,109	175,969	252,184

Pre-payment of Past Service Deficit and Future Service Contributions

As part of the 2019 valuation of the Fund, the Fund Administrator and Fund Actuary allowed some fund employers the option of pre-paying specified sums in exchange for a discount on the amounts to be paid. As part of the Council's budget plans for 2020/21 the Council agreed to prepay both the past service deficit and future service contributions in full for three years as follows:

Pre-pay of Pension Summary	Past Service	Future Service	Total
	£	£	£
2020-21	129,566	2,252,134	2,381,700
2021-22	129,567	2,252,133	2,381,700
2022-23	129,567	2,252,133	2,381,700
Total Payment in 2020-21	388,700	6,756,400	7,145,100

The final year of the pre-payment of pension contributions relating to 2022/23 has been charged to the CIES (GF and HRA balances).

Reconciliation of Net Pension Liability and the Pension reserve	2022-23	2021-22
	£'000	£'000
2020-21	200,265	200,232
2021-22	(175,969)	(252,184)
Net Pension Liability	24,296	(51,952)
Prepayment	2,382	2,382
Total Payment in 2020-21	26,678	(49,570)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

An analysis of scheme assets by category is shown below:

Asset category	Sub category	Quoted (Y/N)	31 March 2022 £'000	31 March 2023 £'000
Equities	Financials	Y	238	236
				-
Bonds	UK corporate	Y	822	-
	Overseas corporate	N	739	418
				-
Property	Offices	N	93	38
	Industrial / Warehouse		1,493	1,462
	Shops		177	408
	Retail Warehouse	N	-	1,144
	Multi Let Commercial Building	N	1,435	-
				3,507
Alternatives	UK Private Equity	N	4,429	13,475
	Overseas private equity	N	12,072	31,522
	Infrastructure	N	22,810	29,406
	Credit Funds	N	26,798	2,920
	Pooled Fixed Income	N	8,706	17,838
	Indirect Property Funds	N	17,459	2,145
	UK Pooled Equity Funds	N	1,885	96,517
	Overseas Pooled Equity Funds	N	96,035	-
				1,611
Cash	Cash accounts	N	5,553	-
	Net current assets	N	(512)	-
Total			200,232	202,647

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, which is an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Mercer Limited, an independent firm of actuaries, has assessed these liabilities based on the last full actuarial valuation of the scheme as at 31 March 2023.

The significant assumptions used by the actuary are set out below:

	2022-23 £'000	2021-22 £'000
<i>Financial Assumptions</i>		
Rate of inflation	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	4.80%	2.80%
<i>Longevity Assumptions</i>		
Life expectancy of a male / female		
- Current pensioner aged 65	21.5/23.8	22.4 / 25.1
- Future pensioner aged 65 in 20 years time	22.8/25.6	23.9 / 26.9

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 of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated.

The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

The principal risks to the Council relate to the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Sensitivity Analysis	Liabilities £'000	Assets £'000	Deficit £'000
Central	175,969	(202,647)	(26,678)
+ 0.1% discount rate	163,442	(202,647)	(39,205)
+0.1% inflation rate	182,698	(202,647)	(19,949)
+0.1% pay growth	176,727	(202,647)	(25,920)
1 year increase in life expectancy	179,706	(202,647)	(22,941)
+1% change in investment return	175,969	(204,665)	(28,696)
-1% change in investment return	175,969	(200,629)	(24,660)

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial actuarial valuation is due in March 2026.

The total normal contributions the Council expect to pay to the Pension scheme in the year to 31 March 2023 are £2.732m. Expected contributions for Discretionary Benefits in the year to 31 March 2023 are £0.327m. The weighted average duration of the defined benefit obligation for scheme members is 16 years, and the duration profile used to determine assumptions is retired.

40. CONTINGENT LIABILITIES AND ASSETS

Correspondence has been received concerning the potential for clawback on historic funding agreements that were entered into by the Council in relation to land at the Whitemoss Business Park. These agreements were entered into with the North West Development Agency just under 20 years ago and have now been transferred to Homes England as its successor body. A review is currently taking place on compliance with the terms and conditions of these funding agreements to establish whether any clawback payments will need to be made.

The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end of known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office, which can come from any organisation that pays business rates, and so there is a risk to the Council that further appeals may have a future impact on the accounts. However it is anticipated that the level of the provision will be sufficient to meet the full cost of outstanding appeals.

41. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Authority;
- **Liquidity risk** - the possibility that the Authority might not have funds available to meet its commitments to make payments;

- **Re-financing risk** - the possibility that the Authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates or stock market movements.

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 a central treasury team, under policies approved by the Authority in the annual treasury management strategy. The Authority 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 - the possibility that other parties might fail to pay amounts due to the Council

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

Following the fiscal events of autumn 2022 and the subsequent period of significant market volatility the impact on the financial instruments held has been considered and included within the credit risk disclosures.

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

Credit Risk Management Practices

The Authority's credit risk management practices are set out on pages 7 to 8 of the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's credit ratings services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Authority are detailed below:

This Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit ratings of Short Term of F1, Long Term A, Support bb+ and Individual 3 (Fitch or equivalent rating), with the lowest available rating being applied to the criteria.
- UK institutions provided with support from the UK Government;

The full Investment Strategy for 2022/23 was approved by Council on 23/02/22 and is available on the Authority's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Authority.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Authority's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

Liquidity risk - the possibility that the authority might not have funds available to meet its commitments to make payments

The Authority 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 Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing (£10.8m) are due to be paid in less than one year

Refinancing and Maturity risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies to address the main risks and

the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is as follows

2021-22 £'000	2022-23 £'000
- Less than 5 years	4,411
4,411 Between 5 and 10 years	4,411
4,411 Between 10 and 15 years	8,821
8,821 Between 15 and 20 years	8,821
8,821 Between 20 and 25 years	8,822
17,642 Between 25 and 30 years	17,642
17,642 Between 30 and 35 years	17,642
17,642 Between 35 and 40 years	17,642
8,822 Between 40 and 45 years	-
88,212 Total	88,212

Market risk - the possibility that there will be a financial loss because of changes in interest rates, market prices, foreign exchange currency rates etc.

Interest rate risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the comprehensive income and expenditure statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the comprehensive income and expenditure statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments

that have a quoted market price will be reflected in the other comprehensive income and expenditure.

The Authority has a number of strategies for managing interest rate risk. The annual treasury management strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements.

Price risk

The Authority does not generally invest in equity shares or marketable bonds.

However, it does have shareholdings to the value of £900k in Tawd Valley Developments Ltd. Whilst these holdings are generally illiquid, the Authority is not exposed to gains or losses arising from movements in the price of the shares because they are not traded.

Foreign exchange risk - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Pooled funds – The Authority has no holdings in pooled funds.

42. TRUST FUNDS

The Council acts as sole trustee for three trust funds. These funds do not represent assets of the Council and are not included in the balance sheet. There has been negligible expenditure and income on these trust funds over the last 2 years.

The Charity of Richard Berry was established in 1906 to provide help for the aged poor in Skelmersdale. The assets of the trust are £4,391 and there are no liabilities.

The Jervis Charity was established in 1898 to provide help for the poor or ill associated with coal mining in Skelmersdale. The assets of the trust are £1,868 and there are no liabilities.

The Ruff Public Park and Pleasure Ground was conveyed to the former Ormskirk District Council on charitable trust to be used as a public park in perpetuity.

43. AGENCY ARRANGEMENTS

During this financial year the Council acted as agent for Central Government in relation to various grants totalling £1.653m. The income and expenditure transactions relating to grants were processed through the financial ledger but do not form part of the Council's income and expenditure and are therefore excluded.

Agency Arrangements - Covid-19 Grants		2022-23 £'000
Energy Bill Support		(553)
Energy Rebate Scheme		(766)
Ukraine Dispersal		(334)
Total		(1,653)

GROUP ACCOUNTS

The CIPFA Code of Practice sets out a requirement for authorities to prepare group accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality.

The Council has a wholly owned development company, Tawd Valley Developments Limited, 2022/23 represents their third full year of trading.

The Council has consolidated its subsidiary Tawd Valley Developments Limited on a line-by-line basis with all intra-group transactions and balances removed.

GROUP MOVEMENT IN RESERVES STATEMENT 2022/23

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves	Group Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(960)	(15,888)	(621)	(2,603)	(2,978)	(779)	(11,622)	(35,450)	(106,939)	(142,389)	1,254	(141,135)
<i>Movement in Reserves during 2022-23</i>												
Total Comprehensive Income and Expenditure	10,419	-	(4,059)	-	-	-	-	6,360	(100,784)	(94,424)	202	(94,222)
Adjustments between accounting basis and funding basis under regulations	(7,225)	-	4,570	-	(2,095)	-	(189)	(4,938)	4,938	-	-	-
Adjustments between Group Accounts and Council Accounts	96	-	-	-	-	-	-	96	-	96	96	191
Transfers to / from Earmarked Reserves	(3,290)	3,258	(511)	511	-	-	32	0	-	0	-	0
Increase / Decrease in Year	-	3,258	-	511	(2,095)	-	(157)	1,517	(95,846)	(94,329)	297	(94,032)
Balance at 31 March 2023	(960)	(12,630)	(621)	(2,092)	(5,073)	(779)	(11,779)	(33,933)	(202,785)	(236,718)	1,551	(235,167)

GROUP MOVEMENT IN RESERVES STATEMENT 2021/22

Movement in Reserves Statement	General Fund Balances	Earmarked Gen. Fund Reserves	HRA Balances	Earmarked HRA	Capital Receipts Reserve	Capital Grants Unapplied	Community Infrastructure Levy	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council Share of Subsidiary Reserves	Group Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(960)	(15,888)	(621)	(2,603)	(2,978)	(779)	(11,622)	(35,450)	(106,939)	(142,389)	1,254	(141,135)
<i>Movement in Reserves during 2022-23</i>												
Total Comprehensive Income and Expenditure	10,419	-	(4,059)	-	-	-	-	6,360	(100,784)	(94,424)	202	(94,222)
Adjustments between accounting basis and funding basis under regulations	(7,225)	-	4,570	-	(2,095)	-	(189)	(4,938)	4,938	-	-	-
Adjustments between Group Accounts and Council Accounts	96	-	-	-	-	-	-	96	-	96	96	191
Transfers to / from Earmarked Reserves	(3,290)	3,258	(511)	511	-	-	32	0	-	0	-	0
Increase / Decrease in Year	-	3,258	-	511	(2,095)	-	(157)	1,517	(95,846)	(94,329)	297	(94,032)
Balance at 31 March 2023	(960)	(12,630)	(621)	(2,092)	(5,073)	(779)	(11,779)	(33,933)	(202,785)	(236,718)	1,551	(235,167)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021-22				2022-23		
Gross Cost £'000	Gross Income £'000	Net Cost £'000	Service	Gross Cost £'000	Gross Income £'000	Net Cost £'000
21,275	(18,891)	2,384	Corporate and Customer Svs	22,444	(19,517)	2,927
9,457	(1,846)	7,611	Environmental Services	10,021	(1,816)	8,206
437	(527)	(90)	Finance, Procure & Commercial	610	(449)	161
3,156	(2,327)	829	Housing Services	2,759	(2,582)	178
20,751	(26,361)	(5,611)	Housing Revenue Account	24,530	(28,322)	(3,792)
1,357	(270)	1,087	Legal and Democratic	1,721	(242)	1,479
4,209	(1,694)	2,516	Planning and Regulatory	5,566	(1,637)	3,928
6,098	(2,504)	3,594	Wellbeing and Place	6,156	(1,286)	4,870
68	-	68	Chief Officers	69	(6)	63
3,827	(2,068)	1,760	Other Services	1,188	(207)	981
70,633	(56,486)	14,147	Cost of Services	75,064	(56,063)	19,001
2,287	-	2,287	Other operating expenditure	1,128	-	1,128
5,612	(2,433)	3,179	Financing & investment income & expenditure	10,536	(3,494)	7,042
-	(23,853)	(23,853)	Taxation & non specific grant income & expenditure	23	(20,440)	(20,417)
78,532	(82,772)	(4,240)	Surplus or (Deficit) on Provision of Services	86,750	(79,997)	6,753
		(7,381)	Surplus (-) or deficit on revaluation of non current assets			(18,050)
		(22,938)	Re-measurement of the net defined pension liability			(82,734)
		(30,319)	Other Comprehensive Income and Expenditure			(100,784)
		(34,559)	Total Comprehensive Income and Expenditure			(94,031)

GROUP BALANCE SHEET

31 March 2022		Notes	31 March 2023
£'000			£'000
253,008	Property, Plant & Equipment		264,499
509	Heritage Assets		516
18,496	Investment Property		26,494
832	Intangible Assets		926
58	Long Term Debtors	G1	58
272,902	Long term assets		292,493
21,590	Short Term Investments		6,096
81	Assets held for sale		54
534	Inventories	G2	440
14,611	Short Term Debtors	G3	16,359
7,455	Cash and Cash Equivalents	G4	4,000
44,272	Current assets		26,949
-	Bank Overdraft		-
(32,371)	Short Term Creditors	G5	(16,404)
(32,371)	Current Liabilities		(16,404)
(1,628)	Provisions		(2,084)
(49,570)	Pension Liabilities		26,678
(4,222)	Grants & Contributions in Advance		(4,219)
(88,246)	Long Term Borrowing		(88,246)
(143,666)	Long Term Liabilities		(67,871)
141,137	Net Assets		235,167
(34,197)	Usable Reserves		(32,381)
(106,940)	Unusable Reserves		(202,785)
(141,137)	Total Reserves		(235,167)

GROUP CASH FLOW STATEMENT

2021-22 £'000		2022-23 £'000
4,240	Net Position on the Provision of Services	(6,753)
32,061	Adjustments for non-cash movements (Note G6)	6,921
(13,174)	Adjustments for items that are investing or financing activities	(10,538)
23,127	Net Cash Flows from Operating Activities	(10,370)
(26,724)	Investing Activities (Note G7)	7,398
824	Financing Activities	(483)
(2,773)	Change in Cash and Cash Equivalents	(3,455)
10,227	Cash & Cash Equivalents at start of period	7,455
7,455	Cash & Cash Equivalents at end of period (Note 22)	4,000

GROUP NOTES TO THE ACCOUNTS

Where figures in the group accounts differ materially from the Council's single entity accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Council's accounts.

G1. FINANCIAL INSTRUMENTS

Financial Assets 2022-23	Non Current				Current				Total	
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss									-	-
Amortised cost	58	58	4,822	4,822	6,096	6,096	4,000	4,000	14,976	14,976
Fair Value Through OCI									-	-
Total financial assets	58	58	4,822	4,822	6,096	6,096	4,000	4,000	14,976	14,976
Non-Financial assets	-	-	11,537	11,537	-	-	-	-	11,537	11,537
Total assets	58	58	16,359	16,359	6,096	6,096	4,000	4,000	26,513	26,513

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Financial Assets 2021-22	Non Current				Current				Total	
	Debtors		Debtors		Investments		Cash & Cash Equivalents		Total	
	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair Value	Carrying value	Fair value	Carrying value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-	-	-	-	-
Amortised cost	58	58	1,779	1,779	21,590	21,590	7,455	7,455	30,882	30,882
Fair Value Through OCI	-	-	-	-	-	-	-	-	-	-
Financial assets	58	58	1,779	1,779	21,590	21,590	7,455	7,455	30,882	30,882
Non-Financial assets	-	-	12,832	12,832	-	-	-	-	12,832	12,832
Total assets	58	58	14,611	14,611	21,590	21,590	7,455	7,455	43,714	43,714

Financial Liabilities 2022-23	Non Current				Total	
	Borrowings		Creditors		Total	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss					-	-
Amortised cost	(88,246)	(74,041)	(11,137)	(11,137)	(99,383)	(85,178)
Fair Value Through OCI					-	-
Financial liabilities	(88,246)	(74,041)	(11,137)	(11,137)	(99,383)	(85,178)
Non-Financial instruments	-	-	(5,267)	(5,267)	(5,267)	(5,267)
Total Liabilities	(88,246)	(74,041)	(16,404)	(16,404)	(104,650)	(90,445)

Financial Liabilities 2021-22	Non Current				Total	
	Borrowings		Creditors		Total	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through profit or loss	-	-	-	-	-	-
Amortised cost	(88,246)	(103,736)	(15,183)	(15,183)	(103,429)	(118,919)
Fair Value Through OCI	-	-	-	-	-	-
Financial liabilities	(88,246)	(103,736)	(15,183)	(15,183)	(103,429)	(118,919)
Non-Financial instruments	-	-	(17,188)	(17,188)	(17,188)	(17,188)
Total Liabilities	(88,246)	(103,736)	(32,371)	(32,371)	(120,617)	(136,107)

G2. INVENTORIES

2021-22	2022-23
£'000	£'000
520 Work in progress	432
14 All other items	8
534 Total	440

G3. DEBTORS

2021-22 £'000		2022-23 £'000
4,879	General Government Bodies	2,410
6,252	Other Local Authorities	7,914
10,037	Other Debtors	12,934
112	Payments in Advance	-
21,280	Sub total	23,258
(6,669)	Provision for impairments	(6,899)
14,611	Total	16,359

G4. CASH AND CASH EQUIVALENTS

2021-22 £'000		2022-23 £'000
955	Cash and Bank	(1,000)
6,500	Money at call	5,000
7,455	Total	4,000

G5. CREDITORS

2021-22 £'000		2022-23 £'000
(21,131)	Central Government Bodies	(4,571)
(944)	Other Local Authorities	(671)
(1,875)	Leaseholder Advance and Tenant Prepayments	(1,995)
(8,421)	Other Creditors	(9,167)
(32,371)	Total	(16,404)

G6. CASH FLOW STATEMENT - OPERATING ACTIVITIES

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

2021-22 £'000		2022-23 £'000
4,968	Depreciation	5,740
1,335	Impairment and downward valuations	2,223
(85)	Movement in the market value of investment properties	267
284	Amortisation	4,825
10,907	Change in Creditors	(15,313)
4,045	Change in Debtors	(1,491)
9	Change in Inventories	94
6,673	Movement in Pension Liability	6,486
419	Carrying amount of non current assets sold or disposed	456
3,506	Other non cash items charged to the deficit on the provision of services	3,634
32,062	Non cash movements	6,921

G7. CASH FLOW STATEMENT - INVESTING ACTIVITIES

2021-22 £'000		2022-23 £'000
(23,259)	Purchase of property, plant and equipment, investment property and intangible assets	(19,872)
(13,500)	Purchase of short term and long-term investments	(31,200)
2,832	Proceeds from the sale of non-current assets	3,273
2,000	Proceeds from short term and long-term investments	47,775
5,203	Other receipts from investing activities	7,422
(26,724)	Net cash flows from investing activities	7,398

HOUSING REVENUE ACCOUNT

INCOME AND EXPENDITURE STATEMENT		
2021-22 £'000		2022-23 £'000
	Expenditure	
(5,577)	Repairs and maintenance (note 2)	(6,256)
(8,652)	Supervision and management	(11,408)
(400)	Rents, rates, taxes and other charges	(401)
(5,028)	Depreciation (note 3)	(5,828)
-	Revaluation (note 3)	-
(103)	Movement in bad debt provision	(88)
(19,760)	Total expenditure	(23,981)
	Income (note 5)	
23,397	Dwelling rents	24,374
392	Non-dwelling rents	397
2,566	Charges for services and facilities	3,101
7	Contributions towards expenditure	168
26,361	Total income	28,040
(496)	HRA share of Corporate & Democratic Core	-
(127)	HRA share of Pension Past Service Gain/Cost (-)	(88)
5,979	Net Income of HRA Services	3,972
5,979	Net Cost of HRA Services in the Comprehensive Income & Expenditure Statement	3,972
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement	
345	Gain or Loss on Disposal of Non-Current Assets	281
(3,057)	Interest payable	(3,067)
5	Interest and Investment Income	78
1,050	Capital Grants & Contributions receivable	2,795
(240)	Pensions interest cost and expected return on pensions assets	-
(14)	Pension administration expenses	2,795
		-
4,068	(Surplus) / Deficit for the year on HRA services	6,854

MOVEMENT ON THE HRA STATEMENT		
2021-22		2022-23
£'000		£'000
(620)	HRA Balances brought forward	(620)
(4,068)	Surplus or Deficit (-) for the year on the HRA Income and Expenditure Statement	(4,059)
3,975	Adjustments between accounting basis and funding basis under statute	4,570
(93)	Net change before transfers to or from reserves	511
93	Transfers to (-) or from reserves	(511)
-	Increase or Decrease in balances in year	-
(620)	HRA Balances carried forward	(620)

Adjustments between accounting basis and funding basis under statute		
2021-22		2022-23
£'000		£'000
13	Transfers to / from (-) the Accumulated Absences Account	28
345	Gain (-) or loss on sale of non-current assets	281
(721)	HRA share of contributions to or from the Pensions Reserve	(503)
4,136	Capital expenditure funded by the HRA	2,888
3,833	Transfer to Major Repairs Reserve	4,546
	Transfers to and from the Capital Adjustment Account	
(1,194)	Revaluation (Note H3)	(1,282)
(3)	Revenue expenditure funded from capital under statute	-
(3,833)	Depreciation (Note H3)	(4,546)
1,050	Capital Grants & Contributions Applied	2,795
350	Provision for repayment of debt	362
3,975	Total adjustments	4,570

NOTES TO THE HOUSING REVENUE ACCOUNT

H1. The Housing Revenue Account

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision. The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and other income. The Council charges rents to cover expenditure in accordance with the legislative framework and this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

H2. Repairs and Maintenance

Details of repairs and maintenance expenditure are as follows:

2021-22 £'000		2022-23 £'000
1,039	Programmed Work (including painting)	1,127
4,538	Repairs	5,129
5,577	Total	6,256

H3. Capital charges

A downward revaluation charge of £1.282m (£1.194m in 2021-22) has been made to the HRA in the year. This reflects revaluation decreases that could not be charged against the Revaluation Reserve. These charges do not affect the bottom line position of the HRA as they are reversed in the Adjustments section of the Movement on the HRA Statement.

