

Subject:	2020/21 Statement of Accounts	Status:	For Publication		
Report to:	Audit and Accounts Committee	Date:	26 th July 2023		
Report of:	Chief Finance Officer	Lead Member:	Resources		
Key Decision:	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	General Exception	<input type="checkbox"/>	Special Urgency <input type="checkbox"/>	
Equality Impact Assessment:	Required:	Yes/No	Attached:	Yes/No	
Biodiversity Impact Assessment:	Required:	Yes/No	Attached:	Yes/No	
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1. RECOMMENDATION

1.1 To note the unaudited Statement of Accounts for 2020/21 as set out in Appendix 1.

2. EXECUTIVE SUMMARY

- The Accounts and Audit regulations do not require the Statement of Accounts to be brought to Audit and Accounts Committee until the external audit has been completed. Due to the current position regarding the accounts audits, this could mean a long delay before the accounts are presented to committee. Therefore, the Chief Finance Officer is presenting the accounts for information and review at this committee.
- The Accounts will be subject to external audit by Mazars once the previous year's outstanding audits are completed.

3. BACKGROUND

3.1 The Council prepares its statutory Annual Accounts and supporting financial statements in accordance with applicable laws and regulations and in line with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in United Kingdom (The Code).

4. DETAILS

- 4.1 The Accounts and Audit Regulations require that the responsible Section 151 Officer (Chief Finance Officer) certifies that the Statement of Accounts "present a true and fair view of the financial position". The Chief Finance Officer certified the accounts on 20th June 2023.
- 4.2 The 2020/21 unaudited Statement of Accounts were published on the Council's website on 20th June 2023, with the notice of public rights period running until 31st July 2023.
- 4.3 These accounts will now be subject to an external audit, which will be carried out by the Council's external auditor, Mazars. They will then provide their Audit Opinion. However, this will not be carried out until the outstanding audits from previous years have been completed.
- 4.4 Once the Audit Opinion has been given and accounts approved, they must be signed and dated by the Chair of Audit and Accounts committee. The Statement of Accounts can then be published as a public document.

5. RISK

There are no specific risk issues for members to consider arising from this report.

6. FINANCE

There are no additional financial implications arising from this report.

7. LEGAL

The annual Statement of Accounts are a statutory requirement and must comply fully with the Code of Practice on Local Authority Accounting in United Kingdom 2020/21 (The Code).

8. POLICY AND EQUALITIES IMPLICATIONS

None.

9. REASON FOR DECISION

The Council is required to publish a statement of accounts for each financial year.

No background papers



Unaudited
Statement of Accounts 2020/21

As at 20th June 2023

Preface to the 2020/21 Statement of Accounts

The Council started the 2020/21 financial year in the midst of a global pandemic which has continued throughout the whole year. These accounts reflect the financial implications the pandemic has had on the Council.

Throughout 2020/21 the global pandemic continued to have a huge impact on the activities of the Council with several staff being redeployed to Covid related activities e.g. running the Community Hub, delivering business grant schemes, the track and trace scheme and testing facilities. The Council has continued to support our residents, communities and businesses throughout the pandemic, however the full extent of the likely ongoing social, economic and health impacts are still largely unknown.

COVID has had a widespread impact on the workforce of the Council and the way in which the Council delivered services. The Council utilised technology to allow office based staff to work seamlessly from home to minimise disruption to services. For those officers who could not work from home, such as those engaged in refuse collection, working practices were adapted to ensure their safety, health and wellbeing.

The 2020/21 budget was set before the pandemic had impacted the UK, therefore there was no consideration of the implications of Covid 19 included within the budget. In setting the budget members continued to give due regard to the existing financial challenges facing the Council over the medium term. For a number of years the Council has continued to reduce its net revenue expenditure in line with its own efficiency agenda and the impact of the Government's 2015 Comprehensive Spending Review.

Alongside this, the Council has continued to pursue its ambitious agenda, of delivering the Spinning Point & Futures Park Plot developments, progressing our Bacup Historic England project, the Whitaker National Lottery Heritage project along with the Haslingden 2040 funding bid and other key areas of work such as progressing the Climate Change agenda.

Despite the difficult budget decisions Members have had to make in recent years, the Council is still delivering high-quality frontline services to Rosendale's residents. Ambitions remain high and we are proud to serve the borough, and of the services we, alongside partners, continue to deliver.

Despite the financial challenges ahead, members approved a net services budget for 2021/22 of £8,903k including a contribution of £100k towards capital projects. The Council continues to seek savings where possible through efficiencies and generating additional income.

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Introduction

This Statement of Accounts for the year ended 31st March 2021 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2020/21, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2020. There have been no major changes in the Council's statutory functions during the year.



Audit Report

This Statement of Accounts 2020/21 will now be submitted for public inspection and external audit. The resulting audit report will appear on these pages when the final accounts are presented to the Audit & Accounts Committee.

Unaudited

Audit Report



Audit Report



Audit Report



Unaudited

Narrative Report

Introduction by the Head of Finance

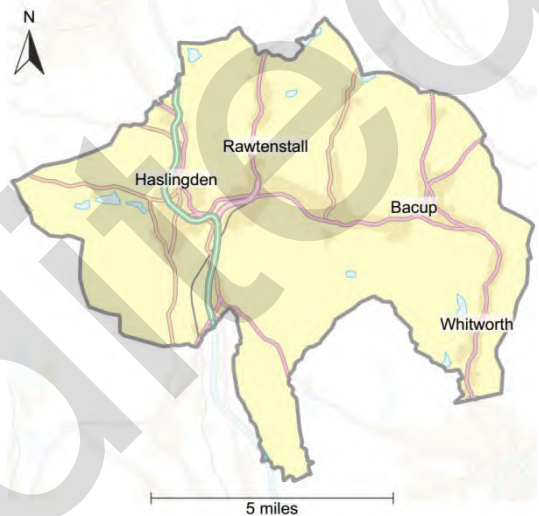
As outlined in the Preface to the Accounts 2020/21 has been unlike any other financial year. The accounts for 2020/21 reflect the impact the pandemic has had on the activities the Council has undertaken during the year and the impact on its finances. The financial pressures of the increased and new activity were supported by substantial extra Government grant funding and this has had an impact on the outturn for the year. The administration of the grants presented new challenges for the finance section and the extent of the resources received is highlighted later in this document.

Rosendale – geography, economy and our priorities for 2020/21

Rosendale is an authority in East Lancashire that covers 138 square kilometres and has 14 electoral wards.

Rosendale is a proud valley area with a rich industrial heritage, filled with friendly and welcoming communities in a number of vibrant market towns and villages. Rosendale is a distinctive part of East Lancashire with its dramatic scenery, rich heritage and characterful features.

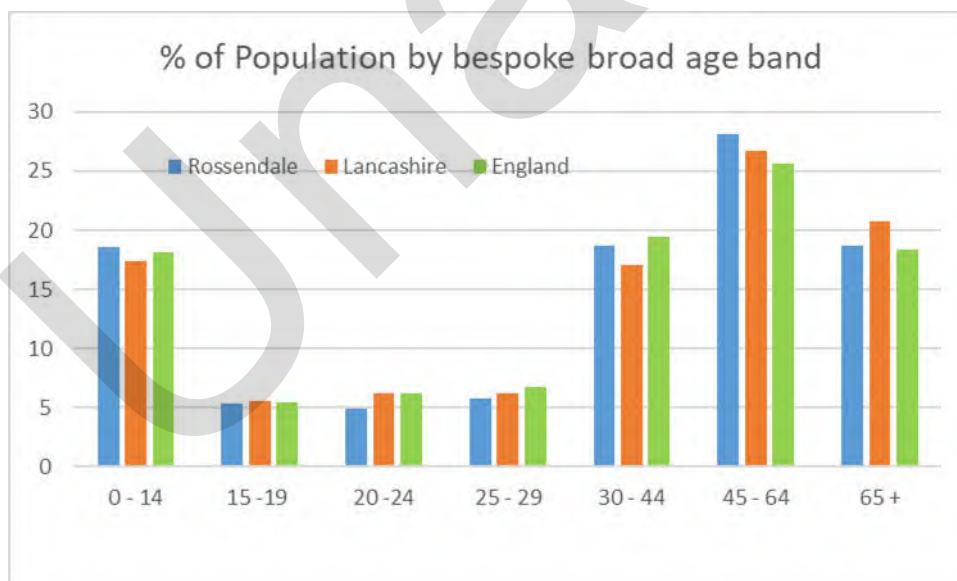
Sitting on the western slopes of the Pennines Rosendale is well connected to Lancashire, Greater Manchester and West Yorkshire.



Our Vision: Rosendale, a place where people want to live, visit, work and invest

Our people:

The latest population estimate for the Rosendale area is c71,500. The age demographic make-up of the population compared with Lancashire and England is shown in the table below:-



The population of Rosendale is growing and it is estimated that between 2016 and 2041 the population will increase by 5.7%.

Narrative Report

Housing:

There were c32,200 dwellings in the borough at the beginning of 2020/21, 85% of which were owner occupied or private rented. In common with other East Lancashire authorities, Rossendale has a high proportion of its housing stock in the lowest category 'A' council tax band, almost 51% and in 2019 around 3.6% of dwellings were vacant.

A total of 11.3% of Rossendale households were in fuel poverty in 2018 compared to the England average of 10.3%. The main factors that determine this are the energy efficiency status of the property, the cost of energy, and household income. The 2019 national indices of deprivation revealed that Rossendale was the 91st most deprived area out of the 317 districts and unitary authorities in England.

Our businesses:

As in most places, the manufacturing sector has shed jobs over the years whilst the service sector has grown to become a far greater source of employee jobs. However there still continues to be a bias towards a larger proportion of employees in the manufacturing sector in Lancashire and Rossendale, than is the national norm and a lower proportion of jobs in the service sector. Rossendale does, however, maintain a relatively high percentage of private-sector jobs. In 2020 there were 2,480 active enterprises in Rossendale, 230 fewer than in 2019, the reason for this is unrecorded, however it is thought the Covid 19 pandemic is a major factor. The most recent local companies to win a Queen's Award for Enterprise, namely Slingco Ltd in Bacup and Orthoplastics Ltd in Bacup.

Our area:

Though Rossendale is not served by the main railway network it does have excellent road links with the M66 heading south to Greater Manchester and the M62 corridor over the Pennines and the M65 heading west to link up with the M6. The 2011 census figures on commuter flows revealed that only 40.3% of Rossendale residents work within the borough and over 10% of working residents commute between 20 and 30 kilometres, the highest percentage in Lancashire and well above regional and national averages.

Lancashire has over 8,000 hectares of common land (1.5% of the nation's total) and Rossendale is one of the three boroughs which account for a significant proportion of this total. Rossendale has 23.0% of its land designated as green belt, safeguarding our countryside and preserving the character of our historic towns. This also contributes to maintaining our air quality, which is better than the county and national averages.

Priority 1: A clean and green Rossendale

Our priority is to keep Rossendale clean and green for all of Rossendale's residents and visitors, and to take available opportunities to recycle and use energy from renewable sources more efficiently.

Key Actions: Clean

- Be tough with those who blight our communities with fly-tipping, litter and dog fouling through more enforcement
- Deliver a waste and recycling awareness and engagement campaign to support us in keeping our streets clean and reducing litter
- Reduce waste costs and increase recycling rates in the Borough
- Continue to work proactively with our partners to improve the quality of roads in the Borough

1,032 littering and 24 dog-fouling cases pursued in 2020/21
54 fly tipping cases pursued in 2020/21
1,924 likes on our environmental face-book page

Narrative Report

- In an average month we collect 1,200 tonnes of general waste, whilst 260 tonnes of glass, cans and plastic and 170 tonnes of paper get recycled

54 fly tipping cases pursued in 2020/21

Key Actions: Green

- Work with our communities to celebrate our environment, promote pride in our area and enhance our parks, playgrounds and open spaces
- Work with partners on ensuring Rossendale is robustly prepared for another flooding incident
- Promote our green spaces and countryside for all to enjoy

54 fly tipping cases pursued in 2020/21

The Covid pandemic resulted in service provision being increased during 2020/21. For example, the Council collected over a third more waste during the lock down periods, there was increased footfall across all the parks and open spaces.