Depreciation charges of £4.506m have been made to the HRA to reflect its use of assets (£3.788m in 2021-22). An amount equal to depreciation has then been transferred to the Major Repairs Reserve, which has been used to finance capital expenditure.

H4. Pensions

The HRA has been compiled on an IAS19 compliant basis. This treatment does not affect the bottom line position of the HRA, as accounting entries are reversed out in the Adjustments section of the Movement on the HRA Statement and replaced with the HRA's actual contribution to the pension fund.

H5. Rents and Service Charges

Dwelling rents comprise the total rent income for all Council owned dwellings in the year. The average rent of our dwellings at the end of 2022/23 was £80.31 (on a 52-week basis). This is an increase of £3.76 over the like for like figure at the end of 2021/22.

The overall 4.9% increase in average rent is driven by a 4.1% annual increase in 2022/23 compared to 2021/22.

Non-dwelling rents include the rent of garages, garage sites, and miscellaneous plots of housing land. The Council also levies service charges to contribute towards the costs of special services such as Caretakers, door entry systems, sheltered dwellings, and furnished homes.

H6. Rent Arrears and Provision for Bad Debts

2021-22 £'000		2022-23 £'000
1,015	Arrears carried forward	983
(500)	Provision for bad debts carried forward	(500)

H7. Movement in the Major Repairs Reserve

2021-22 £'000		2022-23 £'000
-	Balance brought forward	-
3,833	Depreciation Charge	(4,546)
(3,833)	Funding for Capital Expenditure	4,546
-	Balance carried forward	-

H8. Housing Stock

The Council owned an average of 5,843 dwellings (including flats and maisonettes, houses and bungalows) during 2022/2023. The following table shows the changes in stock over the last two years.

2021-22	2022-23
5,862 Opening Stock	5,858
44 Additions	37
(47) Sales	(66)
(2) Transfers to / from Assets Held for Sale	(2)
- Demolitions and disposals	-
1 Other movements	1
5,858 Closing Stock	5,828

An analysis of the housing stock at 31 March 2023 is shown below.

	PRE 1919	1919-44	1945-64	AFTER 1964	TOTAL
Low-Rise Flats					
1 Bedroom	-	-	46	1,012	1,058
2 Bedroom	-	-	95	96	191
3 (or more) Bedroom	-	-	-	9	9
Sub Total	-	-	141	1,117	1,258
Medium-Rise Flats					
1 Bedroom	-	1	1	289	291
2 Bedroom	-	-	-	515	515
3 (or more) Bedroom	-	-	-	105	105
Sub Total	-	1	1	909	911
Houses					
1 Bedroom	2	32	287	281	602
2 Bedroom	33	49	191	294	567
3 Bedroom	8	126	418	1,616	2,168
4 (or more) Bedroom	-	4	5	313	322
Sub Total	43	211	901	2,504	3,659
Totals	43	212	1,043	4,530	5,828

H9. Movement in the Balance Sheet Value of HRA Non-Current Assets

2022-23	Intangible Assets	Assets held for sale	Council dwellings	Other land / buildings	Assets Under Construction	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening value	200	81	203,533	2,407	5,642	170	212,034
Additions and Enhancements	-	-	7,045	-	6,052	-	13,097
Disposals	-	(81)	(2,879)	-	-	-	(2,961)
Depreciation	(62)	-	-	(1)	-	(25)	(88)
Revaluation and Impairment	-	-	8,433	388	-	-	8,822
Other	-	-	-	(13)	-	-	(13)
Transfers	-	54	6,688	(41)	(6,701)	-	(0)
Closing value	138	54	222,820	2,741	4,993	145	230,891

H10. Vacant Possession Value of Council Dwellings

The vacant possession value of dwellings on the 1st April 2022 was £502.2m (£470.7m at 1st April 2021). The difference between the vacant possession value and balance sheet value of dwellings within the HRA reflects the economic cost to the Government of providing Council housing at less than open market rents.

H11. Sources of Funding for HRA Capital Expenditure

2021-22	2022-23
£'000	£'000
3,833 Major Repairs Reserve	4,546
4,136 HRA Revenue Contribution	2,888
1,050 Capital Grants	2,795
7,051 Internal Borrowing	2,868
540 Capital Receipts	-
16,610 Total	13,097

H12. Capital Receipts

The value of receipts on disposals of HRA assets were £3.340m in the year (£2.448m in 2021-22).

COLLECTION FUND

COLLECTION FUND STATEMENT				
2021-22			2022-23	
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000
INCOME				
(27,900)	(73,906)	Income due in year (notes 2 & 3)	(28,067)	(77,969)
(7,587)	(955)	Contributions to previous year deficits (note 4)	(6,264)	
-	-	Transitional protection payments		(40)
(35,487)	(74,861)	Total income	(34,331)	(78,009)
EXPENDITURE				
Precepts, Demands and Shares				
15,404	-	- Central Government	14,236	-
12,323	8,485	West Lancashire Borough Council	11,389	8,905
2,773	53,550	Lancashire County Council	2,563	57,043
308	2,658	Lancashire Combined Fire Authority	285	2,911
-	8,327	Lancs Police & Crime Commissioner	-	8,907
-	-	Contributions from previous year surpluses (note 4)		406
Charges to Collection Fund				
691	1,590	Impairment of debts – write offs and provisions	668	1,763
1,522	-	Change in provision for appeals	1,094	-
127	-	Cost of Collection Allowance	128	-
83	-	Transitional Protection Payments	4	-
33,231	74,610	Total expenditure	30,366	79,935
(2,256)	(252)	Movement on Fund Balances	(3,965)	1,926
9,269	643	Opening Fund Balances	7,013	391
(2,256)	(252)	Increase / (decrease) for the year (as above)	(3,965)	1,926
7,013	391	Closing Fund Balances	3,049	2,317

NOTES TO THE COLLECTION FUND

C1. The Collection Fund Account

This account 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.

C2. 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 shown in Note 8.

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

The council tax base for 2022/2023 was 37,669.71 (36,774.06 in 2021/22) Band D equivalent properties calculated as follows:

Property Band	Chargeable Dwellings	Band Multiplier	Relevant Amount
Z	39	5/9	22
A	9,594	6/9	6,396
B	7,358	7/9	5,723
C	8,595	8/9	7,640
D	6,714	1	6,714
E	4,688	11/9	5,729
F	2,405	13/9	3,474
G	1,543	15/9	2,572
H	85	2	170
Total Relevant Amount	41,020		38,438
Estimated Collection Rate			98%
Council Tax Base			37,670

C3. National Non-Domestic Rates (Business Rates)

NNDR is the business rate and is organised on a national basis. The Government specifies an amount (51.2p in 2022/23 and 51.2p in 2021/22) and, subject to the effects of transitional arrangements and mandatory and discretionary reliefs, local businesses pay rates calculated by multiplying that amount by their rateable value.

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The NNDR income after reliefs and discounts was £28.067m for 2022/20223 (£27.900m for 2021/2022). The rateable value for the Council's area at the end of the financial year 2022/23 was £80.646m (£80.231m for 2021/22).

C4. Surplus and Deficit on Collection

The final outturn on Council Tax operations shows a deficit of £2.317m, which compares with the estimated deficit of £1.913m declared in January 2023 and which will be distributed in 2023-24.

The financing arrangements for deficits and surpluses in respect of Council Tax provide for a sharing between major precepting authorities in proportion to their demands on the Collection Fund. The following table shows how these items have been shared over the last 2 years.

2021-22	2022-23
Surplus	Surplus
£	£
(701) Lancashire County Council	298,213
(106) Lancashire Police Authority	43,450
(35) Lancashire Fire Authority	15,432
(113) West Lancashire Borough Council	49,039
(955) Total	406,134

The financing arrangements for deficits and surpluses in respect of Business Rates provide for a sharing between the Government and major precepting authorities on a set percentage basis. The following table shows how these items have been shared over the last 2 years.

2021-22	2022-23
Surplus	Surplus
£	£
(4,406) Central Government	(3,132)
(2,643) West Lancashire Borough Council	(2,506)
(474) Lancashire County Council	(564)
(64) Lancashire Fire Authority	(63)
(7,587) Total	(6,264)

C5. Lancashire Business Rates Pool

This section is awaiting information from the Lancashire Pool lead Authority

GLOSSARY OF TERMS

This Glossary of Terms is designed to aid interpretation of the Council's Statement of Accounts.

Accounting Policies

These specify how transactions and other events should be reflected in financial statements.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

Actuary

An actuary is an expert on pension scheme assets and liabilities.

Actuarial Gains and Losses

Changes in the actuarial deficits or surpluses over time arising from either or both of i) differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation (known as experience gains and losses), and ii) changes in the actuarial assumptions.

Amortisation

An annual charge to the revenue account that spreads the cost of an asset over a period of time.

Appropriation

A contribution to or from a financial reserve.

Balances (Or Reserves)

These represent accumulated funds available to the Council. Some balances (reserves) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities. There are a number of unusable reserves which are for technical purposes and it is not possible to utilise these to provide services.

Budget

A statement of the Council's spending plans for revenue and capital expenditure over a specified period of time.

Capital Expenditure

Expenditure on the acquisition and/or improvement of an existing Non-Current Asset which adds to, and not merely maintains, its value. Expenditure that does not fall within the definition must be charged to a revenue account.

Capital Receipts

Proceeds from the sale of capital assets which can only be used to repay loans or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as 'capital receipts unapplied'.

CIPFA (Chartered Institute of Public Finance and Accounting)

CIPFA is the professional institute for accountants working in the public services. CIPFA publishes the Code, which defines proper accounting practice for local authorities.

Collection Fund

The Collection Fund is a separate statutory fund which billing authorities have to maintain. It shows the transactions in relation to non-domestic rates, any residual Community Charge and the Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Consistency

This is a concept that the accounting treatment of like items, within an accounting period and from one period to the next, is the same.

Contingency

This is a condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Contingent assets and contingent liabilities are not recognised in the accounting statements but are disclosed by way of notes.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

Council Tax

This is a banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

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

Current Assets

Current assets are items that can be readily converted into cash.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period.

Current Service Cost (Pensions)

The increase in the pension liabilities as a result of years of service earned this year.

Debtors

Amounts owed to the Council for work carried out, services rendered or goods provided by the Council for which income has not been received by the balance sheet date.

Deferred Credits

These represent capital income to be received in the future, when disposals have taken place, and deferred payments have been agreed.

Defined Benefit Scheme

A pension or other retirement benefits scheme other than a defined contribution scheme, where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

Depreciation

This is the measure of the cost or revalued amount of the benefits of the Non-Current Asset that have been consumed during the period.

Direct Revenue Financing

Resources provided from an authority's revenue budget to finance the cost of capital projects.

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Estimation Techniques

The methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Events after the Balance Sheet Date

These are events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

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 (debtors) and trade payables (creditors) and the most complex ones such as derivatives and embedded derivatives.

Finance Lease

This is a lease that transfers substantially all of the risks and rewards of ownership of a Non-Current Asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Reporting Standards (FRSs)

FRSs are statements which deal with accounting issues of fundamental importance and general application. They are applicable to all published accounts and compliance is mandatory. The Code of Practice on Local Authority Accounting in the UK applies FRSs to Council accounts as appropriate.

Financial Year

The Council's financial year runs from 1 April to 31 March.

General Fund

This is the main revenue account of the Council covering day to day spending on services other than the provision of housing.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Assets

Heritage assets are defined as assets which have historical, artistic or cultural qualities and that are held and maintained principally for their contribution to knowledge and culture.

Historic Cost

The cost of an asset at the time it was bought.

Housing Revenue Account (HRA)

The HRA is an account which includes the expenditure and income arising from the direct provision of housing by the Council.

Impairment

This is a reduction in the value of a Non-Current Asset below its carrying amount on the balance sheet.

Infrastructure Assets

Non-Current Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

These are non-financial Non-Current Assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights. Examples are purchased software licences.

Inventories

The amount of unused or unconsumed stocks bought but not used at the end of the accounting period, held in expectation of future use, for example goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, and finished goods.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments, other than those in relation to the pension fund, that do not meet the above criteria should be classified as current assets.

Investment Properties

This represents an interest in land and/or buildings in respect of which construction work and development have been completed, and which is held for its investment potential, with any rental income being negotiated at arm's length.

Leasing

Leasing is a method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Materiality

The concept that any omission from or inaccuracy in the statement of accounts should not be so large as to affect the understanding of those statements by the reader.

Minimum Revenue Provision (MRP)

The minimum amount (as laid down in Statute) that the Council must charge to the accounts each year in order to meet the costs of repaying amounts borrowed.

Non Domestic Rates (NDR)

NDR is a tax levied on business properties and sometimes known as Business Rates. This tax is set nationally by the Government. Sums based on rateable values are collected by billing authorities and shared between major preceptors, central government, the Police and Crime Commissioner and the billing authority.

Net Book Value

The amount at which Non-Current Assets are included in the balance sheet i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Net Current Replacement Cost

This is the cost of replacing or recreating a particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

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

Non-Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non-distributable Costs

These are costs that cannot be specifically applied to a service or services and are held centrally, for example certain pension costs.

Non-Operational Assets

Non-Current Assets held by a local authority but not directly occupied, used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Leases

An operating lease is a lease other than a finance lease. This is a method of financing assets which allows the Council to use, but not own an asset. A third party purchases the asset on behalf of the Council, who then pay the lessor an annual rental over the life of the asset.

Operational Assets

Non-Current Assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Examples include Council dwellings, other land and buildings, vehicles, plant, equipment, infrastructure assets and community assets.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Post Balance Sheet Events

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

This is a charge levied by one Council which is collected on its behalf by another by adding the precept to its own Council Tax and paying over the appropriate cash collected.

Principal

The amount of money borrowed, not including interest charges.

Prior Year Adjustments

Prior year adjustments are material adjustments, arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings.

Provision

These are monies set aside for liabilities or losses which are likely or certain to be incurred but the exact amount and dates are not currently known.

Prudence

The concept that revenue is not anticipated but is recognised only when realisation in cash is reasonably certain. Conversely, provisions should be made for all known liabilities.

Prudential Code for Capital Finance

This Code was introduced from 1 April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take into account to demonstrate that they have fulfilled this objective.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

Related Parties

Two or more parties are related parties when at any time during the financial period: one party has direct or indirect control of the other party; or the parties are subject to common control from the same source; or one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interest; or the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Related Party Transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts set aside in one year's accounts which can be spent in later years. Reserves are often earmarked for specific purposes, including the financing of future capital expenditure, replacement or renewals and the funding of future defined Council initiatives.

Residual Amount

The amount an asset can be sold for, less the cost of selling it.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by the employee.

Revenue Expenditure

This is money spent on the day-to-day running costs of providing services. It is usually of a constantly recurring nature and produces no permanent asset.

Revenue Expenditure Funded from Capital Under Statute

Expenditure that is not capital in accordance with UK GAAP is allowed by statute to be funded from capital resources and hence such expenditure would have no impact on council tax in the year that it was incurred.

Revenue Support Grant (RSG)

This is a general grant received from Central Government to contribute towards the cost of providing services.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method, reflect the benefits that the employer is committed to provide for service up to the valuation date.

Specific Grants

Government grants for a particular service.

Statement of Recommended Practice – (SORP)

This is the Code of Practice on Local Authority Accounting in the United Kingdom.

Tangible Non-Current Assets

Assets which have a physical form e.g. buildings, equipment.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, support services and capital charges. This includes an appropriate share of all support services and overheads which need to be apportioned.

Total Net Worth

The total net value of resources available to or owned by the Council.

Useful Life

The period over which the local authority will derive benefits from the use of a Non-Current Asset.



AUDIT AND GOVERNANCE COMMITTEE:

30 January 2024

Report of: Head of Finance, Procurement and Commercial Services

Contact for further information: James Pierce (Extn. 5202)
(E-mail: james.pierce@westlancs.gov.uk)

SUBJECT: GRANT THORNTON – EXTERNAL AUDIT FINDINGS REPORT

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

- 1.1 To receive the External Audit Findings Report (AFR) report from our External Auditors.

2.0 RECOMMENDATION

- 2.1 That the report be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

3.0 BACKGROUND

- 3.1 Our external auditors have asked for the report contained in the Appendix to be included on the agenda for this meeting so that Members may give them due consideration.

4.0 GRANT THORNTON REPORT

- 4.1 Representatives of Grant Thornton will introduce and explain the contents of the report at the Committee meeting and will be able to answer any questions that Members may have on their contents.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

6.0 RISK ASSESSMENT

- 6.1 The work that our External Auditors undertake is an integral part of the Council's control framework and provides assurance to Members that the Council is operating effectively.

7.0 HEALTH AND WELLBEING IMPLICATIONS

- 7.1 There are no Health and Wellbeing implications of this report.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

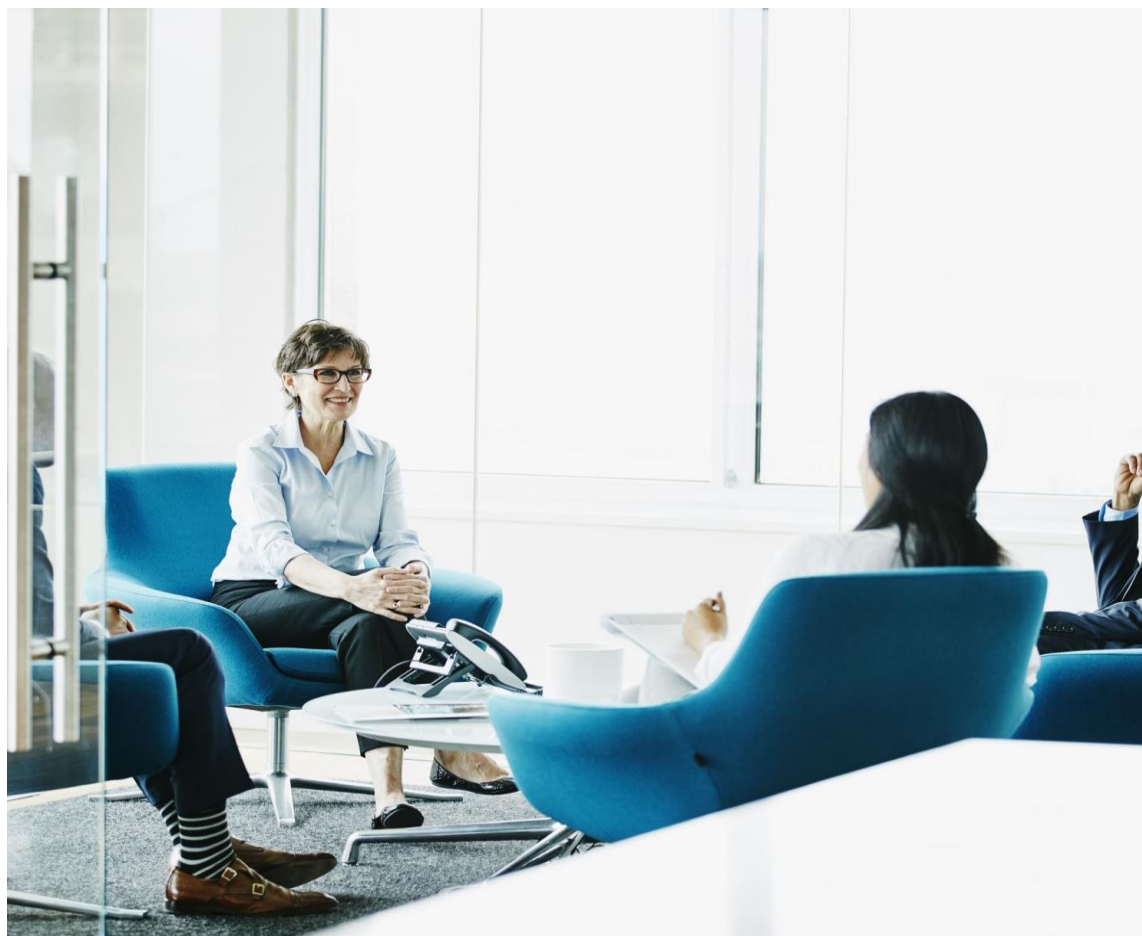
Appendices

Appendix 1 - External Audit Findings Report (AFR)

The Audit Findings for West Lancashire Borough Council

Year ended 31 March 2021

January 2024
Page 407



Contents



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Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Other statutory powers and duties
5. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
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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 will be discussed with management and the Audit and Governance Committee.

Georgia Jones

Name : Georgia Jones
For Grant Thornton UK LLP
Date January 2024

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1. Headlines

Financial Statements

This table summarises the key findings and other matters arising from the statutory audit of West Lancashire Borough Council ('the Council') and the preparation of the group's financial statements for the year ended 31 March 2021 for those charged with governance.

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 the Narrative Report,) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

This Audit Findings Report summarises the progress and work carried out to date for the 2020/21 audit. Although the audit is now complete other than some finalisation procedures and review of the final version of the accounts to ensure inclusion of all agreed amendments, this has been a challenging engagement with a significant amount of additional audit resource required.

We received the first draft of the financial statements for 2020/21 to audit in November 2021. The deadline for audit for the 2020/21 financial statements was 30 November 2021, therefore the deadline was not going to be met.

In 2019/20 the audit opinion was only issued in June 2021, when the audit deadline was November 2020. The reasons for the delay were largely due to the lack of quality assurance processes, significant delays in responding to audit queries for samples and working papers and a lack of co-operation in the audit process.

The same issues continued into 2020/21 and the first draft of the financial statements from November 2021 contained errors and inconsistencies. Among the issues raised by audit, the most significant were:

- Group accounts were not included when it was expected that group accounts would need to be incorporated
- There were no revaluations of other land and buildings despite significant market movements since the previous financial year

We started our audit work as soon as we received the draft financial statements in November 2021. We were progressing the financial statements audit, but we were unable to secure improvements in the timeliness of responses to both audit queries and requests for working papers. We therefore paused the audit in March 2022. We issued the Council with a listing of outstanding requests and expected to resume the audit at the start of July 2022. Discussions with officers in July 2022 determined that the Council was not able to restart the audit as work was still ongoing.

Since March 2022, the Council reviewed the accounts compilation process and as a result identified a material prior period adjustment for 2019/20 largely due to the incorrect accounting of a grant. Although not material, the Council also took the opportunity to adjust other balances. This has led to significant additional audit work to assess the material and non material changes to the 2019/20 comparators. The Council also identified other issues with the compilation of the 2020/21 financial statements as a result of our audit queries as well as their internal quality review processes. Another version of the financial statements was drafted in June 2022, and a further copy in September 2022. A large proportion of the primary statements and disclosure notes changed when compared to the first version of the draft financial statements. As a result, we have carried out a significant amount of work understanding all the changes from version 1 of the financial statements. We were also required to revisit all our samples and work undertaken to date. This has meant additional time to conduct this work, and in some areas additional samples were required and some work needed to be started again.

Although we have now substantially completed our engagement, procedures over valuation of Investment Property and Other Land and Buildings took significantly more time and resources to perform than anticipated. Turnover of valuation staff within the Council and the use of interim appointments has meant the Council has experienced capacity issues and this, combined with additional work required due to increased regulatory requirements, resulted in significant audit queries only being resolved in April 2023.

We identified a significant weakness in internal control in the management override of controls in the use of an employee login who had left the Council to post two journals. The officer involved has left the Council. We did not find any issues arising with both journals we tested that had been input on the old login, and it has also since been disabled.

Our findings to date are summarised on pages 3 to 27. 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.

1. Headlines

Financial Statements

Although our work is substantially complete, prior to certifying the accounts we will:

- Obtain and assess management’s consideration of Post Balance Sheet Events
- Receive management representation letter and,
- Review the final set of financial statements and review to ensure inclusion of all agreed amendments,

We note that the Council has published their draft financial statements for 2021/22 within the required reporting deadlines. In addition, a lot of the amendments in this report were identified by the Council as part of their improved quality assurance processes when addressing audit queries and when reassessing the financial statements in order to produce a revised version in September 2022. Hopefully the work the Council did to remap and revisit the financial statements in 2020/21 will enable the Council to move the audit forward in a more efficient manner in future years. Changes that the Council have made to the key contact for the audit has led to improved participation in the audit process and the quality and timeliness of responses has improved. As time progresses it makes it increasingly difficult for the Council as well as the audit team to catch up any future years’ financial statements to meet expected national audit deadlines.

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 completed our VFM work and, together with the Audit Findings Report, we present the Annual Audit Report summarising the work on VFM. 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 audit plan and audit plan addendum identified four significant risk areas of focus:

- Financial Resilience
- Tawd Valley Developments Limited
- Late production and poor quality of the financial statements
- Procurement.

We have performed further procedures in respect of the risks identified. We identified significant weaknesses in relation to:

- Late production and poor quality of the financial statements
- Management reporting structure of Internal Audit
- Procurement.

Four key recommendations are reported and six improvement recommendations as a result of our work. Our Auditor's Annual Report includes management responses to each of the recommendations.

More detailed findings are set out in the value for money arrangements section of this report on pages 28 to 31.

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 when we give our audit opinion.

Significant Matters summary

We have encountered significant delays in the production of the financial statements, and in carrying out the audit. There are numerous changes to the financial statements for 2020/21 as well prior period adjustments.

The Council did not include any other land and buildings revaluations in the draft financial statements or group accounts. Council responses and the documentation of the valuations process requires improvement.

The Council has three significant weakness areas in relation to the work on VFM with four key recommendations made.

The Council has a significant weakness in internal control in the management override of controls in the use of an employee login to post two journals when the employee had left the Council.

The Council has made progress and changes in how the financial statements are compiled and with the engagement in the audit process, and as a result improvements should be gained in the quality of the financial statements and the timeliness of responses for any future year 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 will be discussed with management and the Audit and Governance Committee.

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 group's business and is risk based, and in particular included:

- an evaluation of the group's internal controls environment, including its IT systems and controls
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

In August 2022 we issued an addendum to the audit plan that was communicated to the Audit and Governance Committee in July 2021. This was to reflect an additional two risks of significant weakness in relation to our value for money work.

Conclusion

We have substantially completed our audit of the financial statements and we anticipate issuing an unqualified audit opinion.

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 levels remain the same as reported in our audit plan on 28/07/21 for the Council.

We detail in the table our determination of materiality for West Lancashire Borough Council.

On receipt of the financial statements we have determined that there is no separate materiality required for Senior Officer Remuneration, so this is a change compared to our work identified in the Audit Plan.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	1.363m	1.362m	<p>We have determined materiality for the audit to be £1.362m (equivalent to 1.8% of gross operating expenditure) for the Council within the financial year. Our materiality did not change from the Audit Plan. This is in line with the industry standard and reflects the risks associated with the Council's financial performance.</p> <p>Our consideration of materiality is based upon the following:</p> <ul style="list-style-type: none"> the group account with the housing development subsidiary company, which increases the complexity of the financial statements the late delivery of 2019/20 Accounts with concerns over the capacity of the Council's finance team, which increases the potential for errors. <p>The materiality for the group is slightly higher than the Council. This is different for the Group from the value reported in the Audit Plan as we updated our judgement to include the actuals for 2020/21 for the group based on the financial statements we received in September 2022.</p>
Performance materiality	0.955m	0.954m	<p>Performance materiality drives the extent of our testing and this was set at 70% of financial statement materiality. Our consideration of performance materiality is based upon the late delivery of the 2019/20 financial statements caused our concern over the capacity of the Council's finance team, and this may increase the potential of errors in financial reporting.</p>
Trivial matters	0.068m	0.067m	<p>This equates to 5% of materiality. This is our reporting threshold to West Lancashire Borough Council's Audit and Governance Committee for any errors identified.</p>



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. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

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.

A sample of 66 journals were selected using a risk scoring method. From this, 7 journals were selected for focused testing as part of the review. Our work has identified an issue with the management override of controls in respect of the shared use of employee logins.

This is a significant deficiency in internal control and management should ensure this cannot occur in future as a lack of control over leavers IT access rights increases the risk of fraud or error.

Two journals were posted using a login of an employee who had left the authority, Both were tested and there were no issues arising with the validity of the journals. The employee login had not been closed in a timely manner and for ease, another employee at the Council (they are not at the Council now) had used the login to post two journals.

We have raised a recommendation in an Action Plan at Appendix A.

We also identified that some staff have super user access and journals can be self approved. This is not necessarily unusual at a smaller body but is considered a control deficiency although not significant.

The revenue cycle includes fraudulent transactions – rebutted

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.

We have also rebutted the presumption of fraud in expenditure recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at West Lancashire Borough Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, as the risk of material misstatement arising from inappropriate revenue recognition has a low likelihood of occurrence and is unlikely to be of a size which would be material to the users of the financial statements.

As per the Audit Plan, we do not consider this to be a significant risk for the Council and we have not undertaken any specific work in this area other than our normal audit procedures.

Our audit work has not identified any issues to report in respect of revenue recognition.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the Council's land and buildings including Council dwellings, and Investment Property

The Council carries out a programme that ensures that all Land and Buildings (£27.499m) and Council dwellings (£191.205m) are re-valued at least every 5 years. In between valuations the Council carries out annual reviews to assess whether any adjustment is required based upon desktop valuations.

These valuations represent significant estimates 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. In between valuations the Council carried out annual reviews to assess whether any adjustment is required based upon desktop valuations.

All investment properties are revalued annually and are valued and reported at fair value under relevant accounting principles. This valuation (£17.22m) represents a significant estimate by management in the financial statements due to the size of the numbers involved compared to the Council's materiality and the sensitivity of this estimate to changes in key assumptions.

We therefore identified the valuation of the Council's Land and Buildings including Council dwellings and investment Property balances as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

evaluated the Council's accounting policy for recognition of income from fees, charges and other service income for appropriateness;

gained an understanding of the Council's system for accounting for income from fees, charges and other service income and evaluated the design of the associated controls;

agreed, on a sample basis amounts recognised as income from fees, charges and other service income for occurrence and accuracy in the financial statements to supporting documentary evidence.

We have noted significant and numerous issues in assessing the valuation of Land and Buildings and Investment Property:

- the Council did not include any valuations in the draft financial statements and when included this has added £2.209m to non-current assets of the Council
- the Council was unable to provide us with the formal instructions issued to the valuer for the valuations undertaken
- the impairment certificate provided for 2020/21 was a draft version
- the Council's valuer has changed following preparation of the valuations reported in the draft accounts presented for audit. It has therefore been difficult to obtain evidence to support judgements which were not fully documented
- for both Investment Properties and Other Land and Buildings the Council struggled to provide sufficient appropriate evidence. We were eventually satisfied that we had sufficient evidence but final queries were only resolved in April 2023 and in some cases we had to try to obtain corroborating evidence from our own sources
- due to the lack of uniformity of formatting within the Council's Fixed Asset Register, it has proved difficult to select some sets of samples.
- engagement with and evidence provided by the Council's external valuers was insufficient, and we therefore performed additional work and engaged with GT's internal valuers to support the assumptions applied in the calculations of Council Dwellings and Investment Property valuations.
- the Property, Plant and Equipment note within the financial statements reports an infrastructure balance of £1.230m. There was no depreciation in year and no cumulative depreciation recognised. Infrastructure was not carried at depreciated historic cost. The adjustment required was not material to the financial statements and management has agreed to amend in line with the CIPFA Code. We will confirm this amendment on our review of the final version of the accounts.
- For both Investment Properties and Other Land and Buildings, the Council are unable to provide evidence as to when the properties have last been inspected. The Valuer states that properties are inspected regularly however, there has been no evidence provided to us to support this.
- Investment Property was initially valued as at 1 January 2021 rather than 31 March 2021. A subsequent valuation as at 31 March 2021 valuation report was provided.

We have raised recommendations in the Action Plan at Appendix A in response to issues identified and all misstatements identified are listed in Appendix C.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of pension fund net liability

The Authority'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 is considered a significant estimate due to the size of the numbers involved (£65.836m) in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

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
- 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 the auditor's expert) and performing any additional procedures suggested within the report
- requested 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 Lancashire Pension Fund financial statements.

We identified a material misstatement within the Pension disclosures relating to the £4.8m payment in advance of employer contributions for 2021/22 and 2022/23. The relevant notes have been adjusted to appropriately recognise this pension asset.

Our audit work has not identified any other issues in respect of the valuation of the pension fund liability.

2. Financial Statements - Significant risks


Risks identified in our Audit Plan	Commentary
<p>Group Accounts</p> <p>The Authority have not provided Group Accounts in the past as there were no material entities relevant to incorporate.</p> <p>As the figures for Tawd Valley Development Limited are quantitatively material within the subsidiary accounts, group accounts and associated disclosures would be required by the Council for 2020/21.</p>	<p>We have:</p> <ul style="list-style-type: none">• reviewed the Council’s assessment of control over its subsidiary.• assessed the Council’s consolidation process, alignment of accounting policies and accounting treatment for group accounts. <p>The draft financial statements did not include group accounts, but we received the group accounts and associated disclosures when the Council produced another version of the financial statements in September 2022.</p> <p>As the Audit Plan was based on forecasts, when we received the group accounts in September 2022, the values involved meant that the audit approach required was analytical procedures only. Therefore, we did not need to rely upon the work of a component auditor (i.e. the auditor of the subsidiary).</p> <p>Our audit work has not identified any issues in respect of the consolidation</p>

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

Component	Findings	Group audit impact
West Lancashire Borough Council	<ul style="list-style-type: none"> Statutory audit performed by Grant Thornton UK LLP Significant risks are those as outlined on pages 8 to 11 of this report and are relevant to the Council audit only. <p>We identified a material misclassification of £1.575m relating to a loan from the Council to the Tawd Valley subsidiary. This has been adjusted in the Council's balance sheet.</p>	<p>All issues arising are already outlined on pages 8 to 11 of this report for the work on the West Lancashire Borough Council's single entity financial statements.</p> <p>No adjustment for the loan misclassification is required as this balance is removed from the group accounts as a consolidation adjustment.</p>
Tawd Valley Developments Limited	<ul style="list-style-type: none"> The first draft of the financial statements for 2020/21 did not include group accounts Analytical procedure are performed at group level to review the consolidated process There are no significant risks for the group audit other than the identification of group accounts needing to be incorporated for the first time in 2020/21 Tawd Valley Developments Limited is a wholly owned subsidiary. 	<p>The audit work on the consolidation of Tawd Valley Development Limited is complete and we have not identified any issues with respect to the consolidation.</p>

2. Financial Statements – key judgements and estimates


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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Other Land and Building valuations – £27.499m	<p>The Council revalues its land and buildings on a five-yearly basis. In the intervening years, to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, the Council carries out a desktop revaluation to ensure that there is no material difference.</p> <p>This valuation 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.</p> <p>The total year end valuation of other land and buildings was £27.499m, a net increase of £1.405m from 2019/20 (£26.094m).</p> <p>As already noted on page 9, the draft financial statements did not include any revaluation of other land and buildings, and as a result of our audit challenge the Council revisited their position.</p>	<p>We performed the following procedures to assess the estimate:</p> <ul style="list-style-type: none"> • assessment of management's expert, your internal valuer • assessment of our auditor's expert, Gerald Eve • testing of the completeness and accuracy of underlying information used determine the valuation • testing of the reasonableness of change in valuation including benchmarking to market trend reports provided by our auditor expert, Gerald Eve; and • testing of the adequacy of disclosure of the estimate in financial statements • We have reviewed and challenged management's assessment of the potential impact of those assets not being formally revalued this year. <p>We have set out the material misstatements and control weaknesses in relation to this balance on page 9. After considerable work and after the amendments made by the Council, we can now conclude that the estimates in the amended financial statements use reasonable assumptions and input data. All material misstatements have been adjusted and reported in Appendix C.</p>	 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
Council Dwelling valuations – £191.205m	<p>The Council revalues its Council Dwellings on a five-yearly basis. In the intervening years, to ensure the carrying value in the Council financial statements is not materially different from the current value at the financial statements date, the Council carries out a desktop revaluation to ensure that there is no material difference and applies valuations where relevant.</p> <p>This valuation 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.</p> <p>The total year end valuation of Council Dwellings was £191.205m, a net increase of £20.287m from 2019/20 (£170.918m). The Council uses an external valuer to provide the valuations in this specialist area.</p>	<p>We performed the work below to assess the estimate:</p> <ul style="list-style-type: none"> • assessment of management's expert, the external valuer • assessment of our auditor's expert, Gerald Eve • assessment of the completeness and accuracy of underlying information used to determine the valuation • assessment of the reasonableness of change in valuation including with market trend report provided by our auditor expert Gerald Eve • the adequacy of disclosure of the estimate in financial statements. <p>We have set out the material misstatements and control weaknesses in relation to this balance on page 9. After considerable work and after the amendments made by the Council, we can now conclude that the estimates in the amended financial statements use reasonable assumptions and input data. All material misstatements have been adjusted and reported in Appendix C.</p>	 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
Investment Property valuations - £17.722m	<p>The Council has investment property that in total are valued in the balance sheet as at 31 March 2021 at £17.722m. The value of investment properties have decreased by £1.003m from 2019/20 (£18.725m).</p> <p>Auditing standards require that Investment Properties are valued annually. The investment property is valued on an annual basis by the internal valuation team within the Council. All of the properties held by the Council were revalued as at 31/3/21.</p> <p>This valuation 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.</p>	<p>We performed the work below in terms of assessing the estimate:</p> <ul style="list-style-type: none"> • assessment of management's expert, the external valuer • assessment of our auditor's expert, Gerald Eve • assessment of the completeness and accuracy of underlying information used determine the valuation • assessment of the reasonableness of change in valuation including with market trend report provided by our auditor expert Gerald Eve • assessment of the adequacy of disclosure of the estimate in financial statements. <p>We have set out the material misstatements and control weaknesses in relation to this balance on page 9. After considerable work and after the amendments made by the Council, we can now conclude that the estimates in the amended financial statements use reasonable assumptions and input data. All material misstatements have been adjusted and reported in Appendix C.</p>	 <p>Light Purple</p>

Assessment

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- **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 – £65.836m

The Council's net pension liability at 31 March 2021 is £65.836m (PY £53.148m) comprising the West Lancashire Borough Council's net liability in the Local Government Pension Scheme (LGPS). There has been a £12.418m net actuarial gain during 2020/21.