Priority 2: A connected and successful Rossendale that welcomes sustainable growth

Our priority is to ensure that we are well connected to our residents, key partners and stakeholders. We want to make the most of every pound we spend and we are always looking for new and innovative ways to make the resources we do have, work harder for us. A key part of this involves developing new and existing economic and commercial opportunities in the Borough. This will eventually help us become a more dynamic and sustainable Council that is able to deliver successful, quality services for our residents and visitors.

Key Actions: Connected

- Make it easier for customers to interact with the Council online when it suits them, by making more of our services digital
- Continue to work with partners and other agencies on better transport links in Rossendale and with our neighbours
- Make sure we get the best outcomes for Rossendale by working with public sector and other partners to make sure every pound gets the best results
- Make the most of our location; bordering Greater Manchester and West Yorkshire but also being committed to being part of a strong, confident Lancashire County

55 of our services are now available on-line 24/7

Our conditions test for taxis & driver knowledge tests now acknowledged as best practice

We are active participants in the regional transport committee

Key Actions: Growing

- Identify development sites to enable inclusive and sustainable growth (overnight visitor accommodation, housing, businesses, jobs and tourist destinations)
- Develop plans to ensure we have strong town centres and communities
- Invest in our staff to champion our more commercial and digital approach

Committed to fully Developing Futures Park for Businesses

Developing Plot 1 Futures Park for creation of a new day nursery.

Secured development funding for Haslingden 2040 from National Heritage Lottery

Key Actions: Successful

- Continue to celebrate and grow our sport, leisure and culture offer through Rossendale Leisure Trust, Whitaker Museum, Community Leisure Association Whitworth and other organisations
- Develop new relationships in the community and strengthen existing ones
- Focus on tourism, particularly around our Adrenaline Offer, bringing people, business and attractions to Rossendale

Worked on delivering the Whitaker National Heritage Lottery project

Narrative Report

Priority 3: A proud, healthy and vibrant Rossendale

Our priority is to ensure that we are creating and maintaining a healthy and vibrant place for people to live and visit. We celebrate the health, vitality and enterprise of the people who live in, do business in and visit Rossendale. We are proud of our Borough and the success that happens here.

Key Actions: Proud

- Celebrating Rossendale, the success of our residents, business and the Council's work through publicity and awards, raising awareness of the great things they do
- Work with local schools to support career pathways and make sure that our children and young people flourish
- Building strong, resilient communities with volunteers and active citizens, creating neighbourhoods where people feel proud and safe to live
- Work closely with residents, communities and the police to maintain low crime levels and reduce Anti-Social Behaviour



Promoting Rossendale Board has produced a borough Food & Drink Guide
Our Facebook & Twitter feeds reach over 1 million people
Operated the Covid Community Hub to assist our residents during the pandemic
Provided support and assistance to residents shielding throughout the Covid Pandemic
Issued c£27m in Covid grants to c1,500 Rossendale businesses

Narrative Report

Rosendale folk - the people behind the borough

Our councillors

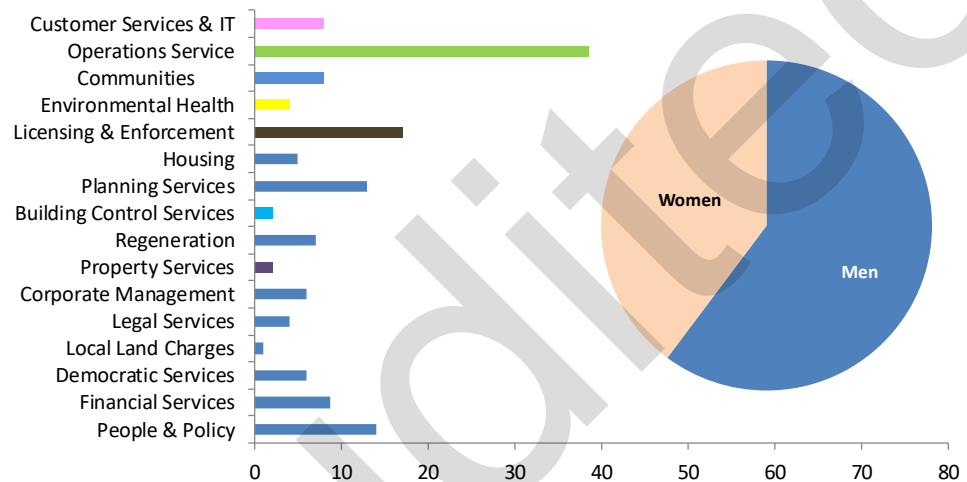
We have 36 councillors in Rosendale serving 14 wards across the borough. Due to the Covid pandemic there were no local elections in 2020, therefore during the 2020/21 Municipal year the political balance remained unchanged as follows

- 19 Labour
- 13 Conservative
- 2 Community First
- 2 Independent

Our staff

During 2020/21 the Council employed 181 people across its services, this included additional staff engaged to assist with combating the Covid pandemic. 44% of whom provide front-line services within the Operations Team collecting refuse, maintaining our parks and cemeteries and keeping the roads around the borough clean. Of our 181 employees 40% are women and 46% are over 50.

Staff employed across services in 2020/21



The Senior Management Team in 2020/21



Neil Shaw
Chief Executive

Since 2020/21 there have been several changes to the senior Management Team, David Smurthwaite joined in February 2023 as Director of Economic Development, Rob Huntington joined in April 2023 as Chief Executive and Adam Allen left the Council in May 2023



Adam Allen
Director of
Communities



Cath Burns
Director of
Economic
Development



Karen Spencer
Head of Finance



Clare Birtwistle
Legal Services
Manager



Clare Law
HR Manager

Narrative Report

Our partners, community groups and the volunteers that we work with

CAPITA Capita provide our revenues, benefits and customer services.

Civic Pride groups support the borough by providing a gardening and litter clearance service, building upon the work done by the Council's workforce.



Voluntary Community Sector organisations work with us on a range of initiatives, a comprehensive list can be found on the **REAL Directory**.



Calico Homes now manage the East Lancashire Empty Homes project.

Together Housing manage social housing across the borough



RTB Partnership Ltd is an equal partnership development vehicle set up in February 2013 to facilitate a number of development projects across the borough.



Rosendale Leisure Trust provides the sports facilities provision in the Borough, with responsibility for providing sports facilities in Whitworth transferring

WHITWORTH LEISURE

from **Community Leisure Association Whitworth** during 2020/21.

The NHS and **East Lancashire Clinical Commissioning Group** are the health providers for Rosendale.

Main hospital services are provided by **East Lancashire Hospitals NHS Trust**. Some other facilities are run by the **Lancashire Care NHS Foundation Trust**.



East Lancashire Hospitals NHS Trust

Lancashire Constabulary is the local police force.

Lancashire Fire and Rescue provide our fire service.

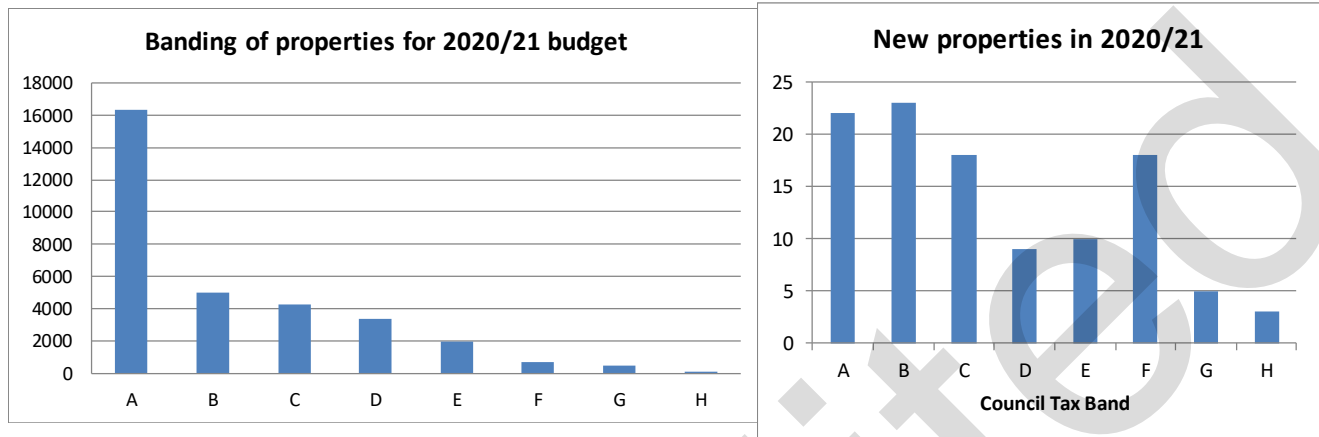
Lancashire County Council upper tier responsibilities



Narrative Report

Council Tax in Rossendale

Almost 51% of all the domestic properties in Rossendale fall into Band A, the lowest band for Council Tax purposes. Though the Band D is taken nationally as the average for the purposes of collecting Council Tax, only 10.5% of properties in Rossendale fall into this band. The total number of properties when the 2020/21 Council Tax was set was 32,107, up by 108 from 2019/20.

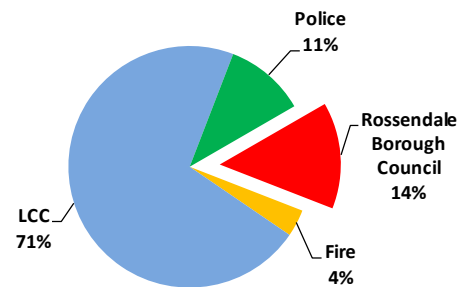


Rosendale Borough Council collects Council Tax on behalf of each of the major preceptors, Lancashire County Council, Lancashire Combined Fire Authority and Lancashire Constabulary. In 2020/21, we also collected a precept for Whitworth Town Council from 3,626 properties.

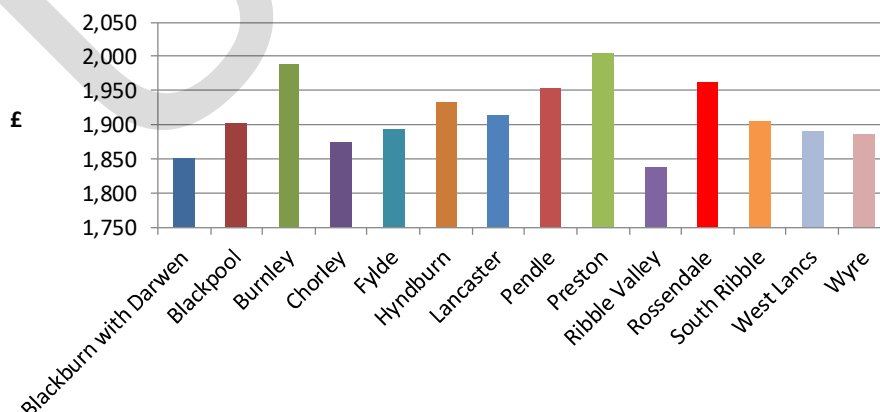
Back in 2017/18 Rosendale Borough Council increased its element of the Council Tax for the first time since March 2009. In 2018/19 and 2019/20 the charge went up by 2.99%, however in 2020/21 the increase was 1.99% which made the 2020/21 charge for a band D property £279.57. The Council retained £5.826m in Council Tax in 2020/21.

Precepting Body	% Increase	2019/20	2020/21	% Share
		Band D £	Band D £	
Rosendale BC	1.99%	274.12	279.57	14.2%
Lancashire County Council *	1.99%	1,250.89	1,277.69	65.1%
LCC Adult Social Care *	2.00%	95.70	122.63	6.2%
Combined Fire Authority	1.99%	69.48	70.86	3.6%
Police & Crime Commissioner	4.96%	201.45	211.45	10.8%
Total (Excl' Whitworth)	3.73%	1,891.64	1,962.20	100.0%
Whitworth Parish Council	3.99%	24.82	25.81	
Total Whitworth Parish	3.73%	1,916.46	1,988.01	

Each £1 of Council Tax was split



Council Tax Band D across Lancashire



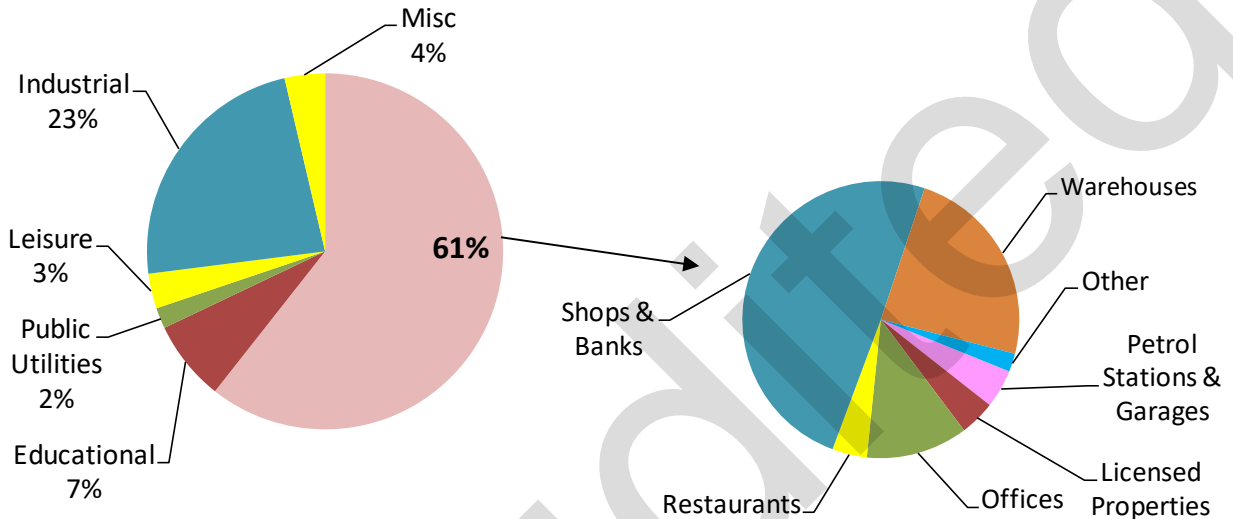
In comparison with our neighbouring authorities across Lancashire, Rossendale has the third highest total Band D charge.

Narrative Report

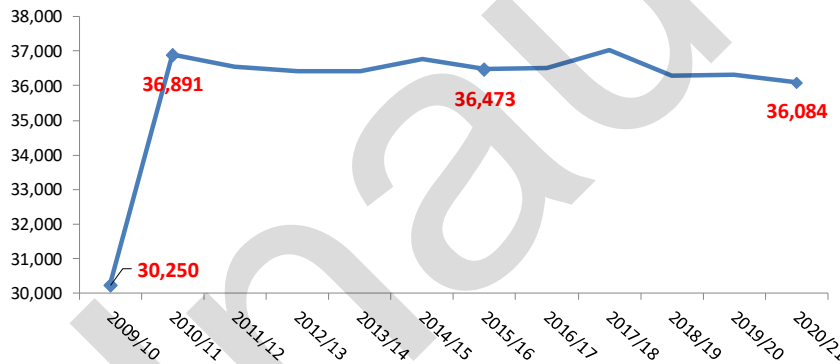
Business Rates in Rosendale

Business Rates are payable based upon a rateable value set by the national Valuation Office. The total rateable value of business premises in Rosendale at the 31st March 2021 was £36,084k, down slightly from £36,335k in March 2020. Covid had a significant impact on the level of business rates collected in 2020/21, this was mainly due to the level of extended rate relief awarded to help businesses survive the pandemic. The Council has received s31 grants from Central Government to cover this loss of income. Full details can be found in the Collection Fund statements.

Rateable Values as at 31st March 2021

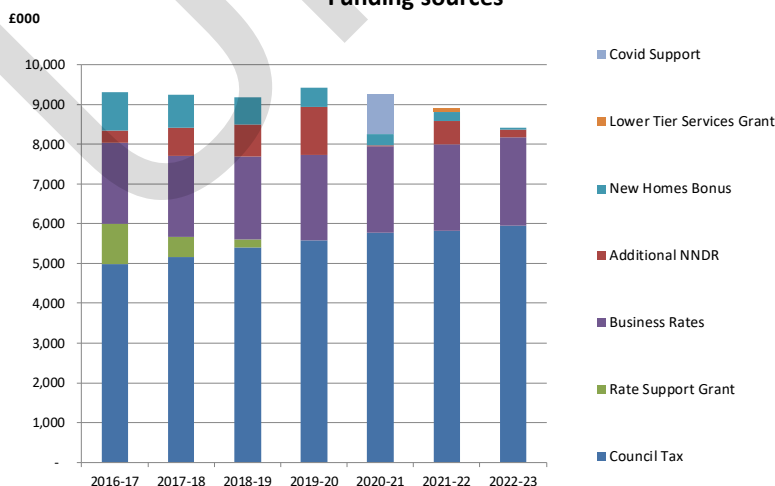


Rateable Values in recent years



Rateable values underwent a national revaluation exercise in 2010/11 and a revision during 2015/16.

Funding sources



Since 2010/11 the Council has seen significant reductions in core Government funding and an increase in reliance on Council Tax income to fund services. The sources of funding available for Council Services can be seen in the table opposite, along with future predictions over the Medium Term Financial Strategy. In 2020/21 the Council received various Covid grants to support the Council's Covid related activities.

Narrative Report

Revenue Outturn

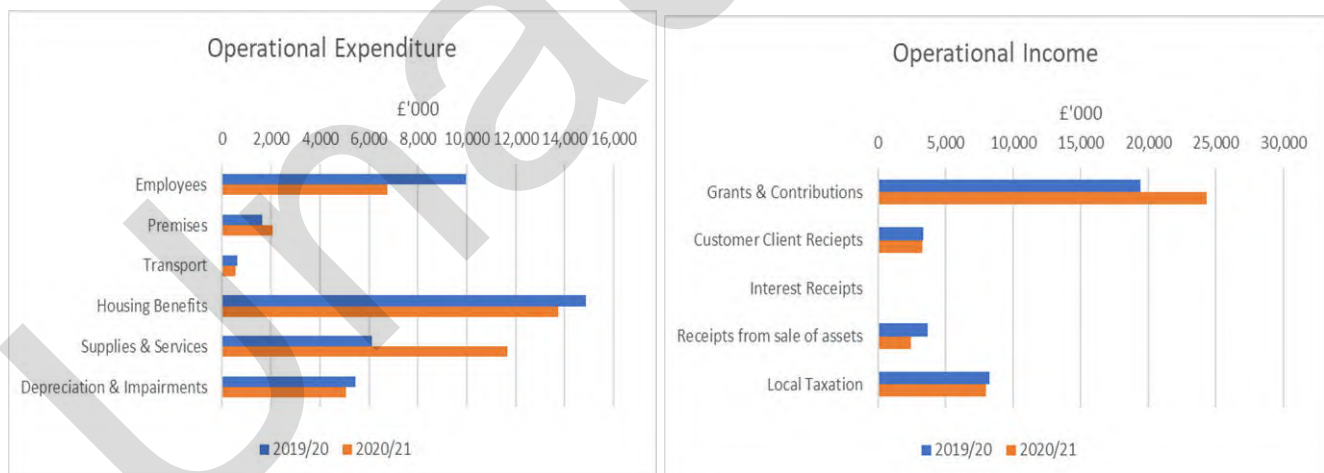
As part of Central Government's response to the COVID-19 pandemic, the Council received additional grants and payments in advance, over and above budgeted receipts, to aid with cashflow and to allow the Council to help the residents and businesses of Rosendale. This impacted on the outturn as some grants were not used in full in the 2020/21 financial year (thus held in reserves).

2020/21 was an exceptional year due to the Covid Pandemic. The outturn and indeed the monitoring reports all year were presented with the unringfenced grant received from Central Government offsetting Covid related expenditure outside of the service areas. This approach was chosen so the actual service impact could be seen compared to the original budget. In total three tranches of unringfenced grant totalling £1,181k was received and three tranches of Sales, Fees and Charges compensation grant totalling £219k. The balance of this funding, although received in 2020/21 as an unringfenced grant, is being carried forward in reserves. In addition the Council received Covid related ringfenced grants totaling £1,550k. The Council also received c£30m for Covid related grants to businesses for which the Council acted as agent.

At the time of setting the 2020/21 original budget in February 2020, the Council was unaware of the covid pandemic. At that time the medium term financial strategy (MTFS) indicated a balanced budget of £9.006m for 2020/21, including a contribution of £100k towards capital projects. The Council reviews its MTFS at regular intervals.

With the continued drop in external funding, local taxation has to contribute towards the MTFS challenge and in the 2020/21 budget, members again made the difficult decision to increase the Council Tax by the maximum allowed, 1.99%, resulting in a Collection Fund Precept of £5,769k plus £57k. Local business rates were also expected to provide £2,180k of funding in 2020/21 and members approved the use of £686k from prior year surpluses held in the Retained Business Rates Reserve. However Covid related grants received during the year enabled the Council to reduce the call on the Retained Business Rate Reserve.

The following table and charts show the General Fund figures before the technical accounting adjustments required by the Code in the CIES. These follow the operational basis shown in the financial monitoring reports presented to members at each Cabinet meeting.



Narrative Report

GENERAL FUND SERVICES	2020/21		Variance (adv)/ fav £000s
	Adjusted Budget £000s	Operational Out-turn £000s	
Communities Directorate			
Customer Services & IT	1,425	1,842	(417)
Operations	2,219	2,258	(39)
Community & Partnerships	708	577	130
Public Protection Unit	158	149	9
Environmental Health	221	165	55
Licensing & Enforcement	123	116	7
Housing	203	131	71
Economic Directorate			
Building Control	309	330	(21)
Planning	(9)	(20)	11
Regeneration	326	350	(24)
Property Services	494	501	(7)
Corporate Management			
Corporate Management	467	448	19
Legal Services	176	164	12
Local Land Charges	(20)	(13)	(7)
Democratic Services	583	553	30
Financial Services	504	450	54
People and Policy	590	544	46
Non-distributed Costs	114	238	(124)
Capital Financing & Interest	417	538	(121)
Total cost of General Fund Services	9,006	9,321	(315)
Contrib to/(from) Earmarked Reserves	(686)	(14)	(672)
Amount to be met from government grants & local tax payers	8,320	9,307	(987)
Precept on the Collection Fund	5,769	5,769	-
Collection Fund - prior year surplus	69	69	-
Non-Domestic Rates	2,180	2,180	-
New Homes Bonus	302	302	-
Covid related grants	-	987	(987)
Amounts received from government grants & local tax payers	8,320	9,307	(987)

Other financial factors

This Council signed up to the Lancashire Business Rates Pool which came into effect on the 1st April 2016. Under these arrangements Rosendale retains more of its local business rates. In 2020/21 the Lancashire Business Rates Pool reverted from the 2019/20 75% pilot pool back to the original pool. Which means the Council retains 40% of the business rates it collects, less the Governments tariff.

The Council continues to be the accountable body for the East Lancs Empty Homes Scheme, which has brought back into use almost 200 long-term empty domestic properties across East Lancashire, funded through a combination of Homes and Communities Grant, owner contributions, local housing associations and contributions from the other neighbouring local councils. The properties are managed by management agents with the majority of the properties being managed by Calico homes Ltd, under a self-financing contract. 2020/21 was another significant year for the project as the scale of renovations required was unusually high. Unfortunately, this has meant increased costs to the council of c£335k revenue and £550k capital in the 2020/21 financial year.

There are c113 properties remaining on the scheme. These properties will continue to be let for the remainder of their leases, details of which can be seen at Note 18a.

Narrative Report

Capital Strategy and the Capital Programme 2020/21 to 2024/23

In February 2020 the Council set an affordable capital budget for new projects of £1,526k, funded from £1,000k of grants, £313k of internal borrowing, £100k from revenue resources and £113k from capital receipts. The programme included £352k for new vehicles, £144k on maintaining the Council's operational assets and £1,000k on Disabled Facilities Grants (DFGs) for domestic properties across the borough.