The Council uses Mercers 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. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.

This valuation 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.

- We have assessed the Council's actuary, Mercers, to be competent, capable and objective
- We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2020/21 roll forward calculation carried out by the actuary and have no issues to raise
- We have used PwC as our auditor expert to assess the actuary and assumptions made by actuary - see table below for our comparison of assumptions:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.1%	2.1% - 2.2%	●
Pension increase rate	2.8%	Inflation less 0.9% to 0.7%	●
Salary growth	4.2%	1.25% to 1.5% above CPI	●
Life expectancy – Males currently aged 45 / 65	23.9	22.5 – 24.7	●
Life expectancy – Females currently aged 45 / 65	26.9	25.9 – 27.7	●

- We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate
- We have confirmed there were no significant changes in 2020/21 to the valuation method
- We are satisfied with the reasonableness of estimate of the net pension liability.





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
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- **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 - £0.849m	The Council are responsible for repaying a proportion of successful rateable value appeals. Management has calculated a provision based upon the latest information about outstanding rates appeals provided by the Valuation Office Agency (VOA) and previous success rates.	<p>We examined the estimate, considering the:</p> <ul style="list-style-type: none"> • appropriateness of the underlying information used to determine the estimate • impact of any changes to the valuation method • consistency of the estimate and the reasonableness of the increase in the estimate • adequacy of disclosure of the estimate in the financial statements. <p>We were satisfied with the methodology for the calculation of the provision.</p>	 Light Purple
Allowance for Impaired Debt £5.975m	The Council are responsible for calculating the allowance for impaired debt based upon the latest information about collectability of debt.	<p>We examined the estimate, considering the:</p> <ul style="list-style-type: none"> • appropriateness of the underlying information used to determine the estimate • impact of any changes to the valuation method • consistency of the estimate and the reasonableness of the increase in the estimate • adequacy of disclosure of the estimate in the financial statements. <p>We were satisfied with the methodology for the calculation of the allowance.</p>	 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
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- **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 - £46.283m Due to the Covid-19 pandemic there has been a significant increase in the level of Covid related grant funding with associated complexity and management judgement required. This has comprised a mix of discretionary and non discretionary schemes.	<p>Management take into account three main considerations in accounting for grants:</p> <ul style="list-style-type: none"> whether the authority is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. <p>Management's assessment needs to consider all relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements.</p> <ul style="list-style-type: none"> whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income whether the grant is a specific or non-specific grant. General un-ringfenced grants are disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. <p>There may be significant judgements over the accounting treatment. Different conclusions may be reached by authorities depending on how they have applied any discretion in administering the schemes.</p>	<p>We completed sample testing on grant income, considering;</p> <ul style="list-style-type: none"> whether the Council is acting as the principal or agent which would determine whether the authority recognises the grant at all the 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 the 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. the adequacy of disclosure of judgement in the financial statements. <p>The Council assessed the major business support grant programmes administered during the financial year to determine whether the Council was acting as principal (where the Council had discretion over the amount of funding to award or the criteria for who could be awarded funding) or agent (passing money to businesses on behalf of government).</p> <p>In acting as principal, the Council carried forward as receipts in advance any balances for which the conditions of the grants have not been met in 2021-2022. Where the Council acts as an agent, any unspent balances are carried forward as a creditor.</p> <p>In addition to this income, agency grants of £32.711m were received in the period although these were not disclosed with the appropriate memorandum disclosures within the draft financial statements. These disclosures have been included in the final accounts.</p> <p>We conclude that management's judgements are reasonable with regard to grant revenue recognition.</p>	 Light Purple





Assessment

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-  **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 - £0.617m	<p>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.</p> <p>The year end MRP charge was £0.617m, a net decrease of £2.019m from 2019/20. This is largely due to an additional provision of £2.3m made in 2019/20 over and above the required provision.</p>	<p>We have reviewed the Council's calculation of MRP and concluded that:</p> <ul style="list-style-type: none"> the Council's MRP has been calculated in line with the statutory guidance the Council's policy on MRP compiles with statutory guidance. MRP as a proportion of CFR is 0.59% and this is considered to be particularly low. While the MRP has been calculated accurately in line with the Council's MRP policy, we recommend that the Council consider whether the current policy achieves a reasonable MRP provision and amend the policy if necessary. We have issued a recommendation in Appendix A. <p>The Council when reviewing the mapping for the 2020/21 draft financial statements noted that the capital financing note in the first draft had omitted £0.338m for the HRA MRP.</p> <p>The Council have included this in the final version of the financial statements and this adjustment is noted in Appendix C.</p>	 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 - matters discussed with management.

This section provides commentary and a summary on the significant matters we discussed with management during the course of the audit. The issues may be raised in other parts of this report, but this section of our report brings together the key issues.

Significant matter	Commentary	Auditor view and management response
Late production and poor quality of the financial statements	<p>The draft 2020/21 financial statements were late, received for audit in November 2021. The audit began but there was a low level of engagement, a high number of queries and samples with inadequate or no responses, as well as a significant number of amendments identified. We withdrew from the audit in March 2022 with a view to return in July 2022 when the issues identified were rectified. In the mean-time the Council carried out a full review of the financial statements for 2020/21 and produced a revised version with material amendments. The Council were not ready to resume the audit in July 2022 as all queries had not been resolved and group accounts or Property, Plant and Equipment (PPE) updated valuations were not yet within the financial statements. A revised date of October 2022 was given to recommence the audit.</p> <p>The quality of version one of the financial statements submitted for audit was inadequate. Group accounts were not prepared, little was consideration given to PPE valuations and the turnover of staff and capacity issues in the internal valuation team at the Council created a very challenging and resource intensive audit environment.</p>	<p>The response to the audit process improved since resuming the audit in October 2022, but the number of material amendments in the financial statements is significant including a prior period adjustment when compared to version one.</p> <p>The Council have prepared their draft financial statements for 2021/22 on time and they were authorised for issue on 27 July 2022.</p> <p>Management response</p> <p>Turnover in key staff lead to a loss of continuity in the production of the 2020-21 statements. Additional resources has been brought in lead to significant changes to correct the statements following a full review. 2021-22 statements have also been updated to reflect the changes in 2020-21 in preparation for audit along with the 2022-23 for publication and audit. A robust process is now in place which will ensure that improvements continue.</p>
Prior Period Adjustment	<p>The Council and the audit team have identified a number of issues within the 2019/20 accounts and therefore a number of prior period adjustments have been made.</p> <p>Our work on the PPA note identified some PPA elements that were omitted from the disclosure. The Council have also amended non-material items, this has led to further audit work on the restatement of figures. In addition, the recognition of non-material Prior Period Adjustments is not required by the accounting standards and we therefore consider these adjustments to be inappropriate.</p> <p>These amendments have impacted the main financial statements as well as the corresponding notes.</p>	<p>See appendix C for further details of the amendments made.</p> <p>Management response</p> <p>The element of the PPA that is noted as omitted was included originally but removed following an audit review of the issue. A more senior review then noted that it had been removed and requested its reinstatement. This is now resolved.</p> <p>Non material elements, although not required by the Code, were left in for transparency and completeness.</p>

2. Financial Statements - matters discussed with management.

Significant matter	Commentary	Auditor view and management response
Technical Review of the Accounts	<p>Due to the Council providing group accounts for the first time partnered with the fact that there are a significant amount of changes from version one to version three of the financial statements, we therefore completed a full technical review of the accounts.</p> <p>Our technical review of the accounts identified a number of areas throughout the financial statements where amendments were required.</p>	<p>Adjustments have been agreed with management and these are listed in Appendix C.</p> <p>The Council will need to ensure the issues amended for in the 2020/21 financial statements as a result of our review are made in future sets of the financial statements.</p> <p>Management response</p> <p>Future statements have been amended and processes are in place to ensure robustness of information in the accounts.</p>
Group Accounts	<p>When version one of the draft statement of accounts was provided to the audit team, the Council did not disclose group accounts. As on the information provided, the subsidiary was deemed to be qualitatively material, it was recommended that the Council consider whether group accounts were therefore required.</p> <p>The Council did not provide these group accounts until version three of the accounts which the audit team received in September 2022.</p> <p>This matter is detailed on page 11 of this report.</p>	<p>The Council should assess their boundary annually for inclusion of group accounts.</p> <p>Management response</p> <p>Noted and actioned. The boundary is assessed annually and Group Accounts will be included when appropriate,</p>

2. Financial Statements - matters discussed with management.

Significant matter	Commentary	Auditor view and management response
Other Land and Building valuations	<p>When version one of the draft financial statements was provided to the audit team there were no revaluations of other land and buildings included.</p> <p>As a result of our audit challenge the Council revisited this position and in the set of financial statements received in September £2.209m of valuations were added.</p> <p>The additional work required, as detailed on page 9, to obtain adequate assurances over these valuations has been significant and additional audit resource has been required.</p>	<p>The Council should carry out detailed assessments annually of whether the Other Land and Buildings valuations are materially correct.</p> <p>Management response</p> <p>The policy for revaluation over a 5 year period has been reviewed and amended from all assets every 5th year to 1/5th of the assets annually. An assessment will be made each year to ensure that all required assets are revalued in that year.</p>
Management override of controls	<p>We identified one instance where internal controls were bypassed and a significant control weakness was identified in the use of a login that was active for an employee that had left the Council.</p> <p>This is a significant weakness in internal control.</p> <p>This matter is detailed on page 8.</p>	<p>The Council should review their processes for the removal of leavers from IT systems and reinforce the IT policies in place to ensure an issue like this does not re-occur.</p> <p>Management response</p> <p>The leavers process has been updated to ensure that access rights to IT are removed on leaving the council.</p>

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.

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Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and 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. We identified that senior officers do not complete annual declaration of interests forms.
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 will be requested from the Council, including specific representations in respect of the Group upon the conclusion of our audit. We will also consider what additional representations we will require due to the findings within this Report.

2. Financial Statements - other communication requirements



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Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests for investments and bank confirmations. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures.</p> <p>Within accounting policies the following issues were noted and amendments have been agreed by the Council:</p> <ul style="list-style-type: none"> • Employee Benefits - for post employments benefits additional disclosure about the accounting for the components of the movement in the net pension liability will be added • Financial Instruments - for interest and expected credit loss disclosure will be added • Accounting Standards issued but not yet adopted will be amended to ensure all are relevant • HRA will include details of the desk-top valuation within the disclosure <p>Our work on estimates has already been reported on pages 13 to 19 and is not repeated here also.</p> <p>With regard to financial disclosures, the number of amendments is significant. This is in part to the Council's own review of the mapping for 2020/21, but also the issues arising from our audit work and challenge that have required amendments. In addition, our technical review of the financial statements has identified many amendments to disclosures.</p> <p>As already noted, due to the significance of the issues encountered in 2020/21 the issues identified will be incorporated into future financial statements, and because the Council has looked to improve its quality assurance processes it is hoped that the Council will be able to respond positively in future years.</p>
Audit evidence and explanations/ significant difficulties	<p>As noted on page 3, the audit has encountered significant delays and challenges. Significant amounts of additional audit resource has been required due to the magnitude of the changes in the financial statements and the issues encountered.</p> <p>Our significant issues section on pages 20 to 22 sets out the key areas we have been discussing as part of the audit.</p>

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).

Page 431

Issue	Commentary
Going concern	<p>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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> 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. <p>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:</p> <ul style="list-style-type: none"> 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. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> 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. <p>Our assessment will be updated as part of our closing procedures and the Council will provide an updated going concern assessment. As a significant amount of time has elapsed since the first draft of the financial statements we have a duty as does the Council to assess going concern for 12 months past the date of audit sign off.</p>

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>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.</p> <p>Our work on the Narrative Statement is complete. The Council have agreed to changes in the following areas and we will review the final version of the accounts to confirm that appropriate amendments have been made:</p> <ul style="list-style-type: none"> • Organisational overview and external environment • Governance • Operational model • Risks and opportunities: now included • Strategy and resource allocation • Performance • Basis of preparation and presentation <p>The Council should ensure that for both the Annual Governance Statement and the Narrative Statement that quality assurance processes are in place to ensure the disclosure is compliant with technical guidance to avoid the number of adjustments that have been required.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • 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 significant weaknesses. <p>Note that the issues that impacted the ‘except for’ qualified conclusion in 2019/20 have re-occurred in 2020/21.</p> <p>Our value for money work has identified three significant weaknesses in the Council’s arrangements with four key recommendations. Our reporting of the VFM is on pages 28 to 31 and detailed in our Auditor’s Annual Report where our conclusions are set out in further detail.</p>

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2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>Please note that detailed work is not required as the Council does not exceed the threshold; however a return with reduced procedures will still need to be undertaken as part of the closing procedures of the audit.</p> <p>The Council will need to amend their WGA return to reflect the audited financial statements.</p>
Certification of the closure of the audit	We anticipate completion and certification of the audit following the 26 July 2023 Committee.

3. Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria.
- Auditors undertaking sufficient analysis on the Council's VFM arrangements to arrive at far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

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

3. VFM - our procedures and conclusions

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 identified the risks set out in the table below. We have performed further procedures in respect of these risks and have completed this element of our VFM work. Our conclusions are detailed below. Our Annual Auditor's Report makes reference to these significant weakness in arrangements, as required by the Code.

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
Financial Sustainability	<div>We considered how the Council:</div> <ul style="list-style-type: none">identifies all the significant financial pressures it is facing and builds these into its plansplans to bridge its funding gaps and identify achievable savingsplans its finances to support the sustainable delivery of services in accordance with strategic and statutory prioritiesensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planningidentifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.	Overall, we are satisfied that the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any risk of significant weakness, but we have identified one improvement recommendation.	An improvement recommendation is that the Council as a matter of priority should document plans for delivering savings to balance budget for 2023/24 and in future years of the Medium Term Financial Forecast (MTFF). The plan should be sufficiently detailed and subject to regular process of monitoring by the appropriate Committee.

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3. VFM - our procedures and conclusions

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
The arrangements for governance and improving economy, efficiency and effectiveness for the Council's company Tawd Valley Developments Limited	<p>We considered how the Council:</p> <ul style="list-style-type: none"> • uses financial and performance information to assess performance to identify areas for improvement • evaluates the services it provides to assess performance and identify areas for improvement • ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve • ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits. 	We are satisfied the Council has appropriate arrangements in place for the oversight of the Tawd Valley Developments Limited company, but we have identified one improvement recommendation.	An improvement recommendation is that the Council should continue to develop and agree a robust business case for the Tawd Valley Development Limited and define the performance indicators through which the Council will continue to review and evaluate performance of the subsidiary for the short, medium and long-term.
Late production and poor quality of the financial statements	As part of our work on governance we considered the Council's arrangements in place for the preparation of the financial statements including the response to the audit process.	The Council does not have satisfactory arrangements in place to prepare timely financial statements that are free from material error, and this is a significant weakness. We have raised one key recommendation in relation to this issue.	A key recommendation is that the Council must improve the timeliness of their financial statements preparation and ensure that effective quality review processes are in place to present draft financial statements that are in accordance with accounting standards and reporting requirements, and be free from material error.

3. VFM - our procedures and conclusions

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Risk of significant weakness

Procurement

Procedures undertaken

We reviewed the internal audit reports to ascertain whether control weaknesses in procurement are systematic and reflective of procurement across the Council. We determined that further work would be required to ascertain the extent of the issue and whether this was reflective of broader issues with major procurement exercises.

We have tested further procurement contracts and conclude that no further weaknesses have been identified.

Conclusion

The Council does not have satisfactory arrangements in place to ensure all procurement procedures are followed, and this is a significant weakness. We have raised two key recommendations and one improvement recommendation in relation to this issue. We do not consider use of formal auditor’s powers to be necessary.

Outcome

The first key recommendation is that the Council should undertake a sample review of procurement activity that meets the threshold requiring competitive tender under financial regulations and contract procedure rules, from 2020/21 through to the present, to ascertain whether there were further examples of significant non-compliance with the Council’s Contract Procedure Rules, Financial Regulations and OJEU procurement regulations.

This should include all current major procurements meeting the tender threshold.

Where any cases of non-compliance are found, assurance on the lawfulness of associated payments in regard to the Council’s Contract Procedure Rules, Financial Regulations and OJEU procurement regulations should be obtained from Legal Services and reported to members along with and assessment of the exposure to risk.

The second key recommendation is that the Council must fully address the fourteen recommendations set out in the procurement audit report as a matter of priority. Assurance must be provided to members on progress and mitigating actions taken to protect the Council while new processes embed. The Council should also consider how lessons learned can be recognised and embedded across the Council.

It should be noted that there is an additional key recommendation not set out above as it has been identified via the work completed rather than in relation to a specific risk of significant weakness identified in planning. This relates to the independence of the internal audit function and is as follows:

The Council should ensure that the role of the Chief (Internal) Audit Executive maintains sufficient independence, from operational activities that may be subject to review. Consideration should also be given to restructuring the role to report directly into the Chief Executive and with unfettered access to the Chair of the Audit and Governance Committee in line with best practices and as recommended by the Public Section Internal Audit Standards (PSIAS).

Detail on all of the findings are set out in our Auditor’s Annual Report.

4. Other statutory powers and duties

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

Issue	Commentary
Other Statutory powers and duties	The use of other statutory powers and duties are not considered to be required.

5. 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 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

5. Independence and ethics – 2020/21

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 group. The following non-audit services were identified which related to 2020/21, 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 pooled housing capital receipts grant	4,000	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 £4,000 in comparison to the current fee for the audit of £153,884 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.
Certification of Housing Benefit Claim	19,000	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 £19,000 in comparison to the total current fee for the audit of £153,884 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.

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

5. Independence and ethics: other years

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 group. The following non-audit services were identified which related to later years, 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 pooled housing capital receipts grant	19/20 – 2000	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 as set out aside for individual years in comparison to the current fee for the audit of £153,884 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.
	21/22 – 15,000		
	22/23 – 20,000	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.
Certification of Housing Benefit Claim	19/20 – 13,000	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 as set out aside for individual years in comparison to the total current fee for the audit of £153,884 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.
	21/22 – 17,825		
	22/23 – 26,738	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.

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

5. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff

Appendices

A. Action plan – Audit of Financial Statements

We have identified thirteen recommendations for the group 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	Recommendations
Page 444	<p>Our work on the Annual Governance Statement (AGS) provided for audit identified that the AGS was incomplete with many sections still to complete.</p> <p>There is specified guidance that sets out the disclosure required which should form part of the quality assurance checks the Council performs on this statement.</p> <p>While we consider the AGS to comply with required disclosures, there are changes to the Statement that should be made to further improve the quality of the AGS.</p>	<p>Ensure that the Annual Governance Statement presented in the draft financial statements has been subject to adequate quality assurance arrangements and is in accordance with specified guidance.</p> <p>Management response</p> <p>This has already been taken on board and actioned in 2021-22 and 2022-23.</p>
	<p>Our work on the Narrative Report identified multiple areas where the Council needed to improve disclosure to either add required disclosure or enhance existing disclosure.</p> <p>There is specified guidance that sets out the disclosure required which should form part of the quality assurance checks the Council performs on this statement.</p>	<p>Ensure that the Narrative Statement presented in the draft financial statements includes all required disclosure in accordance with specified guidance.</p> <p>Management response</p> <p>This has already been taken on board and actioned in 2021-22 and 2022-23.</p>
	<p>Effective quality assurance processes were not in place for the production of the financial statements in 2020/21 as there were many errors and inconsistencies within the draft financial statements presented for audit.</p>	<p>Ensure that effective quality assurance processes are in place for the production of the draft financial statements and that they are subject to thorough review and stand back procedures prior to submission for audit</p> <p>Management response</p> <p>This has already been recognised and actioned in 2021-22 and 2022-23. Comprehensive control mechanisms have been built into the production process including the consistency checker. All statements and notes are now reviewed and quality assured before inclusion in the statements. The overall statement is then reviewed by at least two senior members of staff.</p>

Controls

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

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
●	<p>Our work has identified an issue with the management override of controls. We identified that two journals were posted an employee login when the employee had left the organisation. The login was used by another employee at the Council.</p> <p>This is a significant weakness in internal control. Our testing did not identify any issues with the nature of the two journals posted, but this represents a breach in expected protocols. The officer involved has since left the Council.</p> <p>The Council should ensure this does not happen in future and improve the timeliness of leavers IT access privileges removal.</p>	<p>When an employee leaves the authority, the user login should be removed in a timely manner.</p> <p>Management response</p> <p>This has been recognised and actioned. Notifications are sent to IT to remove access rights as a standard part of the leaver process.</p>
●	<p>The Council has a lack of formal instructions for the valuation undertaken in 2020/21. The impairment certificate provided for 2020/21 is not a final version. The Council's valuer has changed since the person who undertook the valuations. It has been difficult when discussing valuations to obtain the required responses and the lack of complete instructions or a final impairment certificate has added to the challenge.</p>	<p>It is fundamental that the instructions for valuation are formally documented by the Council whether it be an external or internal valuer. Any outputs such as the impairment certificate that shows the judgements must be a signed final version in order that judgements and conclusions are adequately evidenced.</p> <p>Management response</p> <p>Due to the delays in audit of 2020-21 this issue has overlapped into 2021-22 and 2022-23 however the valuation work has now been externalised via a competitive tender process to Capita for 2023-24. Clear and formal instructions have been issued to Capita in preparations.</p>
●	<p>For both Investment Properties and other land and buildings when we issued our sample it became clear that due to staff turnover that the Council were struggling to evidence the valuations at the level we require.</p>	<p>The Council should undertake a quality assurance review of the evidence held for significant valuations to ensure the information to underpin all main assumptions can be adequately evidenced.</p> <p>Management response</p> <p>Noted and agreed.</p>
●	<p>The MRP has been calculated accurately in line with the Council's MRP policy however, MRP as a proportion of CFR is 0.59% and this is considered to be particularly low.</p>	<p>The Council should consider whether the current policy achieves a prudent MRP provision and amend the policy if necessary.</p> <p>Management response</p> <p>Noted. The calculation is correct and in line with the councils policy. We will consider the MRP policy and provision on an ongoing basis.</p>

Controls

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

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
●	The PPE note within the financial statements reports an infrastructure balance of £1.230m. There is no depreciation in year and no cumulative depreciation. Although the charge of depreciation will not be material, it is important that the Council follows the accounting standards and CIPFA Code of Practice in how to account for infrastructure assets.	Review the accounting practice for the accounting for infrastructure and ensure the asset lives chosen are based on judgements that can be evidenced. Management response The depreciation policy for infrastructure assets has been reviewed and amended. A prior period adjustment has been included in the 2020-21 accounts and depreciation is now ongoing for all infrastructure assets.
●	Our work has identified that Senior Officers within the Council do not submit an annual declaration of interests. The most recent declarations are dated 2015 and submissions are only submitted as and when they are required. While our procedures have confirmed that the related party disclosures are complete and accurate, we consider absence of annual submissions to present a control weakness.	Senior Officers to submit declarations of interest annually. Management response Noted. Procedures have now been updated and will be in place for 2023-24. Annual declarations are required by 30 November each year. Prior years are also being confirmed.
●	When testing a sample of Grants Received in Advance, a sample of two Commuted Sums have been tested. The authority are unable to provide third party documentation, and made the audit team aware that for all Commuted Sums there is no supporting evidence. We note this in the adjustments section of our report also, the total value of commuted sums is not material.	The Council should carry out a full review of Grants Received in Advance and ensure that the Council review the accounting treatment going forward. Management response These relate to small amounts dating back to 1990's which should have been released into revenue each year. These will be released in full in 2023-24. A review of grant received in advance will be performed as part of the 2023-24 year end process and ongoing.
●	Our work has identified through sample testing, that when a member of the Council is no longer in post, they can sometimes leave behind no trail of supporting evidence for transactions they have actioned. On a number of occasions, the authority have been unable to provide sample evidence due the member of staff no longer being employed by the Council and additional work was required by the Council to evidence the sample items.	It is recommended that the Council make evidence readily available and ensure a formal handover is undertaken once a member of staff leaves. This will ensure that all data is available upon request. Management response All working papers and evidence are now required to be saved centrally.

Controls

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

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
●	Through our assessment of property valuations the Council were unable to demonstrate that assets had been physically inspected by the valuer to assess for impairment.	<p>We recommend that adequate records are maintained to demonstrate that impairment reviews have taken place. While this weakness did not indicate risk of material misstatement in the accounts it does represent a control weakness.</p> <p>Management response</p> <p>The valuation work has now been externalised via a competitive tender process to Capita for 2023-24. They will be required to collate and maintain appropriate documentation and evidence to support any impairment.</p>
●	The Estimation Uncertainty note in the accounts should set out and explain the particular assumptions that give rise to the uncertainty. The note does not set this out for PPE.	<p>We recommend that going forward the note be expanded to include the additional information.</p> <p>Management response</p> <p>Noted and actioned. PPE is now included.</p>

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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 West Lancashire Borough Council’s 2019/20 financial statements, which resulted in two recommendations being reported in our 2019/20 Audit Findings report. We have followed up on the implementation of our recommendations and both are outstanding as the same issues have also occurred in 2020/21.

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Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Delayed publishing of the Draft Financial Statements The Council should review its arrangements for ensuring resilience within the finance team and its capacity to support the audit process.	This issue has arisen in 2020/21 also.
X	Fixed Asset Register and General Ledger The Council should consider the adequacy of its Fixed Asset Register as a tool for managing its property, plant and equipment and supporting adequate financial reporting.	The same fixed asset register is in place and some difficulty with reconciliation experienced.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments – Prior periods

Prior Period Adjustment Amendments

The table below provides details of the changes identified by the Authority in respect to the prior period. Version 1 of the 2020/21 account opening balances agreed to the 2019/20 closing balances. However the Authority then made a number of prior period adjustments. One was valid (Community Infrastructure Levy – CIL) and related to moving income from the top of the CIES to a category lower down in the CIES (first item below). The Authority then went onto make a number of changes to prior period comparatives as a result of changes to the mapping of the accounts. These changes do not comply with the definition of a prior period adjustment because they were not as a result of a change in accounting policy or and fundamental (material) error. These had no overall impact on the bottom line of the CIES – see below. The majority of the adjustments to 2019/20 opening balances detailed in the following pages are a result of the impact of the adjustment for the Community Infrastructure Levy (detailed in note 41 to the accounts).

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000
Reclassification from Capital Grants. The Code of Practice requires Community Infrastructure Levy (CIL) to be recognised as income in the Comprehensive Income and Expenditure Statement but £4.234m had been recognised despite not having been applied to fund infrastructure. This is therefore transferred from General Fund Reserves to Capital Grants Unapplied within the 2020/21 opening balances. The balance being recognised in Taxation and Non Specific Grant Income and transferred to Capital Grants Unapplied.		6,601
General Fund Reserves		(6,601)
Capital Grants Unapplied		
Changes have been made due to the remapping of cash received in advance from debtors to creditors and due to the Council's share of land sales sites increase debtors and grants and contributions in advance		
Current debtors		(850)
Current creditors		(355)
Grants in advance		(496)
General Fund		1,701
The Code of Practice requires that depreciation on Non-Current Assets is derecognised at the point of revaluation. Council Dwellings were fully revalued within 2019-20 and the figures have therefore been restated.	£0	(40,884) 40,884

C. Audit Adjustments – Prior periods

Prior Period Adjustment Amendments

The table below provides details of the changes identified by the Authority in respect to April 2019 which has resulted in the April 2019 balance sheet being restated

Capital investments were recognised as assets under construction in the balance sheet, but were intended to be disposed of and not to be used by the Council, and so do not meet the definition of PPE AUC, and should instead be accounted for as inventory.		
Inventory		4,157
Assets under Construction		(4,157)
<hr/>		
Overall impact	£0	£0

C. Audit Adjustments – Prior period 2019/20

Disclosure amendments identified

Auditor Comment

Balance Sheet – The Council has amended prior year figures, this is seen from the differences between version one (originally submitted for audit) and the updated version three of the accounts, as noted below. These changes have been made due to the remapping of cash received in advance from debtors to creditors and due to the Council's share of land sales sites increase debtors and grants and contributions in advance (see previous page):

In version one of the accounts, the figure for 'Current assets' is £31.731m whereas in version three this is £28.591m. This results in a difference of £0.85m due to a change in Short Term Debtors.

In version one of the accounts, the figure for 'Current Liabilities' is -£13.074m whereas in version three this is -£13.429m. This results in a difference of £0.355m due to a change in creditors. This is shown in the PPA note 41 in the version three accounts.

In version one of the accounts, the figure for 'Long Term Liabilities' is -£148.996m whereas in version three this is -£149.492m. This results in a difference of £0.496m which is due to amendments in Grants in Advance.

Our work on this area is complete.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Cash Flow Statement – As a result of the amendment related to CIL on the previous page the Council has amended prior year figures, this is seen below:

In version one of the accounts, the figure for 'Net cash flows for Operating Activities' is £8.588m whereas in version three it is £4.924m, resulting in a difference of £3.664m.

In version one of the accounts, the figure for 'Net cash flows for Investing Activities' is -£7.063m whereas in version three it is -£3.409m, resulting in a difference of £-3.654m. Likewise, 'Net cash flows for financing activities' is £-0.597k whereas in version three is £-0.587k a difference of £0.001m. This sums to £3.664m and these changes have been made due to accounting for the CIL.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Expenditure and Funding Analysis - The Council has amended prior year figures. These changes move some of the figures within the note but do not change the overall reconciliation of the EFA to the CIES. The differences between version one and three of the accounts, this is seen below:

- Net Cost of Services: The figure for 'Net Expenditure Chargeable to the General Fund & HRA' in version three of the accounts is £13.254m whereas in version one the figure is as £18.503m, resulting in a difference of £5.249m. The figure for 'Adjustments between the Funding and Accounting Basis' in version three of the accounts is £4.190m whereas in version one the figure is as £-3.731m, resulting in a difference of £-7.921m. The figure for 'Net expenditure in Comprehensive Income and Expenditure' in version three of the accounts is £17.444m whereas in version one of the accounts it is £11.772m. This results in a difference of £5.672m. These are not shown in the PPA note 41.
- Surplus or Deficit: The figure for 'Net Expenditure Chargeable to the General Fund & HRA' in version three of the accounts is £1.324m whereas in version one the figure is as £-1.043m, resulting in a difference of £-2.367m. The figure for 'Adjustments between the Funding and Accounting Basis' in version three of the accounts is £1.275m whereas in version one the figure is as £-3.642m, resulting in a difference of £2.367m. The figure for 'Net expenditure in Comprehensive Income and Expenditure' in version three of the accounts is £2.599m, whereas in version one of the accounts it is £2.599m. This results in a difference of nil. These are not shown in the PPA note 41.
- Closing balances & reserves: The figure for 'Net Expenditure Chargeable to the General Fund & HRA' in version three of the accounts is £-13.121m whereas in version one the figure is as £-19.723m, resulting in a difference of £-6.602m.

We recommend that this is included in the prior period adjustment note.

C. Audit Adjustments – Prior period 2019/20

Prior Period Adjustment Amendments

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

The table below provides details of the changes identified by the Authority in respect to the prior year (2019/20) which have been made within version 3 of the financial statements.

Disclosure amendments identified	Auditor Comment
<p>MIRS – As a result of the amendment related to CIL page 43 the Council has amended prior year figures as follows:</p> <ul style="list-style-type: none"> The opening balance as at 31 March 2019 for 'Earmarked General Fund Reserves', version one states this figure as £13.509m whilst version three states the figure as £9.275m. This is a difference of £4.234m due to a reclassification from Capital Grants. This is shown in the PPA note 41 in version three of the accounts. The Code of Practice requires Community Infrastructure Levy (CIL) to be recognised as income in the Comprehensive Income and Expenditure Statement, but has yet to be applied to fund infrastructure. The opening balance on the CIL of £4.234m is transferred to Capital Grants Unapplied to apply this as the previous financial statements did not classify the balance correctly. The below movements have also been made in order to recognize the CIL as income, so it represents capital resources not yet utilised. For 'General Fund Balances' under the category 'Adjustments between accounting basis and funding basis under regulations (note 6), version one states £5.876m whilst version three states this figure as £3.507m, resulting in a difference of £2.368m due to the reclassification from Capital Grants. This is shown in the PPA Note 41 in version three of the accounts. For 'General Fund Balances', under the category 'Transfers to/from Earmarked Reserves' version one of the accounts states this figure as -£2.033m whilst version three states £0.334k, resulting in a difference of £2.368m due to reclassification from Capital Grants. This is shown in the PPA Note 41 in version three of the accounts. From version one to version three of the accounts, there has been a movement of £6.601m from Capital Grants Unapplied, to Earmarked General Funds Reserve. This is the summation of the movement in opening balances and the additional £2.368m as stated above. 	<p>This has been reflected in the prior period adjustment disclosure in Note 41.</p> <p>From our audit work performed we are satisfied with the basis of the adjustments undertaken. The primary reason is the change in classification of where the Community Infrastructure Grant was disclosed.</p>
<p>Income & Expenditure Statement – As a result of the amendment related to CIL on page 43 the Council has amended prior year figures as follows:</p> <ul style="list-style-type: none"> Cost of Services: The Gross cost in version one of the accounts is £75.752m whereas in version three this is £75.989m, resulting in a difference of £0.237m. The Gross income in version one of the accounts is £60.980m and in version three the figure is £58.545m, resulting in a difference of £2.435m. The Net cost in version one of the accounts is £14.772m whereas in version three it is £17.444m, resulting in a difference of £2.673m. This is due to changes in 'Growth and Development' of £2.566m and 'Wellbeing and Leisure' of £0.107m. The in-year receipts of £2.566m is being moved from the 'Growth and Development line of Net Cost of Services to Taxation & Non-Specific Grant Income & Expenditure in the CIES and reversed to Capital Grants Unapplied through the MiRS. The movement of £0.107m for 'Wellbeing and Leisure relates to an error identified by the Council within Financing & Investment Income & Expenditure figure that has been corrected. Surplus or Deficit on Provision of Services: The Gross cost in version one of the accounts is £101.245m whereas in version three this is £81.745m, resulting in a difference of £19.500m. The Gross income in version one of the accounts is £98.646m and in version three the figure is £79.146m, resulting in a difference of £19,500k. The Net cost in version one of the accounts is £2.599m and it has not changed in version three. This is due to a decrease of £6.346m in Other Operating Expenditure within both Gross Cost and Income albeit no change in Net costs. For Financing & Investment Income gross cost has decreased by £0.107m, gross income as remained the same and Gross cost has decreased by £0.107k, this is due to the error identified by the Council which moved this amount from here to 'Wellbeing and Leisure within cost of services. Then finally, Taxation & non specific grant income & expenditure has decreased by £2.565m. This is due to the adjustment made as stated above. 	<p>This has been reflected in the prior period adjustment disclosure in Note 41.</p> <p>We recommend that this is included in the prior period adjustment note. It is also recommended that further detail should be included in the accounts as to why this amendment has been made.</p>

C. Audit Adjustments – Prior period 2019/20

Disclosure amendments identified

Auditor Comment

Note 6 Adjustments between accounting and funding bases under regulations - As a result of the amendment related to CIL page 43 the Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

- Total Adjustments to Revenue Resources: The figure for the 'General fund balance' in version three of the accounts is £6.441m whereas in version one, it is £9.130m. This is a difference of £2.689m as shown in PPA note 41. The figure for 'Capital grants unapplied' in version three of the accounts is £2.566m whereas in version one, it is -£0.240m. This is a difference of £2.806m as shown in PPA note 41. The figure for 'Movement in unusable reserves' in version three of the accounts is -£18.966m whereas in version one it is -£18.848m. This is a difference of £0.118m as shown in PPA note 41.
- Total Adjustments between revenue and capital resources: The figure for the 'General fund balance' in version three of the accounts is -£2.934m whereas in version one, it is -£3.133m. This is a difference of -£0.199m as shown in PPA note 41. The figure for 'Capital receipts reserve' in version three of the accounts is £3.061m whereas in version one, it is £5.427m. This is a difference of £2.366m as shown in PPA note 41. The figure for 'Movement in unusable reserves' in version three of the accounts is -£8.793m whereas in version one it is -£6.625m. This is a difference of -£2.168m as shown in PPA note 41.
- Total Adjustments to Capital Resources: The figure for the 'General fund balance' in version three of the accounts is 0 whereas in version one, it is -£0.121m. This is a difference of -£0.121m as shown in PPA note 41. The figure for 'Capital receipts reserve' in version three of the accounts is -£5.207m whereas in version one, it is -£7.573m. This is a difference of -£2.366m as shown in PPA note 41. The figure for 'Mov.t in unusable reserves' in version three of the accounts is £8.916m whereas in version one it is £10.965m. This is a difference of £2.049m as shown in PPA note 41.