This was added to £11,841k of ongoing capital works anticipated at the end of 2019/20, which included key projects such as the Whitaker Park Museum National Lottery Heritage Fund Refurbishment at £1,800k, Plot 5 Futures Park at £1,240k and the £7,800k Spinning Point Phase 2 project which was later withdrawn. At the end of 2019/20 the actual value of slippage brought into 2020/21 was £5,573k.

Major capital projects added during 2020/21 also included £2,315k on the Bacup Historic England project, funded by external grant, and £1,466k for developing Plot 1 at Futures Park funded by a combination of LEP grant, capital receipts and internal borrowing. This brought the final capital programme for 2020/21 to £12,565k.

More information on the capital costs and funding sources can be found in Note 17.

The sale of the Knowsley Road depot brought in £2,500k of capital receipts during 2020/21.

At the end of 2020/21 the Bacup Historic England project was on-going with £2,220k being carried forward into 2021/22. The construction of the Plot 1 building was well under way with £228k carried forward and the Whitaker Park Museum project had just £381k of works still to complete. With an unspent balance of £1,848k in Disabled Facilities Grants, the Council carried £6,282k of ongoing capital projects forward into 2021/22.

The Collection Fund

Billing authorities in England, such as Rosendale, are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates). The key features relevant to accounting for council tax and business rates in the Core Financial Statements are:

- In its capacity as a billing authority the Council acts as agent; it collects and distributes council tax income on behalf of the major preceptors and itself; under the scheme of Business Rates Retention introduced from 2013/14, business rates are also collected on behalf of Central Government and the major preceptors;
- While the council tax and business rate income credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors.

The council tax and business rate income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the Collection Fund has been taken to the Collection Fund Adjustment Account and is included as a reconciling item in the Movement in Reserves Statement.

Since the collection of council tax and business rates income is in substance an agency arrangement, cash collected by the billing authority from council tax and business rates debtors belongs proportionately to the billing authority and the major preceptors. There is therefore a debtor/creditor position between the billing authority and each major preceptor which is recognised

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since the net cash paid to each major preceptor in the year will not be its share of the cash collected from taxpayers.

The deficit on the Collection Fund for Council tax as at 31st March 2021 was £439k and will be shared between the Council (billing authority), the County Council, the Police Authority and the Fire Authority in following years. The Council's share of the deficit is £63k. The actual rate of in year collection of Council Tax for 2020/21 was 95.72% (96.32% for 2019/20).

In the year ended 31st March 2021 the collection fund position for NNDR was a deficit of £7.638m which will be carried forward and recovered in subsequent years' budgets. Rossendale Borough Council's share of this is £2.967m with the balance due to the Government and major preceptors.

It must be noted that most of the Collection Fund deficit is due to the introduction by the Government (after the 2020/21 budget had been set) of retail, leisure, hospitality and nursery business rate reliefs. Instead of collecting Business Rates, the Council received compensating Government grant. In total the Council received £3.461m for business rate reliefs.

In 2020/21 the council was a member of the Lancashire Business Rates Pool on a 50% business rates retention basis and this has continued in to 2021/22. In 2020/21 the Council made a pooling gain of £92k.

Further details in relation to the Collection Fund can be found in the Supplementary Statements.

Treasury Management

Treasury Management is conducted in-house with advice provided by an external organisation, Link Asset Services. Investment performance has struggled to meet the budget target as interest rates on the Council's bank accounts continued to be below bank base rates during the year. By the end of the year the council was earning 0.07% on balances, down from 0.24% at the end of 2019/21. Whilst the level of balances held during 2020/21 was above that predicted when setting the original budget, due to the low interest rates the interest income earned was £67.5k below budget.

Treasury management during the year was conducted within the borrowing limits and investment criteria approved in the Treasury Management Strategy and Treasury Management Practices approved at Full Council in February 2020.

The Council is able to borrow money from PWLB (an agency of HM Treasury), banks and building societies, or from other public bodies. The Council's borrowing need as at 31 March 2021 was met by a combination of long term actual debt of £4.476m and internal cash balances. The use of internal cash balances in lieu of borrowing has continued to be the most cost effective means of funding capital expenditure. These amounts are analysed in the notes to the Balance Sheet. The interest payable in relation to the Council's borrowing totalled £28.9k in 2020/21. As the value of useable reserves drops over the life of the Council's MTFs, greater consideration will need to be made of the need for additional PWLB borrowing to fund future capital investments.

The **Capital Financing Requirement (CFR)**, a key Prudential Indicator, determines the amount that the Council needs to borrow for a capital purpose and is the total of the Council's capital assets less all of the Council's capital reserves. The CFR for the year ending 31 March 2021 was £14.3m.

The **Authorised Limit for External Debt** is a key Prudential Indicator that controls the overall level of borrowing and is a statutory limit set by the Council that must not be breached. The Council's Authorised Limit for external debt for 2020/21 was £22.75m. The Council's actual total long term debt of £4.476m is well below the Authorised Limit.

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Pensions Fund Liabilities

The Council has net pension liabilities of £28.384m in the Balance Sheet as at 31 March 2021 (£24.533m as at 31 March 2020). This reflects the value of pension liabilities which the Council is required to pay in the future (as they fall due), offset by the value of assets invested in the Pension Fund. The Pension Fund has to be reviewed every three years as part of the comprehensive actuarial review of the pension fund. A triennial review was carried out at 31 March 2019 with changes to the pension fund being effective from 1 April 2020. The next review is due to be carried out on 31 March 2023.

In April 2020 the Council paid £2.6m to the Lancashire County Pension Fund as an advance payment of three years employer's future service contributions and deficit contributions for the period 2020/21 to 2022/23. For 2020/21 there is a difference between the net Pensions Liability on the

Lancashire County Pension Fund- Rosendale Borough Council	March 2014 £000	March 2017 £000	March 2020 £000
Pension (Surplus)/Deficit	£22m	£15m	£2.7m
Funding Level	68%	77%	96%
Employer Future Service Rate (%ge of pensionable pay p.a.)	14.0%	15.5%	17.6%
Remaining recovery period	16 yrs	16 yrs	16 yrs

Balance Sheet and the Pensions Reserve. The difference reflects the early payment of employer's future service contributions and deficit contributions for 2021/22 and 2022/23 of £1.76m paid by the Council to the Lancashire County Pension Fund in April 2020. The net Pensions Liability is £1.76m lower than the value reported in the Pensions Reserve reflecting the accounting requirement to account for the value of the advance payment in 2020/21. By paying in advance monies to the Pension Fund the Council has reduced the overall cost of repaying the employer's future service contributions and deficit contributions to the Pension Fund by £151k over three years. This saving has been reflected in the Council's revenue budget and financial forecast.

Principal Risk & Uncertainties

The Council has a risk management strategy in place to identify and evaluate risks. All risks are identified, potential impacts are highlighted and controls and mitigations are set in place. The Corporate Management Team (CMT) identified a number of key corporate risks which the Council monitors and reports to Cabinet Members and Audit & Accounts Committee during the year, a selection of the risks have been highlighted below:

Corporate Risks
Sustainability of the Medium Term Financial Strategy
Major disaster affecting the delivery of Council services
Incident resulting in death or serious injury or HSE investigation
Sustainable Workforce
Insufficient data and cyber security
Response and Recovery to Covid Pandemic
Impact of Covid on the financial sustainability of the Council owned leisure assets

Key Future Financial Risks – Along with the corporate risk there are a number of key financial risks identified within the Medium Term Financial Strategy which potentially could have a significant impact on the financial forecast, these are:

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Key Financial Risks
The ongoing financial impact of Covid
Resources – Inc future Government funding, any change to the Business Rate retention scheme and level of reserves
Bridging the funding gap
Council Tax – impact of a council tax freeze
Pay inflation
The Empty Homes Scheme
Rosendale Leisure Trust

The Economic Climate and Financial Outlook for the Future

The latest MTFS reported to Budget Council in February 2021 sets out the Council's spending plans and available capital and revenue resources for the period 2020/21 to 2024/25. The MTFS set out the funds required to deliver the Council's essential services and the objectives in our priority areas. It also highlighted the key areas/issues facing the Council in the current year and future years. For 2020/21 onwards a major concern is the impact of Covid-19, future Government funding and potential impact of a no deal Brexit.

As a result of the Covid Pandemic the Government has further delayed the implementation of the outcome of the Fair Funding Review and the Business Rate reforms. Until this announcement is made and the local government finance settlement figures are published we have no indication of the level of funding the Council will receive from 2022/23 onwards.

The long-term impact of the pandemic on the global, national, and local economy is currently unknown. The collection rates for both council tax and NNDR have been affected and this is an area we will closely monitor.

In light of the current risks and uncertainties the Council will aim to continue to maintain a healthy and robust level of reserves. The Council's strategic budget plan has been to use reserves to fund the gap between income and expenditure over the life of the forecast, whilst looking to identify savings and income generating opportunities.

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Explanation of the Statement of Accounts

The Statement of Accounts for the year ended 31st March 2021 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2020/21 (the Code), issued by the Chartered Institute of Public Finance and Accountancy and the Service Reporting Code of Practice 2020/21 (SeRCOP).

The layout and purpose of each statement is as follows:-

Introductory Statements

- Narrative Report - provides information about Rosendale, including key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2021. It should be fair, balanced and understandable for the users of the financial statements, containing a commentary on the major influences affecting the authority's income and expenditure and cash flow, as well as information on the financial needs and resources of the authority.
- Annual Governance Statement – explains the way the Council ensures responsible stewardship of its assets.
- Statement of Responsibilities - explains the responsibilities of the Council and its Chief Financial Officer in relation to the Council's financial affairs and the Statement of Accounts.

Core Statements

- Comprehensive Income and Expenditure Statement (CIES) - a summary of the resources generated and consumed by the authority in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Cost of Services section is now presented in the same format as the authority's operational reports. Note 1 presents a reconciliation between the General Fund Summary in the Narrative Report and the CIES figures produced here under statutory accounting practices.
- Movement in Reserves Statement – this statement shows the movement in year on the reserves held by the Council, analysed into 'useable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. It reverses the statutory accounting adjustments in the CIES to get back to the General Fund Balance Sheet Reserve.
- Balance Sheet - this shows the value of the assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the value of reserves held, split between Useable and Unusable reserves.
- Cash Flow Statement - summarises changes in cash and cash equivalents during the year, and how the Council generates and uses cash through operating, investing and financing activities.

Notes to the core financial statements

All the notes to the core statements above are now collected in one place. Notes on the policies used in the preparation of the figures in these accounts, including judgements and assumptions, have been moved to the end of the notes area.

Other Statements

- The Collection Fund – this agency statement reflects the Council's statutory obligation to maintain a separate Collection Fund for its transactions as a billing authority in relation to council tax and non-domestic rates.

Glossary - an explanation of some of the key technical terms used in these accounts.

Annual Governance Statement

Annual Governance Statement: Year Ended 31st March 2021

1) Scope of responsibility

Rosendale 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. Rosendale Borough Council also has a duty under the Local Government Act 1999 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. That duty has grown in importance with the reduction in resources being made available for Local Authorities as part of the Government's austerity programme and the uncertainty arising from the COVID-19 pandemic.

In discharging this overall responsibility, Rosendale Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Rosendale Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government – 2016 Edition. This statement explains how Rosendale Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

Delivering Good Governance (2016 Edition) defines the principles against which the Annual Governance Statement reports:

Principles
Principle A: Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Principle B: Ensure openness and comprehensive stakeholder engagement
Principle C: Define outcomes in terms of sustainable economic, social, and environmental benefits
Principle D: Determine the interventions necessary to optimise the achievement of the intended outcomes
Principle E: Develop the entity's capacity, including the capability of its leadership and the individuals within it
Principle F: Managing risks and performance through robust internal control and strong public financial management
Principle G: Implement good practices in transparency, reporting, and audit to deliver effective accountability

Pre pandemic, the Council planned to work to address any issues required to support full implementation of the CIPFA Financial Management Code which outlines the principles of good financial management. This work was not progressed in the financial year 2020/21 due to extra pressure on the Finance Service as it supported the corporate response to the pandemic. This was

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recognised nationally as an issue and the expected implementation date was deferred by a year. The compliance is being reviewed in 2021. This will support the implementation during 2021/22 of any additional action required.

2) The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the authority's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Rosendale Borough Council for the year ended 31 March 2021 and up to the date of approval of the annual report and statement of accounts.

During this period the Council has been dealing with the COVID-19 pandemic. This has resulted in changes to the Council's governance arrangements and the impact on these arrangements in relation to decision-making and the holding of council meetings. These are considered in this Annual Governance Statement.

3) The Governance Framework

Key elements of the systems and processes that comprise the authority's governance include arrangements for:

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

The Council has a formal Constitution which is reviewed annually, amended as required and made publicly available on our website at www.Rosendale.gov.uk. The Constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for us to choose.

The Constitution includes the following documents which provide guidance for officers and Councillors on the standards of behaviour expected to ensure integrity:

- Code of Conduct for Members (Councillors)
- Code of Conduct for Employees
- Roles & Functions of all Councillors

The Council's Monitoring Officer maintains the Codes of Conduct up to date and investigates any suspected breaches. Alleged breaches of the Members Code of Conduct are conducted in accordance with an agreed protocol. Councillors sign a formal declaration agreeing to abide by the Code of Conduct. For staff, the Employee Handbook sets out the requirements and standards expected and this forms part of the staff induction process.

The Council also has established a set of core values which are intended to underpin all that we do. These are published as part of our Strategic Plan and include the following ethical values:-

- Customers Matter

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- Listening & Communicating
- Management of Performance
- Celebrating success

Underpinning everything we do is our commitment to equality, diversity, transparency, inclusion, sustainability and value for money.

Staff and Councillors are made aware of other policies relevant to this principle of the framework including the Council's Anti-Fraud and Corruption, Bribery and Whistleblowing Policies. These arrangements are reviewed and reported on via the Council's Audit and Accounts Committee being the Committee charged with oversight of the governance arrangements at the Council. At the heart of these policies is the requirement for all relevant parties to act with integrity.

All Councillors have to register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. The register of interests is available on our website at www.rossendale.gov.uk. Councillors must declare such interests at meetings which they attend. There are also procedures laid down for staff and councillors relating to the receipt of gifts and hospitality.

All Council decisions have to consider legal implications. These are set out in reports to Councillors which are published on the Council's website. The Council's Constitution sets out the responsibility for decision-making. Certain decisions are reserved to the full Council with others delegated to the Cabinet or other Committees each acting in accordance with parameters set out in the Constitution.

A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers within the Constitution. The Council's legal team will advise on the legal implications of proposed decisions and where necessary will engage external legal advisors. The Council's Monitoring Officer and Section 151 Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to councillors.

Principle B: *Ensure openness and comprehensive stakeholder engagement*

Our Corporate strategy identifies and reiterates our commitment to working with partners, volunteers and our residents. Performance management against key actions, performance measures and risks represents an essential part of our assurance and accountability process to our residents and our partners.

All decisions of the Council are made in accordance with principles laid down in the Constitution and include the following:-

- a presumption in favour of openness
- explanation of the options considered and the reasons for decisions.

All meetings of the Council, Cabinet and other Committees are open to the public.

Agenda papers and reports together with the Minutes of all meetings are publicly available on the Council's website unless they are exempt from publication.

The Council's guidance on, the role of a Councillor' contains the following which reinforces the importance of openness requiring Councillors to:

- Contribute to the governance of the area and actively encourage community participation and citizen involvement in decision making

The Code of Conduct for Councillors also outlines the following requirements:-

You must take decisions solely in terms of the public interest. You must not do so in order to gain financial or other material benefits for yourself, your family, or your friends.

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You are accountable for your decisions and actions to the public and must be available for scrutiny as appropriate to your office.

You must be as open as possible about all the decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands.

The Council undertakes consultation on specific topics. The Council also makes use of social media via Facebook and Twitter.

The Council is committed to publishing information freely and to develop further our culture of openness and transparency and publishes information in accordance with the Local Government Transparency Code. The Council's Freedom of Information Publication Scheme provides a general guide for the public in terms of what information should routinely be available to them by either accessing our website or upon request.

Partnership working is important and the Council has in place a wide range of arrangements ranging from small scale local groups (e.g. Civic Pride groups) to larger and more formal partnerships (e.g. public/private partnership with Rosendale Leisure Trust and Capita).

Principles C & D – Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining the interventions necessary to achieve them.

The Council's strategic vision for the Borough is set out in our Strategic Plan. Our vision is to work with our partners to ensure that Rosendale is a place where people want to live, visit, work and invest. We aim to achieve this by working on our three priority areas:

- A clean green Rosendale
- A connected and successful Rosendale that welcomes sustainable growth
- A proud, healthy and vibrant Rosendale

Underpinning our Corporate Strategy are robust business plans for each of our service areas. These detail how we will deliver the strategy, our vision and priorities. They also detail how we will continue to deliver services to our residents and meet our financial challenges.

Service areas are required to set and monitor agreed targets for performance. Performance against and achievement of expected outcomes is monitored regularly via the Council's corporate performance management system and reported quarterly to Councillors and the Management Team. Where the expected performance is not being met then potential intervention measures are considered and implemented where appropriate.

In relation to the buying of goods and services, staff must comply with the Council's Contract Procedure Rules. These set out relevant considerations when reaching decisions on award of contracts and include relevant environmental and sustainability aspects including the achievement of 'social value' in addition to cost.

Decisions on the overall level of resources allocated are taken by the Council following recommendations from the Cabinet. Resources and spending plans are critically reviewed to optimise their use and level of fit with the Council's objectives. Financial planning arrangements are well established and underpinned by a four year forward projection as part of the Council's medium term financial planning arrangements. This includes both capital and revenue budgets.

Principle E - Develop the entity's capacity, including the capability of its leadership and the individuals within it

At the heart of this principle is the Council's commitment to '*Invest in our staff to champion our more commercial and digital approach*'. The aim is to ensure that, as an organisation, we are suitably placed to deliver the priorities identified for Rosendale and its residents. To do this we will

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employ the right people with the right skills in the right job. We will maintain robust financial processes, standards and systems optimising the technology and resources we have available to us, making us more efficient and effective in our service delivery and becoming digital by default.

In recent years the Council has invested in training programmes to enhance organisational development, develop leadership skills and promote a coaching culture with staff at all levels encouraged to be innovative and challenge the normal way of doing things. All staff take part in annual performance management reviews which include consideration of their individual training and development needs. A range of training methods and resources are applied and feedback is actively encouraged to assess the benefit of investment in training. The Council has developed a workforce plan, organisational development strategy and a learning and development strategy. Training is available for Councillors including induction and topic specific matters in addition to what is available from organisations such as the Local Government Association.

Capacity is enhanced via a range of partnerships and collaborative arrangements, as well as our commissioning and procurement processes through which the Council operates a mixed economy approach to delivering services in the most effective and efficient way. Service delivery models include, in-house, external outsourced, transfers to external partners. On a regional and sub-regional basis the Council works closely with the Lancashire Enterprise Partnership and Pennine Lancashire bodies notably in areas such as economic development, regeneration and skills/training. It also works closely with Burnley College on training provision.

Wider partnership working and engagement across Lancashire has also been evident during the COVID-19 pandemic via the Councils collaboration with the Lancashire Resilience Forum (LRF) and the creation of the Rossendale Community Support Hub.

Leadership roles are well defined at the Council for staff and Councillors, distinguishing for example the role of Council Leader and the officer being the Head of Paid Service (i.e. the Chief Executive). A protocol is included in the Council's Constitution which reflects the principles underlying the respective Codes of Conduct which apply to Members and Employees. The shared object of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.

The Council is committed to a culture of continuous improvement and has a focus on service delivery and effective performance management. Peer learning is encouraged and the Council was due to undertake a Peer Challenge review led by the Local Government Association to provide an assessment and feedback on, amongst other things, our organisational capacity and capability from best practice in the local government sector. Unfortunately as a result of the Covid pandemic the Peer Challenge review had to be postponed, but is expected to be rearranged in the near future.

The Workforce Strategy acknowledges the essential role staff play in the Council's ability to deliver effective services; thus wanting to ensure that every employee fulfils their potential and takes advantage of the development opportunities available to them.

Sustaining organisational resilience is increasingly challenging at a time when headcount is reducing in response to ongoing resource constraints. Set against this, the importance of supporting staff health and well-being is acknowledged and a suite of policies and procedures are in place to help staff maintain their own physical and mental well-being. Examples include the work/life balance policy and the operation of flexible working for most staff.

Principle F - Managing risks and performance through robust internal control and strong public financial management

The maintenance of systems and processes to identify and manage the key strategic and operational risks is integral to the achievement of the Council's objectives. The Council's **risk management framework** continues to evolve and presently includes the following arrangements:-

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- Risk Management Policy and Strategy
- Arrangements for the Strategic Risk Register comprising corporate risks assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk
- frequent review of risks in-year with reports to the Council's Management Team, Cabinet and the Audit and Accounts Committee
- the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan
- the requirement for Officers of the Council to consider risk management issues when submitting reports to Committee for consideration by Councillors
- a suite of policies and procedures in relation to Whistleblowing, Anti-Fraud Theft and Corruption, Bribery and Anti-Money Laundering
- a suite of Business Continuity Plans are in place, i.e. Business Continuity Policy and Strategy, Strategic Crisis Management Plan, a Local Crisis Management Plan and a Business Recovery Plan for critical services
- Councillors and officers have previously been trained in risk management and the Leader of the Council is briefed on the strategic risks faced by the Council. Managers have the responsibility for the effective control of risk, and all service plans have a section on risk management.
- Corporate Governance including risk management, incorporating the key strategic risks for the Council, are the subject of periodic reports to Cabinet and the Audit and Accounts Committee.
- The Corporate Management Team review the Corporate Risk Register to ensure that risks are being actively monitored and managed and target risk scores have been introduced for all identified strategic risks as a means of providing much greater focus on those areas where risk management can be effective. Details of changes are reported to the Audit and Accounts Committee.
- The Chief Executive, as the Council's Head of Paid Service, is responsible for the corporate management of the Council, taking an active role in the corporate governance arrangements, including the organisation of the Council's staff and ensuring that appropriate internal control mechanisms are in place to achieve the Council's objectives in the most economical, efficient and effective way.
- The Head of Legal is appointed the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities under the Council's Ethical Framework relating to the Members' Code of Conduct and the Standards Regime.
- The Chief Financial Officer is designated as the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with Section 151 of the Local Government Act 1972.
- The three statutory officers referred to above have unfettered access to information and to Councillors on the Council so that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Chief Financial Officer at the Council accords with the principles set out in CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

An established **financial management framework** comprising the following:-

- Financial and Contract Procedure Rules as part of the Constitution
- Medium term financial planning using a four-year cycle, updated annually, to align resources to corporate priorities
- Service and financial planning integrated within the corporate performance management cycle

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- Annual budget process involving scrutiny, challenge and consultation
- Annual review of the adequacy of the level of financial reserves
- Regular monitoring by management of revenue and capital budgets with reports to Management Team and Cabinet
- Annual reports to councillors on both the final revenue and capital out-turns compared to the approved budget
- Continuous challenge of the scope for securing efficiencies and service improvements
- Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice
- Compliance with the requirements established by CIPFA, the public sector accountancy body
- A regular review of the Council's Financial Management arrangements.