The differences made are to account for the CIL, however, it is also noted that £0.121m recognized in Taxation & non-specific grant income & expenditure and £0.24m applied from the Capital Grants Unapplied reserve have also been adjusted between the two rows.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 7 transfers to and from earmarked reserves - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The balance at 31/03/2019 for version three is £12.865m and in version one it is £17.099m. This is a difference of £4.234m. The movement in year in version three is -£1.324m and in version one it is £1.045m. This is a difference of £2.369m. This is because this line within the accounts included the CIL and has subsequently been removed from the note.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 9 Financing and Investment income and expenditure - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The figure for the 2019/20 total in version three of the accounts is £2.775m whereas in version one it is £2.882m. This is an increase of £0.107m. This is shown in PPA note 41 and the difference is due to an amendment in interest payables due to amending for the CIL.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 10 Taxation and non specific grant income - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The total has been amended from £15.362m as per version one to £17.927m in version three. This is an increase of £2.565m. This is due to an amendment of Capital Grants and Contributions due to amending for the CIL.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

C. Audit Adjustments – Prior period 2019/20

Disclosure amendments identified

Auditor Comment

Note 16 Financial instruments - As a result of the amendment related to CIL on page 43 the Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

- Financial Assets: The total for 'carrying value' in version three of the accounts is £18.742m whereas in version one it is £24.698m. This is a difference of £5.956m. The total for 'fair value' in version three of the accounts is £18.242m whereas in version one it is £24.698m. This is a difference of £6.456m. These changes are shown in note 41 PPA adjustments and is due to changes in debtors and fair value as a result of the CIL.
- Financial Liabilities: The total for 'carrying value' in version three of the accounts is £95.123m whereas in version one it is £94.335m. This is a difference of £-0.788m. The total for 'fair value' in version three of the accounts is £111,951k whereas in version one it is £118.148m. This is a difference of £6.197m. These changes are shown in note 41 PPA adjustments and is due to changes in investments/cash and fair value as a result of the CIL.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 18 Debtors - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The total in version three of the accounts is £7.179m whereas in version one of the accounts, it is £6.329m. This is a difference of £-0.85m and is due to amendments in central government bodies and other debtors as a result of the CIL. This has been shown in PPA note 41.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 20 Creditors - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The total in version three of the accounts is £13.429m whereas in version one of the accounts, it is £13.074m. This is a difference of £-0.355m and is due to amendments in other creditors as a result of the CIL.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 24 Cash Flow statement operating activities - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The 'Non cash movements' figure in version three of the accounts is £-10.322m whereas in version one, it is £-6.381m. This is a difference of £3.941m and is due to an amendment in 'Capital grants for non-current assets charged through revenue'. As per the PPA note, this is due to the amendments made to account for the CIL, however £1.375m relates to REFCUS grants recognized in the Cost of Services omitted from the note, this has been identified by the Council.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 25 Cash Flow statement investing activities - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The 'Net cash flows from investing activities' figure in version three of the accounts is £-3.409m whereas in version one, it is £-7.063,. This is a difference of £3.654m and is due to amendments in 'Other receipts from investing activities and purchase of PPE'.

This has been reflected in the prior period adjustment note. From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 26 Cash flow statement financing activities - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The 'Net cash flows from financing activities' figure in version three of the accounts is £-0.587m whereas in version one, it is £-0.598m. This is a difference of £0.001m and is due to an amendment in cash payments for the reduction of outstanding liabilities.

This has been reflected in the prior period adjustment note.

From our audit work performed we are satisfied with the basis of the adjustments undertaken.

C. Audit Adjustments – Prior period 2019/20

Disclosure amendments identified

Auditor Comment

Note 30 Officer Remuneration - In Version 1 of the accounts, the table for Note 30 - Officer Remuneration shows a column for the Remuneration bands: £50,000-£54,999, £55,000-£59,999, £60,000-£64,999, £65,000-£69,999 and then the total. The figures for number of employees for 2019/20 totalled 21 however the amounts shown within these remuneration bands didn't sum to the total presented. Within Version 3 of the accounts, the same table then had additional remuneration bands included: £70,000- £74,999, £85,000-£89,999, £95,000-£99,999, £110,000-£114,999. The number of employees for the remuneration bands then totalled the same number as the total presented.

We recommend that this is included in the prior period adjustment note. It is also recommended that further detail should be included in the accounts as to why this amendment has been made.

Note 32 Grant Income - The Council has amended prior year figures, the majority of which relates to the CIL adjustment on page 43. The 'Total government grants & contributions' figure in version three of the accounts is £5.888m whereas in version one, it is £3.201m. This is a difference of £-2.687m and is due to an addition of capital grants and contributions. The Council have provided a note below Note 32 to state that the 2019/20 figures have been restated to reflect capital grants applied from the Capital Grants Unapplied Reserve and Capital Grants recognized in the CIES.

This has not been reflected in the prior period adjustment note, however a note has been added below Note 32 to state reasons for the adjustment.

The following adjustment relates to the remapping issue set out on page 43. Grants and Contributions Received in Advance: The total figure in version three of the accounts is £7.039m whereas in version one, it is £6.543m. This is a difference of £-0.496m and is due to an increase in Homes England grant income.

This has been reflected in the prior period adjustment note. From our audit work performed we are satisfied with the basis of the adjustments undertaken.

Note 34 Capital Expenditure and Capital Financing - The Council has amended prior year figures,. Again this is movement within the note and other than £53k makes no overall difference to the total within the note. The Opening Capital Financing Requirement as per version three is £104.922m whereas at version one this is £104.868m a difference of £0.054m. From version three to version one of the accounts, there has been a £0.198m difference in 'Government grants and other contributions', a £3.271m difference in 'Major Repairs Reserve', a £-2.365m difference in 'Capital Receipts Reserve – developments', a £-3.469m difference in 'Direct Revenue Contributions' and a £2.366m in 'Minimum Revenue Provision'. These net to nil as they are a reclassification of capital expenditure and financing. The 'Closing Capital Financing Requirement' figure in version three of the accounts is £102.685m whereas in version one, it is £102.632m. This is a difference of £-0.053m. This has not been shown in PPA note, however, the Council have provided a note below Note 34 to state that the 2019/20 figures have been restated to reflect capital grants applied from the Capital Grants Unapplied Reserve and Capital Grants recognised in the CIES.

This has not been reflected in the prior period adjustment note, however a note has been added below Note 34 to state reasons for the adjustment.

Housing Revenue Accounts - The Council has amended prior year figures, this is seen from the differences between version one and three of the accounts, this is seen below:

The 'Total Expenditure' figure in version three of the accounts is -£20.920m whereas in version one, it is -£20.823m. This is a difference of -£0.097m and is due to an credit made towards 'Supervision and management' costs and this amount debited to Income under 'Contributions towards expenditure'. This has not been shown in PPA note 41.

We recommend that this is adjusted in the prior period adjustment note. It is also recommended that further detail should be included in the accounts as to why this amendment has been made.

Note 11 Sources of Funding for HRA Capital Expenditure - Within Version 1, the amount for Capital Receipts for 2019/20 under note 11 'Sources of Funding for HRA Capital Expenditure' is £1.058m. Within Version 3, this amount is £1.162m, an increase of £0.104m.

C. Audit Adjustments – Prior period 2019/20

Disclosure amendments identified	Auditor Comment
<p>Note 14 PPE – Accumulated depreciation brought forward for Council Dwellings was £40.884m in the 2019/20 accounts. As these assets are revalued on an annual basis this depreciation has been amended to zero and netted off against gross value in line with the Code.</p>	<p>We recommend that this is included in the prior period adjustment note. It is also recommended that further detail should be included in the accounts as to why this amendment has been made.</p>

C. Audit Adjustments – 2020/21 adjusted misstatements

Impact of adjustments made from version one to version three of the accounts.

The table below provides details of adjustments identified during the 2020/21 audit which have been amended by the Council

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reserves £'000
Current assets have decreased by £1.575m and long-term assets have increased by £1.575m, this is due to a misclassification of a loan in Tawd Valley Development Limited.			
Non-current assets		1,575	
Current assets		(1,575)	
Errors of income and expenditure within service lines and Taxation and non specific grant income and expenditure	(9,903)		
Taxation and non specific expenditure	10,055		
Taxation and non specific grant income			
The Council did not provide valuations for Other Land and Buildings in version one of the accounts.			
Other Land and Buildings		(2,209)	
Other Land and Buildings revaluation reserve			2066
Usable reserves			(133)
Surplus/deficit on revaluation of non current assets	(2066)		
Remapping of cash lodgements account to creditors and debtors resulting in an increase in the balance of debtors and increase in creditors			
Current debtors		(305)	
Current creditors		581	

C. Audit Adjustments – 2020/21 adjusted misstatements

Impact of adjustments made from version one to version three of the accounts.

The table below provides details of adjustments identified during the 2020/21 audit which have been amended by the Council

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Reserves £'000
There is an infrastructure balance of £1.230m, however there is no depreciation in year and no depreciation charged previously. Cumulative depreciation has been charged in the period for all accumulated depreciation as the misstatement in the opening balance is immaterial and therefore a PPA would not be appropriate.			
Infrastructure assets		(684)	
Depreciation expense	684		
Overall impact	1,230	(1,249)	(1,249)

C. Audit Adjustments – 2020/21 primary statements



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Impact of adjustments made from version one to version three of the accounts.

Below we have detailed adjustments identified during the 2020/21 audit which have been identified by the Council and amended for version three of the financial statements that impact primary statements.

Detail

Income and Expenditure Statement – The Council has amended the accounts from version one to three due to errors they identified within version one. The net impact of this was that the 'Total Comprehensive Income and Expenditure has been amended from version one which was -£10.808m to -£12.723m, this is a decrease of £1.915m. This is due to the following amendments.

Cost of Services – Gross Cost as at version one is £80.958m this has increased to £81.663m as at version three, this is an increase of £0.705m. Gross Income has decreased from £68.661m as at version one to £66.164m as at version three this is a decrease of £2.497m. The net impact is an increase of £3.302m. This is due to amendments made within the service lines. Both Gross Cost and Gross Income has been substantively tested as at values stated within version three and we are satisfied with this amendment.

Surplus (-) or Deficit on Provision of Services – Gross Cost as at version one is £99.288m this has decreased to £89.385m as at version three, this is a decrease of £9.903m. This is mainly due to the amount of £8.898m for 'Taxation and non-specific grant income and expenditure' Gross Cost not included as at version three. Gross income has decreased from £97.507m as at version one to £87.452m as at version three, this is a decrease of £10.055m. The net impact is an increase of £0.152m. This is due to a decrease in 'Financing and Investment income & expenditure income' Net Cost of £0.139m, this is due to the sub-categories 'Gains and losses on trading accounts' and 'Other' decreasing by this amount.

Other Comprehensive Income and Expenditure as at version one is -£12.589m whereas as at version three it is -£14.656m, this is due to the 'Surplus (-) or deficit on revaluation of non-current assets decreasing by £2.067m, this is because the Council did not provide valuations for Other Land and Buildings in version one of the accounts.

MIRS – The Council has amended the accounts, the balance as at 31 March 2021 was £106.115m as at version one and has increased to £108.031m as at version three, this is an increase of £1.916m. This is due to the following amendments:

- The total comprehensive income and expenditure for 'Fund Balances General' has decreased by £0.151m which has meant the 'Usable Reserves total' has subsequently decreased by £0.152m. 'Unusable Reserves' has increased by £2.067m. Therefore, the net impact as per Council Reserves total is an increase of £1.915m.
- Adjustments between accounting basis and funding basis under regulations has decreased by £2.830m for 'General Fund Balances' which has been reclassified by decreasing the 'Capital Receipts Reserve' by £0.134m, increasing the 'Unapplied Capital Grants' by £2.707m, decreasing the 'Usable Reserves' by £0.256m and increasing the 'Unusable Reserves' by £0.256m.
- The Transfers to/from Earmarked Reserves had a decrease of £2.707m in 'Fund Earmarked Reserves' which was transferred to 'General Fund Balances', creating an increase of £2.707m.

Work on the MIRS has been completed and no issues have been raised on version three of the values provided. The consistency checker has been completed by the Council and the MiRS is consistent with other areas in the draft SoA. The reasons why the movements have been linked to the income and expenditure and balance sheet adjustments identified.

C. Audit Adjustments – 2020/21 primary statements

Detail

Balance Sheet – The Council has amended the accounts within the Balance Sheet from version one to version three as follows:

- Long Term Assets have increased by £2.209m, this is due to an increase within Property, Plant and Equipment. This is in mainly due to the Council not providing valuations in version one of the accounts.
- Current Assets have increased by £0.305m, this is due to an increase in Short Term Debtors. This is due to a remapping of cash lodgments account to creditors resulting in an increase in the balance of debtors as this was a contra asset. This has been substantively tested and no issues have been noted.
- Current Liabilities have decreased by £0.581m this is due to a decrease in Short Term Creditors. This is due to a cash lodgment account recoded from debtors, a journal adjustment and an insertion of a new creditor. Work has been carried out on these adjustments and no issues have been identified.

The above has resulted in the change in net assets to be an increase of £1.933m. Total reserves has also decreased by £1.933m. This is split between usable reserves which has a £0.133m increase and unusable reserves which has decreased by £2.066m.

Cash Flow Statement – The Council has amended the accounts from version one to version three by the following:

- Net (surplus) or deficit on the provision of services was -£1.781m as at version one and -£1.933m as at version three this is a decrease of £0.152m.
- Adjustments for non-cash movements (note 24) was £19.942m as at version one and £20.421m as at version three, this is an increase of £0.479m.
- Adjustments for items that are investing or financing activities (note 24) was -£4.023m as at version one and -£8.654m as at version three, this is a decrease of £4.631m.

Work has been carried out on the above changes and these changes have been fed through the accounts and no issues have been identified.

C. Audit Adjustments – 2020/21 disclosure notes amended by the authority

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

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Misclassification and disclosure changes from Version One to Version Three of the Draft Financial Statements.

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

Disclosure amendments identified	Adjusted?
<p>Note 6 Adjustments between accounting and funding bases under regulations – The Council has amended the accounts from version one to three due to errors they identified within version one. This is seen below:</p> <ul style="list-style-type: none"> Total Adjustments to Revenue Resources: The figure for 'General fund balance' in version three of the accounts is £7.004m whereas in version one, it is £12.122m, this is a difference of £5.108m. The figure for 'Capital Grants Unapplied' in version three of the accounts is £2.986m where in version one it is -£0.117m. This has changed due to CIL accounting correction and agrees to Note 10. Total Adjustments to Capital Resources: The figure for the 'General Fund Balance' in version three of the accounts is nil whereas in version one it is -£2.289m. The figure for 'Capital Receipt Reserve' in version three of the accounts is -£2.414m whereas in version one it was £2.279m. The 'Capital Grants Unapplied' in version three is -£0.396m whereas in version one it is 0. <p>Work has been carried out on the above changes and these changes have been fed through the accounts and no issues have been identified.</p>	yes
<p>Note 7 Transfers to and from Earmarked reserves – The Council has amended the accounts from £28.610m as at version one to £19.302m as at version three this is a decrease of £9.308m, this is due to the Council removing the line Capital Reserves as it is amalgamated within another total within version three.</p>	yes
<p>Note 9 Financing and Investment Income and Expenditure – The Council has amended the accounts from £4.297m as at version one to £4.158m as at version three, this is a decrease of £0.139m. This is due to the 'Gains and losses on trading accounts' value decreasing from £0.0026m to 0k and the 'Other' value decreasing from £0.114m to nil.</p>	yes
<p>Note 10 Taxation and Non-Specific Grant Income – The Council has amended the accounts from £15.937m as at version one to £18.848m as at version three, this is an increase of £2.911m. This is due to a £0.012m decrease in Council Tax Income, a £0.012m increase in non-ring-fenced government grants and a £2.911m increase in Capital grants and contributions. These movements have occurred due to income that related to non-ring fenced general COVID grants were classified as other income/fees and charges in version 1 of the accounts, as well as applied Community Infrastructure and capital grants. These have been reclassified which has resulted in the grant income balance increasing.</p>	yes

C. Audit Adjustments – 2020/21 disclosure notes amended by the authority

Disclosure amendments identified

Adjusted

Note 11a Property Plant and Equipment – The Council has amended the Net Book Value as at 31 March 2021 from £232.374m as per version one of the accounts to £234.584m as at version three, this is an increase of £2.209m. This is due to the following:

- Additions have increased by £0.143m this is due to a decrease in Council Dwellings of £0.040m and an increase of assets under construction of £0.183m.
- Revaluations increase/decrease through Revaluation Reserve has increased by £2.066m this is due to an increase within Other Land and Buildings. This is due to the Council not providing revaluations within version one of the accounts. This is a result of our audit challenge that revaluations were revisited.
- Other movements in cost of valuation have decreased by £0.892m. This is due to a decrease within Other Land and Buildings this has then been debited to Other movements in depreciation and impairment.
- The disclosure in the draft accounts contained a number of incorrect movements relating to reversals out of reserves for assets revalued in the period. These have been amended; there is no impact on carrying balances in the statements or disclosures.

yes

Note 16 Financial Instruments – The Council has amended the accounts for Financial assets, the total classed as Financial Instruments as at version one for Carrying Value was £24.698m and the amount as at version three is £26.811m, this is an increase of £2.113m. For Fair Value, the value as at version one is £24.698m and as at version three is £26.111m however, the valuer as at version one has been incorrectly summed and should have stated £23.998m. Therefore, the movement is an increase of £2.113m, this is due to the movement of £2.113m for amortised cost.

yes

The Council has amended the accounts for Financial liabilities, the total classed as Financial Instruments as at version one for the Carrying Amount was £96.656m as at version three this is £97.237m, this is an increase of £0.581m. This is due to Amortised Cost within Current Financial Liabilities increasing by £0.581m. The total classed as Financial Instruments as at version one for Fair Value was £134.529m and the amount as at version three is £122.102m this is a decrease of £12.427m. This is due to a decrease in total financial liabilities of £0.581m and an increase of £13.008m within not classed as financial instruments.

FV of long terms debtors was stated as nil but should have been £700k. This has been amended

Note 18 Debtors – The Council has amended the accounts from £19.174m to £19.479m an increase of £0.305m for Debtors. However, within the note, there has been a reclassification between Other Local Authorities and Other Debtors, and this movement changed the mix of the note by £5.012m. This was due to incorrect items originally included within the other local authorities category in version 1 of the draft accounts when they should have been within other debtors.

yes

Note 20 Creditors – The Council has amended the accounts by a decrease of £0.581m. This is due to an increase in Other Creditors relating to a Cash Lodgments Account recoded from debtors, a journal adjustment, and the insertion of a new creditor.

yes

Note 21 Provisions – Although the bottom-line has not changed, the Council has reclassified £0.108m from within ‘Amounts Used’ and moved this to within ‘Additional Provisions made.’

yes

Note 23 Unusable Reserves – The Council has amended the accounts from £72.637m as at version one to £74.703m as at version three of the accounts, this is an increase of £2.066m. This is due to the increase made wholly within the Revaluation Reserve due to the increase in the ‘Surplus non-current or deficit on the revaluation of assets not posted to the Surplus or Deficit on the Provision of Services’.

yes

Although the bottom-line has not changed, the Council has reclassified the value of £0.396m for the ‘Application of grants to capital financing from the capital grants unapplied account’ and debited £0.272m to ‘Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement’ and £0.124m to ‘Capital expenditure charged against the General Fund and HRA balances’.

C. Audit Adjustments – 2020/21 disclosure notes amended by the authority

Disclosure amendments identified

Adjusted?

Note 24 Cash Flow Statement Operating Activities – The Council has amended the accounts from £19.942m to £20.421m this is an increase of £0.479m.

yes

However, within the note there has been a reclassification of the following items:

- Change in Creditors has increased by £1.873m
- Change in Debtors has decreased by £1.146m
- Carrying amount of non-current assets sold or disposed increased by £0.005m.
- Other non-cash items charged to the deficit on the provision of services has increased by £0.249m

As well as this, the capital grants for non-current assets charged through revenue has decreased by £4.631m leading the non-cash movements to decrease by this amount also.

Note 25 Cash Flow Statement Investing Activities – The Council has amended the accounts from -£0.039m to £4.164m, this is an increase of £4.303m. This is due to a decrease in the purchase of property plant and equipment of £0.093m and Other Receipts from Investing Activities increasing by £4.396m.

yes

Note 27 Expenditure and Income Analysed by Nature – The Council have amended the total expenditure value from £99.288m as at version one of the accounts to £89.385m as at version three. This is a decrease of £9.903m. This is due to the following movements:

- Employee benefit expenses has increased by £0.073m
- Other Services Expenses has increased by £3.645m
- Support Service Recharges decreased by £16.869m
- Depreciation, amortisation and impairment increased by £1.014m
- Revenue Expenditure Funded from Capital was debited into this note as at version three therefore increasing the balance by £2.536m.
- Interest payments increased by £1.469m.
- Disposal of Assets decreased by £1.771m.