A **performance management framework** which provides an explicit link between the corporate priorities and personal objectives of staff and their training and development needs. Performance is reported to Councillors and the Management Team on a systematic basis with areas of poor performance investigated proactively. Key features of the Performance Management Framework include:-

- A regular review of the Corporate Strategy to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council
- Service Plans produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable
- The Council's staff appraisal system – Performance Management Reviews against a competency framework - links personal objectives directly to Service Plans
- Regular reports on the performance of key indicators which are presented to Councillors and Officers

An **Information Governance Framework** which sets out the way we handle and process information, in particular, the personal and sensitive data relating to residents, suppliers and employees. Key features of the information governance framework include:-

- A suite of policies and procedures on the Council's Information Security which are available on the Intranet for all staff to review
- Arrangements for document management and retention
- A Data Protection Policy and Procedure with nominated staff responsible for providing advice and guidance on Data Protection matters
- Compliance with the Local Government Transparency Code and provision of Open Data on Council website
- A system for dealing with requests for information submitted to the Council under the Freedom of Information Act 2000 (including a regular review of the Council's Publication Scheme)
- Regular reviews of the Council's Information Governance and Security arrangements by Internal Audit and external assessors.

The Internal Audit function operates in accordance with the statements, standards and guidelines published by the Auditing Practices Board, CIPFA (particularly the Public Sector Internal Audit Standards) and the Institute of Internal Auditors. The Internal Audit function examines and evaluates the adequacy of the Council's system of internal control.

The Council has partnered with Lancashire County Council (LCC) for the delivery of the Internal Audit function. LCC provide an independent and objective appraisal function for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit. This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. The Internal Audit plan is agreed and monitored by the Audit and Accounts

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Committee. The Audit Manager is required to give an opinion on the adequacy of the Council's system of internal control each year and report to the Audit and Accounts Committee. This Committee can make recommendations or highlight any matters requiring attention to the Cabinet and Council.

Significant projects are controlled by project management techniques and overseen by a Programme Board.

Lastly, each member of Management Team is required to sign an Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance from Senior Managers that, other than those identified during the course of their normal work or by Internal Audit, they are not aware of any weaknesses in the Council's systems of internal control.

Principle G - Implement good practices in transparency, reporting, and audit to deliver effective accountability

Reports to meetings of Council, Cabinet and other committees are publicly available on our website with the Minutes also published showing what decisions have been taken and the reason(s) why. Other forms of public accountability reporting include the annual Statement of Accounts, the Council's Annual Report and in year financial and performance monitoring reports. Reports from external audit are also published online including their annual report setting out the findings resulting from their audit of the accounts.

The Council reports performance against targets and financial targets on a regular basis. Progress updates on the implementation status of audit recommendations are also reported quarterly to the Audit and Accounts Committee. The Internal Audit service complies with the requirements of the Public Sector Internal Audit Standards and has direct access to Councillors and all staff in order to discharge its responsibilities.

The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Access to Information, which is about being transparent, sharing our information with the wider community, and giving them the opportunity to use that data to build useful applications.

The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate.

4) How the Council Gains Assurance/Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. This review of effectiveness is informed by the work of the Council's Management Team who have a responsibility for the development and maintenance of the governance environment, the Audit Manager's Annual Report on Internal Audit also reports from the external auditor and any other review agencies and inspectorates.

The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.

Impact of Covid 19 on the Council's Governance Arrangements

Just prior to the end of the 2019/20 financial year, the Government's response to the COVID-19 outbreak led to changes in our governance arrangements, these changes continued throughout 2020/21. These are discussed in more detail below, along with details of our other governance arrangements.

In March 2020 the Government implemented stringent lockdown measures in response to the evolving Covid-19 crisis. The Council as a local authority has a range of duties under the Civil

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Contingences Act 2004. Part 1 of the Act outlines local arrangements for civil protection and establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level. The Act divides local responders into two categories, imposing a different set of duties on each. Those in Category 1 are organisations at the core of the response to most emergencies (e.g. emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties.

As a local authority, the Council is a Category 1 responder and amongst other duties is required to:

- assess the risk of emergencies occurring and use this to inform contingency planning;
- put in place emergency plans
- put in place Business Continuity Management (BCM) arrangements
- put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency
- share information with other local responders to enhance co-ordination
- co-operate with other local responders to enhance co-ordination and efficiency
- provide advice and assistance to businesses and voluntary organisations about business continuity management.

As part of its response to the evolving Pandemic and the Government's lockdown measures, in mid-March 2020 the Council invoked its Emergency Planning and Business Continuity arrangements. The Council's initial response was mainly focused on ensuring the continued delivery of critical services on behalf of the local community. These included Refuse Collection, Bereavement Services, Benefits and Payments (including hardship payments and the provision of business grants), Homelessness, Communications and Environmental Health.

The Business Continuity plan was refreshed to reflect the Covid emergency. At the height of the pandemic twice weekly meetings of CMT were held along with representation of CMT members on the relevant response and recovery groups of the Lancashire Resilience Forum.

In support of this, the Chief Executive convened the Rossendale Covid Task Force which met regularly throughout the year to coordinate the Council's response activities, and also represented Rossendale on the relevant response and recovery groups of the Lancashire Resilience Forum.

The Council's normal governance arrangements were also affected during 2020/21. Key matters arising from the impact of the Pandemic were:-

- The cancellation of face-to-face Committee and Council meetings in line with Government regulation and guidance on gatherings/meetings
- The introduction of virtual Committee and Council meetings using Zoom in line with emergency legal powers made by the Secretary of State for the Ministry of Housing, Communities and Local Government
- The use of the Exercise of Urgent Powers Protocol, as set out in the Council's Constitution, so that urgent decisions could be taken thereby ensuring the Council's business continued. Details of decisions taken under this Protocol were published on the Council's website as required.

In accordance with Government guidance, the majority of the Council's staff were asked to work from home. Some staff, particularly those in front-line services, continued to attend work to ensure that critical service delivery were being maintained. Regular Covid briefings and guidance for staff were issued. A range of Human Resources Policies were amended to reflect these arrangements, not least the suspension of the Flexitime Scheme and, latterly, the update of the Flexible Working Policy.

As the pandemic evolved Risk Assessments were updated and additional control measures were put in place such as social distancing in offices, extra PPE, hand sanitisers and screens.

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The Business Recovery Plan continues to be regularly reviewed with updates being reported to Corporate Management Team and Cabinet and amendments being made in response to the ever evolving situation.

In summary, the Council's COVID Response effort comprises work on the following matters:-

- providing business grants to eligible business under the various business grant programmes funded by the Government
- processing Track and Trace payments to those who are required to self-isolate
- localised tracking and tracing of positive cases and their contacts
- ensuring business compliance with COVID regulations through a business inspection programme.
- working with partners and Local Resilience Forum colleagues to identify and prepare secure sites for storing and administering the COVID vaccines as they became available
- working to identify and set-up additional localized community testing sites and lateral flow testing.

Other consequences of the pandemic include the following, and whilst the effects in some cases were mainly felt during the 2020/21 financial year there will likely be longer lasting consequences depending on the scale and pace of the wider economic and social recovery:

- Financial impacts for the Council include:
 - additional costs for delivery of services
 - reduced income from certain sales, fees, charges, rents
 - reduced collection of council tax and business rates
 - increased housing benefit and council tax support payments
 - increased levels of bad debts and associated provisions.
- The Council adapted quickly to the revised ways of working necessitated by the pandemic and this presents an opportunity moving forward to re-assess ways of working, the use made of office accommodation; the use of technology particularly as a way of replacing some face to face meetings with the benefit of reduced travel time/costs and increased productivity.
- Recovery of debt – the Council adopted a passive rather than an active approach to debt recovery, recognising the difficulties for both businesses and residents as a result of the crisis.
- Legal Processes – during the year the Courts were only dealing with the most urgent and serious cases. The Council has conducted no business at all with the Magistrates Court. This has an impact on enforcement proceedings, including the recovery of debt and other enforcement activity.
- Site Visits/Visits to properties – we stopped property visits for matters such as private rented disrepair complaints and domestic nuisance because of restrictions on entering private households. We continued to do visits for Disabled Facilities Grants for some properties, where these were necessary for emergency inspections. Site visits in planning have taken place but can take longer due to social distancing and the need for risk assessments.
- Face-to-face meetings/visits – these were discouraged due to social distancing requirements. Zoom and latterly Microsoft Teams is now widely used across the Council and provides an effective internal means of communication as well as facilitating meetings externally. The Customer Contact Centre which closed initially, reopened on an appointment only basis in June 2020.

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- Food Inspections – these recommenced in June 2020 having been suspended by the Food Standard Agency at the start of lockdown (given the closure of most hospitality food businesses). This activity coincides with our role in the Test, Track and Trace process at a local level and requires careful resource management working with our partners, Public Health England and Lancashire County Council.
- Planning Enforcement – This was largely suspended during the lockdown to provide some additional resource capacity to the Development Management Service.
- Internal Audit - of 11 planned audits seven were completed, one is in progress and three were deferred to 2021/22. The deferrals were due to the redeployment of Internal Audit staff in the early part of the year and council managers' reduced capacity to support audits due to their additional Covid-related work.

The information above outlines how the Council's governance arrangements were impacted by the Covid-19 Pandemic. Despite the impact of the Pandemic, and its effect on the overall operation of the Council, work has been undertaken to maintain and review the effectiveness of the Council's Governance Framework. This includes the followings:-

- The Council's Monitoring Officer and the Council in general oversee the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution was most recently reviewed in May 2021 at the Annual General Meeting of Council.
- The Council's decision making arrangements operated according to the Constitution, either through the Council, Committees or the Scheme of Delegation. Decisions arising from these arrangements have been published on the Council's website as required. As indicated above, some decisions were taken under the Exercise of Urgent Business Protocol due to the Covid-19 Pandemic and these are documented as appropriate.
- As it was not possible to hold public meetings in person due to Covid-19 regulations and guidance, the Council made arrangements for those wishing to speak at Council meetings (where such provisions exist in the Council's Constitution) to join meetings virtually and participate as required. Following the expiry of the legislation supporting virtual meetings, the Council has returned for formal socially distanced face-to-face Council meetings. The meetings continue to be available on Zoom for members of the public.
- Despite the impact of Covid-19 on the capacity of the Council and its ability to respond to Freedom of Information requests, the Council continues to respond where possible in a timely manner to FOI requests as required.
- As a result of the cancellation of the elections in 2020, all Councillor appointments were rolled forward for one year until May 2021. As with any other Municipal Year, Councillors were required to register and declare certain pecuniary interests and, where this was the case, details of these were published on the Council's website
- The arrangements for scrutiny operate via the Overview and Scrutiny Committee as required, allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. This committee receives reports from the Task & Finish group. Given the impact of Covid, during 2020/21 no Task & Finish Reviews were requested.
- Further scrutiny of Cabinets decisions is also provided by the Council's Call-In procedures. However where possible Overview and Scrutiny Committee are given the opportunity to input into policies and procedures prior to presentation to Cabinet.
- The Council has operated a Standards regime consistent with the requirements of the Localism Act 2011 during the year.
- The Audit and Accounts Committee met throughout the year and received various reports on the progress by External and Internal Audit against their respective work plans. In 2020 the Chief Executive asked the Internal Auditors to revisit the Rosendale Improvement Plan to ensure the improvements were still in place. The plan was originally developed by the Council to address issues arising from the Empty Homes Programme. It identified four key themes and related improvement actions, implementation of which was monitored and

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reported to members. This ended in 2018 when the Plan was considered to have been implemented. The review was incorporated into the Internal Audit work plan and formed part of the annual report presented to the Committee in July 2021, for which the Council received **Moderate** Assurance. (for 2019/20 the equivalent report was submitted to the Accounts and Audit Committee in July 2020, also receiving **Moderate** Assurance).

- The Audit and Accounts Committee and Council were previously appraised of developments arising from the Local Audit and Accountability Act 2014. This includes provisions for the appointment of local auditors. The Council previously agreed to opt-in to the national scheme for auditor appointments and during the year under review the appointment of Mazars as auditor to the Council was confirmed for a term of five years commencing from 1st April 2018.
- There have been no formal reports during the year from either the Council's Monitoring Officer or Section 151 Officer on matters of legality or financial related concerns. There were also no objections from local electors in respect of the financial statements and supporting information for the previous financial year.

5) Dealing with Last Year's Key Improvement Areas

Last year's Annual Governance Statement highlighted the following areas for improvement. The narrative below sets out the action has been taken to address these issues in the current year:

Area of Concern	Progress Update
A review of the Constitution has been commissioned, this will be lead by the Head of Legal and is due for completion at the end of October 2020	The review of the Constitution was concluded and signed off at the Councils AGM in May 2021.
The Council has recognised current and future financial challenges in its strategic risk register and MTFS. The scale of the savings required represents a significant challenge. The situation is further complicated by the currently unknown outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review. The Council will continue to meet these challenges as it has done in the past, taking steps to manage this by considering commercialisation, modernisation and rationalisation.	For 2021/22 the Council agreed a balanced budget. There remains uncertainty of the forward estimates of core funding within the MTFS beyond 2021/22 pending the outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review. In light of the reductions in core funding since 2010 this matter continues to represent a significant challenge for the Council. In 2021/22 the Council implemented a 4 year savings plan in an attempt to address the funding gap in future years, however further savings will be required in order to achieve a balanced budget. The Empty Homes Scheme also continues to add to the Councils financial pressures. The progress of the savings plan and the Empty Homes scheme are tightly monitored as part of the Councils embedded financial monitoring process and reported to Cabinet quarterly. The further savings requirements will be reviewed as part of the development of the Council's next MTFS
The introduction of tighter project	The Programme Board receives project update

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management controls which will be overseen by the Programme Board.

reports on a quarterly basis, which include details on issues, risks and financials. These are subject to rigorous challenge by the board.

6) Key Areas for Further Improvement

Building on the improvements in 2020/21 the Council has reviewed the governance arrangements and identified the following areas where it wishes to see improvements in 2021/22:

- A review of the Councils Financial Procedure Rules is underway, this will be lead by the Chief Finance Officer and is due for completion at the end of October 2021 – The review was completed in June 2022.
- The Council continues to recognise the current and future financial challenges in its strategic risk register and MTFs. The Council has implemented a savings plan however the scale of the savings required represents a significant challenge. The situation is further complicated by the currently unknown outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review. The ongoing Empty Homes scheme also continues to place additional pressure on the MTFs. There is a need to prioritise resources effectively and identify further efficiency options for the Council to consider as part of the next MTFs to achieve a balanced budget over the medium term. The Council will continue to meet these challenges as it has done in the past, taking steps to manage this by considering modernisation and rationalisation.
- In carrying out its review of the Rosendale Improvement Plan Internal Audit identified a need for improvement in the training and induction process particularly in respect of Fraud training, this is due to be implemented during 2021/22 – The induction process was improved in 2021/22 and fraud training was carried out for Members and Officers during 2021/22 and 2022/23.
- In order to support the procurement strategy the Council is investigating options to obtain specialist procurement support from another organisation, this is being lead by the Chief Finance Officer – In June 2022 the Council engaged with Star Procurement to provide specialist procurement support.

7) Conclusion

On the basis of the work carried out, we are satisfied that the Council is will be able to fully implement the Governance Framework during 2021/22. We will continue to progress, implementing improvements to further enhance our governance arrangements. We will monitor any further implementations as part of our next annual review.

The Covid-19 pandemic is having a significant impact and it is paramount that the Council's governance arrangements remain robust and effective. The impact of Covid-19 will be considered in all governance arrangements. All risks reviews will be reviewed taking into account the impact of Covid-19 on services and processes. Both Members and officers will need to be vigilant to ensure that our governance arrangements remain robust and sustainable and remain effective during this period of uncertainty and high risk.

Signed:

On behalf of Rosendale Borough Council

Alyson Barnes

Rob Huntington

Leader of Council

Chief Executive

Statement of Responsibilities

The following responsibilities are placed upon the authority and the 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 Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

As Chief Finance Officer, I am responsible for the preparation of the authority's Statement of Accounts in accordance with the proper practices as set out in the CIPFA/LASAAC 2019/20 Code of Practice on Local Authority Accounting in Great Britain (referred to as "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;
- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of Chief Finance Officer

I certify that this Statement of Accounts gives a true and fair view of the financial position of Rosendale Borough Council at 31st March 2021, and its income and expenditure for the year ended 31st March 2021, including any known post balance sheet events as at 20th June 2023.

Signed : **Karen Spencer**
Chief Finance Officer

Dated 20th June 2023

Approval of Accounts

These unaudited Statement of Accounts for 2020/21 were submitted for public inspection and external audit on the 20th June 2023.

Signed : **Councillor M Smith**
Chair of the Audit and Accounts Committee

Dated _____ 2023

Core Financial Statements

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) shows the cost of providing services in the year in accordance International Financial Reporting Standards, rather than the amount to be funded from Council Tax and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations, these adjustments are reversed in the Movement in Reserves Statement.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2019/20			2020/21			Note
	Gross Expend £000s	Income £000s	Net Expend £000s	Gross Expend £000s	Income £000s	Net Expend £000s	
Communities Directorate	24,122	(18,440)	5,682	22,583	(17,440)	5,143	
Economic Development Directorate	7,451	(1,394)	6,057	6,587	(2,234)	4,353	
Corporate Management	3,005	(434)	2,571	4,377	(3,578)	799	
Cost of Services	34,578	(20,268)	14,310	33,547	(23,252)	10,295	
Other Operating Expenditure							
Whitworth Town Council Precept			60			61	
(Gain)/Loss on disposal of fixed assets			(449)			591	
Other Income			(3,236)			(1,508)	
Finance and Investment Income and Expenditure			1,897			1,663	2
Taxation and Non-Specific Grants			(10,456)			(8,885)	3
(Surplus)/Deficit on Provision of Services	34,578	(20,268)	2,126	33,547	(23,252)	2,217	
(Surplus)/deficit on revaluation of non-current assets			(1,015)			434	
Remeasurement of the net defined pension liability			(6,930)			4,767	31f
Other Comprehensive (Income)/Expenditure			(7,945)			5,201	
Total Comprehensive (Income)/Expenditure			(5,819)			7,418	

Core Financial Statements

Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

MOVEMENT IN RESERVES STATEMENT	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Govt Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Note
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Balance at 31 March 2019	892	5,372	3,222	946	10,432	(4,790)	5,642	
Movement in Reserves in 2019/20								
Total Comprehensive Income/(Expenditure)	(2,128)	-	-	-	(2,128)	7,945	5,817	
Adjustments between accounting basis & funding basis under regulations	2,709	-	160	299	3,168	(3,166)	2	12
Net increase/(decrease) before transfers to Earmarked Reserves	581	-	160	299	1,040	4,779	5,819	
Transfers to/from Earmarked Reserves	(473)	473	-	-	-	-	-	
Increase/(decrease) in Year	108	473	160	299	1,040	4,779	5,819	
Balance at 31 March 2020	1,000	5,845	3,382	1,245	11,472	(11)	11,461	
Movement in Reserves in 2020/21								
Total Comprehensive Income/(Expenditure)	(2,217)	-	-	-	(2,217)	(5,201)	(7,418)	
Adjustments between accounting basis & funding basis under regulations	5,568	-	(294)	675	5,949	(5,949)	-	12
Net increase/(decrease) before transfers to Earmarked Reserves	3,351	-	(294)	675	3,732	(11,150)	(7,418)	
Transfers to/from Earmarked Reserves	(3,351)	3,351	-	-	-	-	-	
Increase/(decrease) in Year	-	3,351	(294)	675	3,732	(11,150)	(7,418)	
Balance at 31 March 2021	1,000	9,196	3,088	1,920	15,204	(11,161)	4,043	
	Note	30a	30b	30c				

Core Financial Statements

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are 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; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

BALANCE SHEET	31st March 2020	31st March 2021	Note
	£000s	£000s	
Property, Plant & Equipment	29,035	27,390	13
Heritage Assets	2,405	2,403	14
Investment Property	550	550	15
Intangible Assets	28	12	16
Long-term Investments	2	2	
Long-term Debtors	469	322	19
Long-term Assets	32,489	30,679	
Short-term Investments	2,570	5,070	23
Inventories	21	21	
Short Term Debtors	4,542	6,926	22
Cash and cash equivalents	6,104	7,950	23
Assets held for sale within one year	2,796	39	24
Current Assets	16,033	20,006	
Short-term Borrowing	(234)	(234)	26
Short-term Creditors	(6,042)	(11,366)	25
Short-term Capital Grant Receipts in Advance	(41)	(41)	28
Current Liabilities	(6,317)	(11,641)	
Long Term Borrowing	(4,476)	(4,192)	26
Provisions	(1,737)	(2,427)	27
Pensions Liability	(24,533)	(28,384)	31
Long- term Liabilities	(30,746)	(35,003)	
Net Assets	11,459	4,041	
Represented by:			
General Fund	1,000	1,000	
Earmarked Reserves	5,845	9,196	29
Capital Receipts Reserve	3,380	3,086	29b
Capital Grants Unapplied	1,245	1,920	29c
Usable Reserves	11,470	15,202	
Revaluation Reserve	11,439	10,189	30a
Pension Reserve	(24,533)	(30,148)	33a
Capital Adjustment Account	11,277	10,388	30b
Deferred Capital Receipts	1,385	1,324	30c
Collection Fund Adjustment Account	421	(2,914)	30d
Unusable Reserves	(11)	(11,161)	
Total Reserves	11,459	4,041	

Core Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting periods. 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 by the recipients of services provided by the authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. The cash outflows here relate to capital spend on assets held by the Council, such as buildings, vehicles and equipment, which will be used to provide services in the future. Cash inflows relate to the sale of assets no longer required by the Council to provide its services, or capital grants and contributions received by the Council.

Cash flows arising from financing activities show the net movements in investments and borrowing during the period in accordance with the Council's treasury management strategy. These can be useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council.

CASH FLOW STATEMENT	2019/20	2020/21	Note
<i>restated</i> *	£000	£000	
Operating Activities			
Net surplus/(deficit) on the provision of services	(2,128)	(2,217)	
Adjustment for noncash movements	3,048	5,773	*
Adjustment for items that are investing and financing activities	(1,274)	3,104	
Net cash flows from Operating Activities	(354)	6,660	
Investing Activities			
Additions to property, plant and equipment & intangible assets	(6,370)	(3,994)	
Proceeds from the sale of property, plant and equipment	694	2,482	
(Increase)/decrease in Deferred Capital Receipts	174	61	
Increase/(decrease) in long-term debtors	(280)	(147)	
Other income	3,236	(1,508)	
Cash inflows - Short-term investments	23,750	(70,000)	
Cash outflows - Short-term investments	(20,250)	72,500	
Net Cash Flows from Investing Activities	954	(606)	
Financing			
Cash Inflows/(Outflows) - agency operations	-	-	
National non-domestic rates	(118)	2,341	
Council Tax	(32)	(1,265)	
Cash Inflows - New Borrowing	2,000	-	
Cash Outflows - Repayments of amounts borrowed	(234)	(284)	
Cash Inflows/(Outflows) - New long-term loans	-	-	
Cash Inflows/(Outflows) - New short-term loans	-	-	
Net Cash Flows from Financing Activities	1,616	792	
Net increase/(decrease) in Cash and Cash Equivalents	2,216	1,846	
Cash and Cash Equivalents at the beginning of the year	3,888	6,104	
Cash and Cash Equivalents at the end of the year	6,104	7,950	33b

Core Financial Statements

Note 1 Expenditure Funding Analysis

2019/20				2020/21				
Net Expenditure Chargeable to the General Fund	transfers (to)/from Earmarked Reserves	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Service Segments	Net Expenditure Chargeable to the General Fund	transfers (to)/from Earmarked Reserves	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
5,287	40	355	5,682	Communities Directorate	4,802	(79)	420	5,143
5,018	271	768	6,057	Economic Development Directorate	2,488	492	1,373	4,353
1,895	516	160	2,571	Corporate Management	1,762	(1,174)	211	799
12,200	827	1,283	14,310	Net Cost of Services	9,052	(761)	2,004	10,295
(12,308)	(1,300)	1,426	(12,182)	Other Income & Expenditure	(9,052)	(2,590)	3,564	(8,078)
(108)	(473)	2,709	2,128	(Surplus)/Deficit on Provision of Services	-	(3,351)	5,568	2,217
892	5,372			Opening General Fund/Earmarked Reserve Balance	1,000	5,845		
(108)	(473)			(Surplus)/Deficit on General Fund/Earmarked Reserve Balance as	0	(3,351)		
1,000	5,845			Closing General Fund/Earmarked Reserve Balance in Year	1,000	9,196		