The Council has amended the total income value from £97.507m as at version one of the accounts to £87.452m as at version three. This is a decrease of £10.055m.

This is due to the following movements:

- Fees, charges and other income' has decreased by £9.795m
- Interest and investment' income has increased by £2.311m
- Income from Council tax and NDR has decreased by £8.711m
- Government Grants and Contributions has increased by £7.911m.

In total, the value for 'Surplus or Deficit on Provision of Services' has increased by £0.152m.

Note 31 External Audit Costs – The Council have amended the total audit fee value from £0.082m as at version one to £0.116m as at version three, this is an increase of £0.034m. This is due to the following amendments:

yes

- Fees payable in relation to the audit of the accounts and inspection fees has decreased by £0.029m. This is the scale fee published by PSAA within the audit plan.
- Fees relating prior year has increased by £0.063m, this was identified by the audit team as at version one of the accounts, the Council has subsequently amended before providing version three.

To note, the external audit fee will be amended again by the Council when the fee is finalised, see Appendix D.

C. Audit Adjustments - 2020/21 disclosure notes amended by the authority

Disclosure amendments identified

Adjusted?

Note 32 Grant Income – The Council has amended the total for non ring-fenced government grants from £6.783m as at version one to £11.995m as at version three, this is an increase of £5.212m. This is due to the Council debiting Capital Grants and Contributions of £5.200m to Grant Income and there has also been an increase of £0.012m from S31 Business Rates & Council tax grants.

yes

The total amount credited to services increased from £31.590m as at version one to £34.288m as at version three, this is an increase of £2.698m. This is due to the following:

- An increase of £0.079m in 'Capital Grants',
- An increase of £4.485m in the 'Corona Virus Grant'
- A decrease of £1.708m in 'Other Grants and Contributions'.

In addition to this income, agency grants of £32.711m were received in the period although these were not disclosed with the appropriate memorandum disclosures within the draft financial statements. These disclosures have been included in the final accounts.

Note 34 Capital Expenditure and Capital Financing – The Council has amended the closing capital financing requirement from £103.959m as at version one of the accounts to £104.327m as at version three, this is an increase of £0.368m. This is due to the following:

yes

- Assets under construction increased by £0.183m
- Government Grants and Other Contributions decreased by £0.124m.
- A new line for 'Major Repairs Reserve' was added in version 3 which equated to £3.386m
- Removal of a line from version 1, 'Capital Receipts Reserve – developments' which equated to £0.470m
- Direct revenue contributions increased by £3.510m
- Minimum revenue position decreased by £0.368m – the Council omitted the HRA debt repayment within version one.

The Council have amended the change in capital financing requirement from £1.327m as at version one to £1.642m as at version three this is an increase of £0.315m. This is due to the following:

- The increase in underlying need to borrow decreased by £0.434m
- From version one of this section, 'movement in other long-term liabilities', 'voluntary set aside' and 'minimum revenue provision' were removed in version three, these summed to £0.749m.

To note, in version one of the accounts, the Council incorrectly displayed change in capital financing requirement as -£1.327m instead of £1.327m.

Housing Revenue Account - From Version one to Version three of the accounts, the total expenditure for 2020/21 has decreased from -£24.815m as at version one to -£25.299m as at version three this is a decrease of £0.485m due to the line in the note being separated with a new line within income, 'Contributions towards expenditure' which has meant the total income has then increased by £0.485m and the 'Supervision and management' line within expenditure has decreased by £0.485m.

yes

The reclassification is due to the way the HRA statement has been prepared - every detail code is allocated to one category in the HRA statement; 5065 is supervision & Management. The costs on 6471/5065 were identified as supervision and management after the had closed the ledger a manual adjustment was made to the HRA statement. The costs are primarily electrical testing, along with some response and void repairs.

C. Audit Adjustments - 2020/21 disclosure notes amended by the authority

Disclosure amendments identified

Adjusted?

Collection Fund Statement - In Version one of the accounts, 'Contributions to previous year deficits' was £0.946m for Council tax and the 'income due in year' had a balance of £69.645m however within version three of the account, the 'income due in year' has been debited £0.946m to make a balance of £70.591m where contributions in previous years deficits have been credited £0.946m, making the balance nil. This is because the £0.946m was an initial error and relates to Council tax hardship payment that is a GF item and not a collection fund item. This was incorrectly included within 'Contributions to previous year deficits' within version one of the accounts. There is also a decrease of £3.196m in the closing fund balance which is simply due to the incorrect summation of totals.

yes

Note 1 EFA Outturn - Revenue outturn reported in the narrative report is not consistent with the first column of the EFA. The EFA note has been amended to reconcile back to the Narrative Report.

yes

Estimation Uncertainty - The disclosures of estimation uncertainty do not meet the requirements of IAS 1 to: Identify the asset, liability affected and provide the carrying amount, explain the assumptions that give rise to the uncertainty and provide a sensitivity or range of outcomes that support the assertion that this has a significant risk of a material effect.

partially

Amendments have been made to this disclosure to address these omissions but the estimation uncertainty disclosure relating to PPE and Investment Property valuation estimates does not fully detail carrying values or specify specific assumptions subject to uncertainty. We do not consider these omissions to be material to the accounts considering the detailed PPE, Fair Value and Investment Property disclosures later in the accounts.

Note 9 Pension - We identified a material misstatement within the Pension disclosures relating to the £4.8m payment in advance of employer contributions for 2021/22 and 2022/23. The relevant notes have been adjusted to appropriately recognise this pension asset.

yes

Housing Revenue Account - HRA income and expenditure account reports the net cost of HRA services in the CIES to be £1.034m surplus. But this is inconsistent with the CIES which reports HRA to be £377k surplus. The Council have amended this and the figure are now correct and consistent at £360k

yes

Note 33 related party disclosures – should report the value of the income and expenditure transactions and balance between the Council and the subsidiary company. The Council have amended this.

yes

Note 38 Capital Financing - The MRP as at v1 was £279k is reported as £617k. The previous year MRP was £2,636k and therefore for 20/21 there has been a significant decrease to the MRP of £617k, this is due to a VRP of £2,366 relating to Westgate Site Development that required borrowing but on sale the capital receipt was applied to write down the CFR i.e. borrowing. A review of the Cabinet report for 19-20 MRP and 20-21 MRP for information does not show any changes in the MRP policy adopted and all are in line with the guidance in terms of maximum asset lives. The policy does say 'The value of useable capital receipts reserve will be deducted from the CFR when calculating the MRP', however, despite this aspect of the policy not being appropriate, when calculating the CFR as seen within the MRP review, this is not actually deducted. This is line with guidance that capital receipts are not deducted.

yes

We have reviewed the CIPFA code and concluded that the Council have appropriately followed the Asset Life Method to calculate MRP.

On assessment, MRP as a proportion of CFR is 0.59% and this is considerably low.

C. Audit Adjustments – 2020/21 disclosure notes amended by the authority

Disclosure omission	Adjusted?
<p>Note 11a Capital Commitments – The disclosure currently reads the following ‘At 31st March 2021 the Council had entered into a number of contracts for the construction or enhancement of non-current assets in future years budgeted to cost £12.182m . Similar commitments as at 31st March 2020 were £2.008m . The entirety of this commitment relates to Council Dwellings works including, window replacement, roofing, structural £10.546m.</p> <p>We recommended that this is amended to “At 31st March 2021 the Council had entered into a number of contracts for the construction or enhancement of non-current assets in future years budgeted to cost £12.182m. Similar commitments as at 31st March 2020 were £2.008m. The largest commitment relates to works at Skelmersdale Town Centre of £10.546m.’</p>	Yes
<p>Note 31 External Audit Costs – The prior year audit fee of £0.0067m has not been disclosed separately.</p> <p>The current year audit fee will need to be changed to reflect the final fee.</p> <p>We recommended that the prior year audit fee is disclosed separately to the correct fee.</p> <p>In addition, consultancy fees for work outside the Local Audit Act were included in the group audit fee. This is contrary to Code requirements and has been amended.</p>	Yes
<p>Accounting policies – The accounting policy on HRA valuation does not reference the option of performing desk top valuations. We recommended that this included within the accounting policy disclosure in relation to HRA valuation.</p>	Yes
<p>Accounting policies – The accounting policy on Employee benefits – for post-employment benefits, the policy lacks key details about the accounting for the components of the movement in the net pension liability. We recommended that the accounting policy includes more detail about the components of the movement in the net pension liability.</p>	Yes
<p>Accounting policies – The accounting policy on Financial Instruments - there is no mention of the accounting for interest, or of ECL. We recommended that the accounting policy include more detail for interest and expected credit loss.</p>	Yes
<p>Accounting policies – The accounting policy on Accounting Standards issued but not yet adopted - Refers to amendments to the Code for 2020/21 – that is not relevant to this disclosure. The items referred here are already in effect and reflected in the Code for 2020/21. We recommended that the accounting policy is updated to reflect the correct disclosures.</p>	Yes
<p>Group accounts – included audit/consultancy fees incorrectly, Amended.</p>	Yes

C. Audit Adjustments – unadjusted misstatements 2020/21

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Audit and 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	Reason for not adjusting
Two PPE additions when tested were incorrect. For one the work was not carried out and for another there was no evidence to support the payment as the officer involved had left the Council. The total value of both items was £0.06m. Based upon an extrapolation over the population of the additions sample, PPE additions may be overstated by £0.699m.	699	(699)	Matter immaterial to the results of the Council and its financial position at the year-end.
From testing a sample of invoices to confirm completeness over expenditure, it was found that one item had been over-accrued for £0.254m. As this is not work on a specific balance within the financial statements we are unable to extrapolate.	(254)	254	Matter immaterial to the results of the Council and its financial position at the year-end
When testing a sample of creditors, it was found that one item had been over-accrued for £0.029m. Based upon an extrapolation over the population of the creditors sample, creditors may be overstated by £0.204m.	(204)	204	Matter immaterial to the results of the Council and its financial position at the year-end
When testing a sample of Grants Received in Advance, a sample of two Commuted Sums have been tested. The authority are unable to provide third party documentation, and made the audit team aware that for all Commuted Sums there is no supporting evidence.	144	144	Matter immaterial to the results of the Council and its financial position at the year-end
Overall impact	£385	(£385)	



C. Audit Adjustments – prior year unadjusted misstatements 2019/20

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 2019/20 financial statements. Note that none of the issues identified below in 2019/20 impact the 2020/21 audit as we carry out work on revaluations annually, so the issues are replaced with any findings relating to 2020/21.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The Council has carried out a full review of the valuation of investment properties 2019/20. These are valued at 1 April 2019. The Code states that “The fair value of investment property shall reflect conditions at the end of reporting period” that is, 31 March 2019. We have used indices to assess the reasonableness of managements estimate that suggested on average the Council’s investment properties were overvalued by around £0.406m.	-406	-406	-406	Matter immaterial to the results of the Council and its financial position at the year-end.
Overall impact	-£406	-£406	-£406	

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
The Council has not revalued operational land buildings but has used local data to determine whether the estimate of value at the year-end is materiality correct As part of our work, we have used indices to assess the reasonableness of managements estimate that suggested on average the Council’s operational land buildings are undervalued by £0.485m.	485	485	485	Matter immaterial to the results of the Council and its financial position at the year-end.
Overall impact	£485	£485	£485	

D. Fees

Please see below our fees to date charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Council Audit	£153,884	TBC
Total audit fees (excluding VAT)	£153,884	TBC

Non-audit fees for other services	Proposed fee	Final fee
Certification of Housing Benefit Claim	£19,000	£19,000
Certification of Housing capital receipts grant	£4,000	£4,000
Total non-audit fees (excluding VAT)	£23,000	£23,000

The initial fee for the audit is that informed to you in the Audit Plan in July 2021, this was £62,844. It was then discussed with the S151 Officer that an additional £42,000 will be added. We advised the Committee in our reports of May, July and October 2022 and January, May 2023 that the delay in producing the financial statements on time, and the other issues noted in that update report would impact the audit fee for the 2020/21 year and that there would again be a substantial increase.

Due to the issues identified as part of our value for money work (3 significant weaknesses), there has been significant additional work needed to investigate and report on these issues that also has an impact on the fee.. We have needed to bring in specialist colleagues to complete the work which is a cost to the audit.

In addition, the issues noted within this Report about the extra work required to revisit the financial statements that changed materially and to revisit all work undertaken to date has led to additional delays. The number of meetings and correspondence required to progress this audit has been time intensive.

Due to the issues noted above, there is a further increase of £49,000. This brings the total fee to date to £153,884. All increases in audit fees will need to be approved by Public Sector Audit Appointments (PSAA). The final fee is to be confirmed.

The financial statements include fees of £63k for the financial statements audit – see first paragraph above - and £19k for grants (Housing benefit). Pooled Housing Capital Receipts of £4k was only agreed and the work performed in 21/22 so falls into the following year in terms of the financial statements.





AUDIT AND GOVERNANCE COMMITTEE: 30 January 2024

Report of: Corporate Director of Transformation, Housing & Resources

Contact for further information: Jacqui Pendleton (Extn. 2603)
(E-mail: Jacqui.pendleton@westlancs.gov.uk)

SUBJECT: INTERNAL AUDIT ACTIVITIES – PROGRESS REPORT

Wards affected: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 To advise of progress against the 2023/24 Internal Audit Plan.

2.0 RECOMMENDATION

2.1 That Members note progress in the year to date.

3.0 BACKGROUND

3.1 This Committee approved the 2023/24 Internal Audit Annual Plan and reports on progress against this plan are presented at each meeting of the Committee.

3.2 This report summarises progress to date for the period 1 April 2023 to 15 January 2024. This work will inform the overall opinion in the Internal Audit Annual Report which is presented to this Committee.

4.0 INTERNAL AUDIT ACTIVITY TO DATE

4.1 An appendix summarising progress to date and any significant issues arising is attached, and the Corporate Compliance & Governance Manager will attend the meeting should Members have any questions.

4.2 Progress against the Internal Audit Annual Plan for the period 1 April 2023 to 15 January 2024 is satisfactory with 60% of planned work completed.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

- 6.1 The financial and resource implications arising from activity identified in this report are included in existing budget provisions.

7.0 RISK ASSESSMENT

- 7.1 This report summarises progress against Internal Audit's work programme to date. Internal Audit's work is a key source of assurance to this Committee in relation to the risk management, control and governance processes the Council has in place to secure its objectives.

8.0 HEALTH AND WELLBEING IMPLICATIONS

- 8.1 There are no health and wellbeing implications arising from this report.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore, no Equality Impact Assessment is required.

Appendices

1. Internal Audit Activities – Progress Report



Internal Audit Service

Internal Audit Activities – Progress Report

January 2024

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1. Summary of Progress against Internal Audit Plan 2023/24

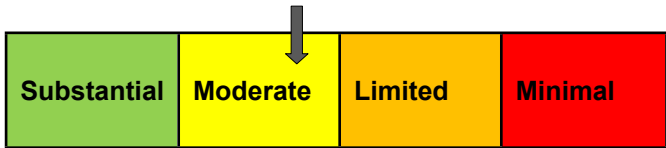
Assurance Audits	Stage of Audit	Audit Opinion	Reported to A&G committee
Parking Services	Final Report Issued	Limited	October 2023
Community Infrastructure Levy	Draft Report Issued		
West Lancashire Gift Card	Final Report Issued	Moderate	October 2023
Starters/Movers/Leavers			
Aids & Adaptations - Private Sector Housing	Final Report Issued	Limited	October 2023
Money Advice Service	Final Report Issued	Moderate	October 2023
Cleaning Services	Deferred		
Governance Review Project - CIPFA Audit Committee Guidance Compliance	Fieldwork		
New Homes Bonus / Council Tax	Draft Report Issued		
Procurement	To Commence Feb 2024		
Rate Revaluation - Commercial Properties	Final Report Issued	Moderate	January 2024
Corporate Governance – Annual Review to support AGS 2022/23	Complete	N/A	
Grant Management - Cross Cutting	Final Report Issued	Limited	October 2023
Agency Staffing	Fieldwork		
Housing Benefits and CTRS	Fieldwork		
Creditors	To Commence Jan 2024		
Debtors	To Commence Jan 24		
Business Rates	Draft Report		
Payroll	To Commence Feb 2024		
Rents	Fieldwork		
Main Accounting, incl. Treasury Management	Fieldwork		
Information Governance			
Cyber Security			
NHS DPST submission	Complete		
Data Security	Complete		
Fraud			
Managing the risk of Fraud and Corruption Self-Assessment	Fieldwork		
Tenancy Fraud	Fieldwork		

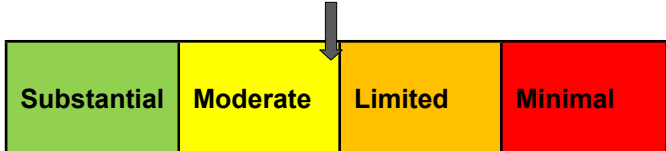
- 1.1 For the period 1 April 2023 to 15 January 2024 progress against the plan for the financial year 2023/24 has been satisfactory. As of 15 January 2024, 60% of planned audit work is either completed or in progress.
- 1.2 There has been a vacancy of one Internal Auditor within the service for over 12 months which has impacted on the completion of the Internal Audit Annual Plan. Following a number of unsuccessful exercises to recruit a suitable replacement, the decision to replace this post with an Apprentice Auditor was approved. The Council has successfully recruited an Apprentice Internal Auditor who commenced employment on 18th December 2023. The team is now at full capacity.
- 1.3 The Cleaning Services Audit review is to be deferred due to the service area undergoing a review.

2. Audit Assurance Reports

Summary details of the final reports, issued during the period 16 October 2023 to 15 January 2024 are as follows.

The definitions of the Priority Levels and Audit Assurance Ratings for Internal Audit reviews undertaken during 2023/24 are detailed in Appendix A.:

Rate Revaluation – Commercial Properties													
Priority Summary <table border="1"> <thead> <tr> <th>Priority Level</th><th>Number of Recommendations</th></tr> </thead> <tbody> <tr> <td>Critical</td><td>0</td></tr> <tr> <td>High</td><td>0</td></tr> <tr> <td>Medium</td><td>5</td></tr> <tr> <td>Low</td><td>7</td></tr> <tr> <td>Advisory</td><td>2</td></tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	0	Medium	5	Low	7	Advisory	2	Audit Assurance Rating <div style="text-align: center;">  </div> <p>Key Findings:</p> <ul style="list-style-type: none"> Responsibility for appealing any new valuations of Council Property needs to be established. A review of the Council's bases (e.g., Derby Street, Robert Hodge Centre, Sandy Lane) should be undertaken to ensure they have been accurately revalued by the Valuation Office. Information in relation to a Council building being leased is not passed from the Estates Team to the Business Rates Team to enable the liability to be changed in a timely manner.
Priority Level	Number of Recommendations												
Critical	0												
High	0												
Medium	5												
Low	7												
Advisory	2												

Community Infrastructure Levy (CIL)													
Priority Summary <table border="1"> <thead> <tr> <th>Priority Level</th><th>Number of Recommendations</th></tr> </thead> <tbody> <tr> <td>Critical</td><td>0</td></tr> <tr> <td>High</td><td>2</td></tr> <tr> <td>Medium</td><td>13</td></tr> <tr> <td>Low</td><td>24</td></tr> <tr> <td>Advisory</td><td>5</td></tr> </tbody> </table>	Priority Level	Number of Recommendations	Critical	0	High	2	Medium	13	Low	24	Advisory	5	Audit Assurance Rating <div style="text-align: center;">  </div> <p>Key Findings:</p> <ul style="list-style-type: none"> Administration costs for 2022/23 were not recovered. Inconsistent approach to the coding of projects to enable a reconciliation to be undertaken. The CIL funding programme is not articulated to the Finance Business Partner to ensure that projects agreed are documented in the Capital Programme. A review of the risks maintained on Pentana have not been reviewed and where applicable updated for some time.
Priority Level	Number of Recommendations												
Critical	0												
High	2												
Medium	13												
Low	24												
Advisory	5												

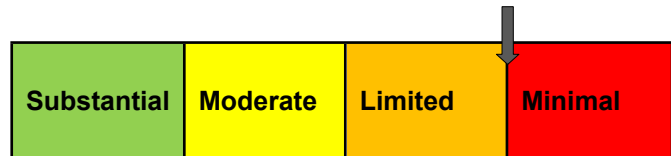
Follow Up Reviews

Voids

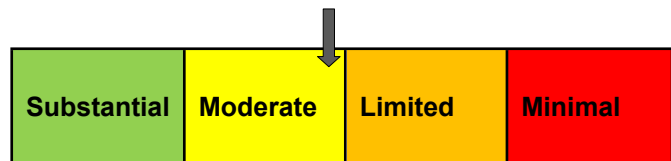
Priority Summary

Priority Level	Number of Recommendations	
	Original	Outstanding
1	25	9
2	28	7
3	2	0

Audit Assurance Rating - Original



Audit Assurance Rating - Updated



Key Findings to be Addressed:

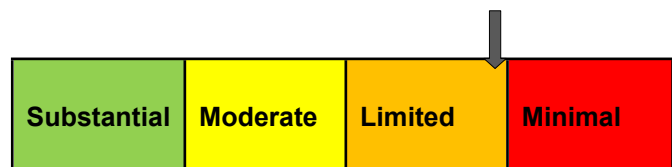
- A QL Processes and procedures manual should be designed and implemented for all staff to utilise.
- Up to date QL training should be provided to all staff with access to the system.
- The charging for works on Council Crash Pads needs to be reviewed.

Gas

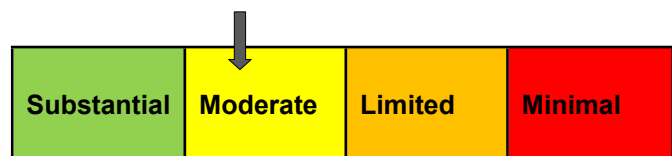
Priority Summary

Priority Level	Number of Recommendations	
	Original	Outstanding
1	18	4
2	5	1
3	1	0

Audit Assurance Rating – Original



Audit Assurance Rating - Updated



Key Findings to be Addressed:

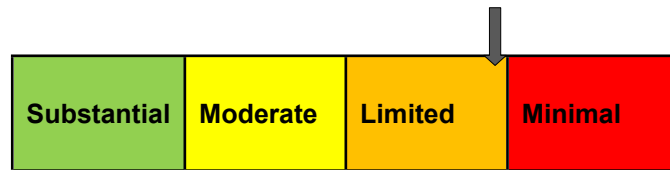
- Information in Gastag is not up to date.
- Procedures for "other heating" types are required.

D100 – QL Order/Invoice Processing

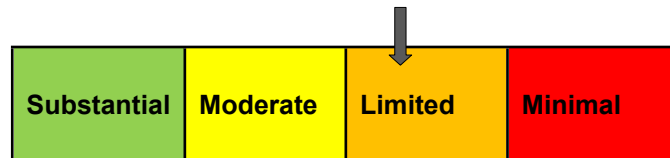
Priority Summary

Priority Level	Number of Recommendations	
	Original	Outstanding
1	0	0
2	13	13
3	0	0

Audit Assurance Rating – Original



Audit Assurance Rating - Updated



Update:

A task and finish group is to be set up in order to review the processes in place for the D100 and look at how this can be improved utilising the new Civica financials and upgraded QL systems. Internal Audit have been provided with a copy of the project scope and will attend the project meetings as required.

All the recommendations made in the audit will be addressed by the task and finish group when designing and implementing the new processes.

3. Performance Indicators 2023/24

Indicator	Target	As of 15 October 2023
% Completion of the Internal Audit Annual Plan	90% of the audit plan completed by the end of the financial year, 31 st March 2024	60%
% Audit recommendations accepted by management, analysed by Priority Level: <div> <div>Critical</div> <div>High</div> <div>Medium</div> <div>Low</div> <div>Advisory</div> </div>	95% for all priorities	100%
Timely agreement and issue of the final report	80% of final reports (including agreement and completion of the Management Action Plan) issued within 5 weeks of the draft report.	100%
Customer Satisfaction Feedback	95% of feedback is Very Good, Good or Average rating	100%

4. Internal Audit Recommendation Status Summary Information

- 4.1 The reporting of recommendation implementation progress is provided to this committee at each meeting. To ensure that Internal audit recommendations are implemented the status of audit recommendation implementation is reported to CMT members on a weekly basis.

2021/22

From the final reports issued for 2021/22, and at the time of reporting there are 84 open or partially completed recommendations. It should be noted that out of the 84 open recommendations, 36 are within their implementation date, leaving 48 (57%) overdue.

2022/23

From the final reports issued for 2022/23 to date, there are 107 open or partially completed recommendations with 57 within their implementation date, leaving 50 (46%) overdue.

Open Recommendations by Priority Level for Financial Years 2020/21 – 2022/23

The Open recommendations have been analysed further to show the priority levels:

Financial Year	P1	P2	P3	Total
2021/22	21	41	22	84
2022/23	19	44	44	107
Total	40	85	66	191

Recommendation Status by Priority Level for Financial Year 2023/24

Priority Level	Number of Recommendations Made	Open	Closed (Implemented)	Overdue
Critical	0	0	0	0
High	51	37	14	24
Medium	56	43	13	3
Low	17	9	8	3
Advisory	8	4	4	0
Total	132	93	39	30

Appendix A. - Definition of Audit Assurance Opinions and Priority Levels for Recommendations for 2023/24

Audit Assurance Opinions	
<p>Records the overall level of assurance recognised by the Internal Audit at the time the audit work was carried out. The assurance opinion is based upon the priority levels of the findings and recommendations arising from the fieldwork carried out by Internal Audit.</p> <p>The following categories are used to record the level of assurance over the Council's risk management, control and governance processes.</p>	
Assurance Opinion	Assessment of Internal Control
Substantial Assurance	<p>Level of Assurance = High</p> <p>The controls evaluated are well designed, appropriate in scope and applied consistently and effectively. Any issues identified are minor in nature and should not prevent objectives being achieved.</p> <p>There is a low risk of fraud, negligence, loss or damage to reputation.</p>
Moderate Assurance	<p>Level of Assurance = Medium</p> <p>The controls evaluated are generally well designed, appropriate in scope and applied in the main consistently and effectively, but some weaknesses have been identified that require management attention. These issues increase the risk that some objectives may not be fully achieved.</p> <p>There is a medium/low risk of fraud, negligence, loss or damage to reputation.</p>
Limited Assurance	<p>Level of Assurance = Low</p> <p>Some controls evaluated are generally well designed, appropriate in scope and applied consistently and effectively. However, issues of poor design, gaps in coverage or inconsistent or ineffective implementation have been identified that require immediate management attention. The issues if unresolved, mean that objectives may not be achieved.</p> <p>There is a medium risk of fraud, negligence, loss or damage to reputation.</p>
Minimal Assurance	<p>Level of Assurance = Minimal or None</p> <p>Expected controls are absent, or where evaluated are flawed in design, scope or application leaving the system open to error or abuse. The auditor is unable to form a view as to whether objectives will be achieved.</p> <p>There is a high risk of fraud, negligence, loss or damage to reputation.</p>

Priorities for Recommendations	
Critical	<p>Recommendation concerning the absence/failure of fundamental control/s which is critical to the success of the system. Major weakness which significantly impairs the overall control framework.</p> <p>Risk Exposure - Very High</p> <p><i>Action must be taken immediately.</i></p>
High	<p>Recommendation concerning absence or non-compliance with key control/s which creates significant risks within the organisation. Substantial weakness identified.</p> <p>Risk Exposure - High</p> <p><i>Action must be taken within one month.</i></p>
Medium	<p>Recommendation concerning absence or non-compliance with lower-level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened, and the risks reduced if it were rectified.</p> <p>Risk Exposure - Moderate</p> <p><i>Action should be taken with six months.</i></p>
Low	<p>Recommendation concerning minor issue, which is not critical, but implementation would improve the system and/or strengthen controls.</p> <p>Risk Exposure - Low</p> <p><i>Action should be taken with twelve months.</i></p>
Advisory	<p>These are issues identified during the course of the review that do not adversely impact the service but include areas of enhancement to existing operations and the adoption of best practice.</p>



**AUDIT AND GOVERNANCE
COMMITTEE
30 January 2024**

Report of: Head of Finance, Procurement and Commercial Property

Relevant Portfolio Holder: Councillor R Molloy

**Contact for further information: Name Catherine Kirwan (Extn. 3273)
(E-mail: catherine.kirwan@westlancs.gov.uk)**

SUBJECT: Quarterly Report on Procurement Exemptions

Wards affected: Borough Wide Interest

1.0 PURPOSE OF THE REPORT

- 1.1 To report on the Council's use of an exemption from Public Contracts Regulations 2015 and/ or Council's Contract Procedure Rules.

2.0 RECOMMENDATIONS TO AUDIT AND GOVERNANCE COMMITTEE

- 2.1 That the Council's exemption activity as reported in appendices to this report be noted.

3.0 BACKGROUND

- 3.1 Public bodies must comply to the regulations set down in Public Contract Regulations 2015 and their own internal Contract Procedure Rules in relation to the use of public monies.
- 3.2 In exceptional circumstances, a waiver of certain Public Contract Regulations 2015 and / or Contract Procedure Rules may be required in order to achieve the Council's aims.

4.0 MONITORING OF EXEMPTIONS

- 4.1 The Council has had cause to grant an exemption from Public Contract Regulations 2015 and / or Contract Procedure Rules during the last quarter.
- 4.2 The Council has granted one exemption during the last 12 months.

5.0 INDIVIDUAL EXEMPTION REPORTS

- 5.1 Each exemption granted in the last 12 months is annexed to this report.
- 5.2 Appendix 1 details an exemption granted in October 2023 in relation to FMG.

6.0 SUSTAINABILITY IMPLICATIONS

- 6.1 There are no significant sustainability impacts associated with this report.

7.0 FINANCE AND RESOURCE IMPLICATIONS

- 7.1 There are no significant financial and resource implications arising from this report.
- 7.2 Individual exemption reports assess the financial impact of the decision.

8.0 RISK ASSESSMENT

- 8.1 Without the use of an exemption the Council may not be able to carry out its duties to the public.
- 8.2 Each exemption is considered on its own merit and risk-based decision is made.

10.0 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications envisaged from this report.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

This will be considered in relation to any particular exemption.

Appendices

- 1. Appendix 1 – Leisure Exemption FMG Oct 23

West Lancashire Borough Council

Procurement Practice Note No. 17: Exemption to Contracts Procedure Rules to be granted by Chief Operating Officer

The attached document should be completed by the officer seeking the exemption.

The document should then be signed by the officer seeking the exemption and presented to the Procurement and Contracts Manager who should then complete the relevant section of the document either endorsing the request for an exemption to Contracts Procedure Rules or detailing why it may not be wise to grant the exemption requested.

The Procurement and Contracts Manager should then present the request document to the Chief Operating Officer for signature.

Any queries about the completion and/or submission of the attached pro forma should be made to the Procurement and Contracts Manager, the Procurement Officer, or the Finance and Audit Manager.

Request for Exemption from Contract Procedure Rules
to be granted by the Chief Operating Officer

To: Chief Operating Officer

From: Chris Twomey

Service: Wellbeing and Leisure

Title of proposed Contract: Interim Leisure Senior Management Support

What will be purchased under the Contract:

- A) Providing interim senior management support for the Council's leisure service; and
- B) Conducting a service review of the Council's leisure services, which was insourced from 1st October 2023
- C) RIBA 4 Business Plan and Affordability Review

Full details for appointments are annexed to this exemption letter to Chris Twomey dated 19th September 2023 and 1st October 2023.

Estimate value of Contract:

£ 75,600 (this estimate is based on up to 4 days support for a period up to 31st March 2024).

Contracts Procedure Rule to which exemption is sought:

7. Where the estimated value or amount of a proposed contract exceeds £50,000, and in any other case where an authorised body determine or where required by legislation tenders shall be invited in accordance with either Rule 9, 10, 11 or 12 and shall be the subject of a contract signed by both contracting parties. (Notes 2, 3, 11 & 16)

8 (i) Where the estimated value or amount of a proposed contract lies between £50,000 and the relevant EU tendering threshold (Note 1) a public notice shall appear in Contracts Finder (Note 4), and tender or pre-qualification documents shall be made available for downloading from the Council's website or from the Council's e-tendering portal (Note 4).

12. (i) This Rule shall apply where an authorised body has decided that tenders for a contract are to be obtained by open competition. (Note 3) (ii) A public notice inviting tenders or applications for tenders shall be issued in accordance with Rule 8.

It is not practicable to approach Cabinet (or another appropriate body of Members) to request an exemption to the above Contracts Procedure Rule because time constraints based on the urgency that the support is required.

N15. (i) Rule 4 relates to the waiver of Contract Procedure Rules under special circumstances. Such special circumstances would include

- only one company makes the product which the Council wishes to purchase and no other product is a reasonable substitute
- a recent tender exercise has shown that one supplier/contractor provides significantly better value than anyone else for the product/work in question
- urgency, resulting from circumstances beyond the Council's control, means that there is insufficient time to obtain tenders in accordance with the procedures set out in Contracts Procedure Rules.

Reason that compliance with Contract Procedure Rules is not practicable: time constraints based on the urgency that the support is required.

Insert details of any competitive prices which have been obtained or benchmarking exercises carried out: none

If Contracts Procedure Rules are exempted how can the Council be sure that the procurement process will be fair and transparent and that value for money will be obtained? The Council have a clear set of deliverables from the proposed consultants and the contract will be managed to ensure the deliverables are realised. The daily charge quoted is competitive with other daily rates quoted for same level management via agencies.

Additional Information:

This exemption is being sought due to the sudden and serious illness [REDACTED] [REDACTED] at a critical point of the imminent insourcing, review of Leisure Services and progression of RIBA 4 new build appraisal. This exposes the Council to an immediate and unacceptable level of financial and reputational risk. The Council therefore requires immediate specialist support and capacity at a senior level to support the existing team with the insourcing and review whilst also providing clarity on the future financial position.

If an exemption to Contract Procedure Rules is granted by the Chief Operating Officer you will need to produce, for your Head of Service's sign-off, an appropriate article for publication in the next "Members Update"; state here the issue number of the Members Update in which the article will appear: *insert number which can be obtained from Member Services*

Request for Exemption

I hereby request an exemption to the Contract Procedure Rule stated above for the reasons explained



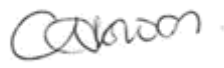
Signed by officer seeking exemption:

Request signed and authorised by HOS ...N/A.....

Date:4th October 2023.....

Comments from Procurement

- (i) Having considered this request for an exemption to Contracts Procedure Rules it is my opinion that there are no factors which would prevent the Chief Executive from granting the exception if she is so minded to do.

Signed  Procurement and Contracts Manager

Date04/10/23.....

Grant of Exemption

Having considered the above I hereby exercise my delegated authority and grant the exemption to the Contract Procedure Rule(s) sought.

Signed  Director of Transformation and Resources

Date4/10/23.....

Signed ...  Chief Operating Officer

Date ...4/10/2023.....

Once this document has been signed by the Chief Operating Officer it should be returned to the officer seeking the exemption; the Chief Operating Officer may wish to keep a copy for record purposes

PROCUREMENTPRACTICENOTENO.17



**AUDIT AND GOVERNANCE
COMMITTEE:
30 January 2024**

Report of: Head of Legal and Democratic Services

Relevant Portfolio Holder: Councillor Y Gagen, Leader

Contact for further information: Mrs K Lovelady (Ext 5075)
(E-mail: kay.lovelady@westlancs.gov.uk)
Mrs J Williams (Extn. 3264)
(E-mail: judith.williams@westlancs.gov.uk)

SUBJECT: REGULATION OF INVESTIGATORY POWERS ACT – USE OF POWERS

Wards affected: Borough Wide Interest

1.0 PURPOSE OF THE REPORT

- 1.1 To report on the Council's use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

2.0 RECOMMENDATIONS TO AUDIT AND GOVERNANCE COMMITTEE

- 2.1 That it be noted that the Council has not had cause to use its powers under the Regulation of Investigatory Powers Act 2020 (RIPA) during the last 12 months.

3.0 BACKGROUND

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) came into force in 2000. Both the legislation and Home Office Codes of Practice strictly prescribe the situations in which and the conditions under which councils can use their RIPA powers.

4.0 MONITORING OF RIPA ACTIVITY

- 4.1 In the last 12 months no covert surveillance has been authorised.
- 4.2 The Senior Responsible Officer proactively seeks to ensure that the use of covert surveillance in this authority is well regulated. Applications for authorisation to use covert surveillance must be rejected when the Authorising Officer is not

satisfied that the surveillance is necessary or proportionate and legal advice should be sought by Authorising Officers in appropriate cases.

5.0 SUSTAINABILITY IMPLICATIONS

- 5.1 There are no significant sustainability impacts associated with this report and, in particular, positive impacts on crime and disorder will be achieved by adhering to RIPA and the RIPA Policy.

6.0 FINANCE AND RESOURCE IMPLICATIONS

- 6.1 There are no significant financial and resource implications arising from this report.

7.0 RISK ASSESSMENT

- 7.1 The Council could be in breach of the relevant legislation if it does not follow the procedures set out in the RIPA Orders and Codes. This could result in the inadmissibility of evidence.

8.0 HEALTH AND WELLBEING IMPLICATIONS

- 8.1 There are no health and wellbeing implications envisaged from this report.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

This will be considered in relation to any particular authorisation.

Audit and Governance Committee Work Programme – October 2023

Date	Briefing (Commencing 6.30pm)	Items
May 2024		<ol style="list-style-type: none"> 1. Grant Thornton – Audit Progress Report 2. Annual Auditors Report for 2021-22 and 2022-23 3. Internal Audit Charter 2024/25 4. Internal Audit Strategy & Internal Audit Plan 2024/25 5. Internal Audit Progress Report 2024/25 6. External Review of Internal Audit 7. Annual Governance Statement 2023/24 8. Regulation of Investigatory Powers (RIPA) Act – Annual setting of the Policy 9. Quarterly Report on Procurement Exemptions
July 2024		<ol style="list-style-type: none"> 1. Grant Thornton Progress Update 2. Grant Thornton – Audit Plan 2023-24 3. Internal Audit Annual Report 2023/24 4. Senior Information Responsible Officer (SIRO) – Annual Report 2023/24 5. Regulation of Investigatory Powers (RIPA) Act regular monitoring of use of powers 6. Quarterly Report on Procurement Exemptions
October 2024		<ol style="list-style-type: none"> 1. Local Code of Corporate Governance 2. Internal Audit Progress Report 2024/25 3. Draft Statement of Accounts 2023/24 4. External Auditors progress and sector update report 5. Regulation of Investigatory Powers (RIPA) Act regular monitoring of use of powers 6. Quarterly Report on Procurement Exemptions
January 2025		<ol style="list-style-type: none"> 1. Internal Audit Progress Report 2024/25 2. External Auditors Annual Report (AAR) 3. External Audit Findings Report (AFR) 4. Regulation of Investigatory Powers (RIPA) Act regular monitoring of use of powers 5. Quarterly Report on Procurement Exemptions