Notes to the Expenditure Funding Analysis

1a Adjustments between Funding and Accounting Basis

Adjustments between Funding and Accounting basis Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2020/21					
	Adjustments for capital purposes	Net change for pensions adjustments	Other statutory differences	Total Statutory adjustments	Other (non-statutory) adjustments	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s
Communities Directorate	-	420	-	420	-	420
Economic Development Directorate	1,247	126	-	1,373	-	1,373
Corporate Management	-	211	-	211	-	211
Net cost of services	1,247	757	-	2,004	-	2,004
Other income and expenditure from expenditure funding analysis	138	91	3,335	3,564	-	3,564
Difference between General Fund/reserves surplus or deficit and Comprehensive Income and Expenditure	1,385	848	3,335	5,568	-	5,568

Comparator information for 2019/20 is shown below:-

Adjustments between Funding and Accounting basis Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2019/20					
	Adjustments for capital purposes	Net change for pensions adjustments	Other statutory differences	Total Statutory adjustments	Other (non-statutory) adjustments	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s
Communities Directorate	-	355	-	355	-	355
Economic Development Directorate	665	103	-	768	-	768
Corporate Management	-	160	-	160	-	160
Net cost of services	665	618	-	1,283	-	1,283
Other income and expenditure from expenditure funding analysis	259	745	422	1,426	-	1,426
Difference between General Fund/reserves surplus or deficit and Comprehensive Income and Expenditure	924	1,363	422	2,709	-	2,709

1) **Adjustments for capital purposes** – this column adds in depreciation and impairment and

Core Financial Statements

revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing ie minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

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

3) Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognized 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.

1b Expenditure and Income Analysed by Nature

Expenditure & Income Analysed by Nature	2019/20	2020/21
Expenditure		
Employee benefits expenses	9,664	8,807
Other service expenses	20,298	14,912
Depreciation, amortisation, impairment	6,295	10,378
Interest payments	143	151
Prescripts and levies	60	61
(Gain)/loss on disposal of assets	(449)	591
Total Expenditure	36,011	34,900
Income		
Fees, charges and other service income	(23,504)	(24,760)
Interest and investment income	75	962
Income from council tax, non-domestic rates, district rate income	(8,283)	(5,089)
Government grants and contributions	(2,173)	(3,796)
Total Income	(33,885)	(32,683)
(Surplus) or deficit on provision of services	2,126	2,217

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Note 2 Finance and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2019/20 £000s	2020/21 £000s
Interest Payable on Debt	143	151
Interest and Investment Income	(88)	(17)
Pensions - Interest Cost	2,485	2,284
Pensions - Past Service Cost	965	-
Pensions - Admin Expenses	23	25
Pensions - Interest on Assets	(1,794)	(1,759)
Trading Undertakings	163	979
	1,897	1,663

Note 3 Taxation and Non-Specific Grant Income

Financing and Investment Income and Expenditure	2019/20 £000s	2020/21 £000s
Collection Fund		
Council Tax	(5,645)	(5,826)
Council Tax re prior year deficit	-	-
Retained Business Rates	(2,369)	(2,381)
Collection Fund (surplus)/deficit		
Council Tax	(66)	63
Retained Business Rates	(203)	3,055
Revenue Support Grant	-	-
Donsted Assets	-	(34)
Non service related Government Grants	(2,173)	(3,762)
	(10,456)	(8,885)

Note 4 Trading Operations

The Council operates 3 markets in Haslingden, Bacup and Rawtenstall, which between them ensure that there is at least one market open within the borough every day of the week from Tuesday to Saturday.

The Council has 30 industrial trading units, promoting economic regeneration across the borough.

Business Offices include a small number of high-tech managed office spaces as well as conference and meeting facilities at the Business Centre, Futures Park, Bacup.

Trading Operations	Net Expend/ (Income) 2019/20 £000s	Gross Expend 2020/21 £000s	Income 2020/21 £000s	Net Expend/ (Income) 2020/21 £000s
Markets	84	106	(109)	(3)
Industrial Units	(86)	45	(482)	(437)
Business Office Facilities	165	1,461	(42)	1,419
Total Trading Accounts	163	1,612	(633)	979

Note 5 Retained Business Rates

In April 2013 Local Government funding changed with the introduction of a system of locally retained business rates. Rosendale Council now has a direct stake in the business rates collected within the

Core Financial Statements

borough and at Full Council in February the Council sets a precept based on 40% of the business rates forecast to be collected within the Borough, from which it pays a tariff to Central Government.

The Lancashire Business Rates Pool, of which Rossendale Borough Council is a member, came into effect on 1st April 2016. Under the Pool arrangements, the first 50% of business rates continue to go to Central Government, 9% goes to Lancashire County Council and 1% goes to Lancashire Fire Authority, with Rossendale Borough Council taking the remaining 40%. From that 40% Rossendale continues to pay a Tariff to the Pool. As a result, Rossendale Borough Council retains 90% of any and all surplus or deficit arising from increases in the overall business rates. Added to this, Rossendale Borough Council benefits from 100% of the business rates from renewable energy installations.

Business Rates Income & Expenditure	2019/20	2020/21
	£000s	£000s
Business Rates collected within Rossendale	12,909	12,236
Less Provision for bad debts & appeals	(106)	(2,573)
Less Cost of Collection	(97)	(97)
Net Business Rates Collected	12,706	9,566
Rosendale Borough Council Business Rates Precept	8,603	4,894
Rosendale Borough Council Renewable Energy Collections	168	173
Less Lancashire Business Rates Pool Tariff	(4,596)	(2,686)
Comprehensive Income/Expenditure - Retained Business Rates	4,175	2,381
Budgeted share of Business Rates after tariff	2,145	2,180
Surplus for Retained Business Rates	(2,030)	(201)



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Note 6 Grant Income

The Council recognised the following significant grants, contributions and donations during 2020/21:

Grants and contributions received	2019/20 £000s	2020/21 £000s
Credited to Cost of Services		
<i>Grants received for Revenue Purposes</i>		
DWP - Housing Benefits - paid to claimants	14,696	13,519
DWP - Housing Benefits - re Council Tenants	42	76
DWP - Discretionary Housing Payments	89	85
DWP - Housing Benefits - administration grant	189	184
DWP - Resource Management - Service Assurance Team	92	102
MHCLG - Flexible Homeslessness and Prevention Grant	90	96
MHCLG - Rough Sleeping Initiative	-	215
MHCLG - Business Rates Collection Grant	97	97
MHCLG - Localising Council Tax administration subsidy	92	89
MHCLG - Flood Relief & Flood Resilience	105	292
MHCLG - Town centre clean up and play area improvement	68	-
MHCLG - Future High Street Fund - Development	150	-
Covid related grants	-	4,016
Cabinet Office - Individual Electoral Registration	25	-
LCC - Domestic Abuse Grant	90	76
Historic England - Heritage Action Zone	-	28
National Lottery Heritage Fund	55	334
Contributions from developers under S106 agreements	96	-
Other minor grants and contributions	284	97
	16,260	19,306
<i>Grants received for Capital Purposes</i>		
LCC Better Care Fund - Disabled Adaptations Grant	1,753	1,161
Lancashire County Council	-	70
Lancashire Environmental Fund	34	126
Historic England - Heritage Action Zone	-	95
Lancashire Enterprise Partnership	-	1,127
National Lottery Heritage Fund	69	1,007
Misc Contributions	12	103
	1,868	3,689
Total in the CIES Cost of Services	18,128	22,995
Credited to Taxation and Non-Specific Grant Income		
MHCLG - New Homes Bonus	485	302
MHCLG - Business Rates Reliefs	1,688	3,461
Non-Specific Grants in the CIES	2,173	3,763



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Note 7 Members Allowances

An Independent Remuneration Panel meet at a minimum of every 4 years to review Member's Allowances. This group last met in June 2014, but in light of the Council's Medium Term Financial Strategy position, Council members voted to defer the proposed increase in allowances.

NB – Growth includes mobile phone expenses (as per Code) not incl in 2019/20.

Total Cost of Elected Members	2019/20 £000s	2020/21 £000s
Basic Allowance	120	120
Special Responsibility Allowance	70	70
Employers National Insurance incurred	3	3
Mileage, subsistence & other reimbursements	1	11
	194	204

Note 8 Senior Officers' Remuneration

The table below shows remuneration details for the Chief Executive and the Senior Officers directly responsible to him, along with their respective salary (including fees and allowances), employer's pension contributions and total remuneration during 2020/21, along with prior year comparators.

The Council's current Senior Management Team was established in quarter 4 of 2019/20. Prior to this, the Senior Management Team had undergone membership changes, with periods of non-occupation in Chief Executive and Director roles. During 2019/20 the Council engaged the support of the Rosendale Leisure Trust to fulfil the vacant role of Head of Finance. The cost of this support was £21.7k. No similar support was commissioned during 2020/21. This is the cause of significant variations between 2020/21 and comparator figures for 2019/20.

Senior Officers		Salary £	Other Allowances & Expenses £	Election Duties £	Pension £	Total £
Chief Executive	2020/21	105,670	433	-	8,022	114,124
	2019/20	76,855	458	-	11,990	89,303
Director of Economic Development	2020/21	75,680	383	-	12,068	88,131
	2019/20	75,642	131	-	12,068	87,841
Director of Communities	2020/21	77,475	179	-	1,182	78,836
	2019/20	7,427	179	-	1,182	8,788
Head of Finance	2020/21	54,452	332	-	8,735	63,519
	2019/20	55,991	111	-	8,735	64,837
Legal Services Manager	2020/21	50,766	47	-	7,864	58,677
	2019/20	50,408	47	-	7,864	58,319
HR Manager	2020/21	50,538	106	-	7,864	58,508
	2019/20	50,408	615	-	7,864	58,887

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Note 9 Other Officers' Remuneration

The number of employees whose remuneration, excluding pension contributions, was £50,000 or more are listed in the table opposite in bands of £5,000.

The Code includes a requirement to disclose the costs of exit packages paid by the Council in bands of £20k. The Council has paid no exit packages, in either 2019/20 or 2020/21.

Officers with remuneration above £50,000 (excl pension)	2019/20 Number	2020/21 Number
£50,000 - £54,999	3	3
£55,000 - £59,999	2	1
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£75,000 - £79,999	1	2
£105,000 - £109,999	-	1
	6	7

Note 10 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. Disclosure of these transactions allows 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 – it is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits).

Other local authorities and precepting bodies

- payments to the Lancashire County Council Pension Fund.
- precepts in relation to Council Tax and Business Rates are paid to Central Government, Lancashire Police Authority, Lancashire Fire Authority, Lancashire County Council.
- The Lancashire Business Rates Pool.
- precept payable to Whitworth Town Council – see the Narrative Statement and the Comprehensive Income & Expenditure Statement.

Other key partners

- In June 2004 the bulk of Rosendale's Leisure Facilities transferred to the management of the newly-formed independent Rosendale Leisure Trust.
 - In previous years the Council has given the Trust an operational grant. However, the Council purchased the balance of the Haslingden Gym extension loan in November 2016 at a cost of £1,010k. The Trust now pays a rental charge for using the asset of £60k per annum for its remaining 14 year life. This represents a saving for the Trust which negated the need for any grant funding from 2017/18 onwards.
 - Since 2015/16 the Council has made three loan to the Trust
 - 2015/16 a loan of £266k was made for Grip & Go. As at 31st March 2021 that balance owed on this loan is £52k.
 - 2016/17 a loan of £41k was made for Solar Panels. As at 31st March 2021 the balance owed on this loan was £16k.
 - 2019/20 an interest bearing loan of £256k was made for gym equipment refresh at the Adrenalin Centre. As at 31st March 2021 that balance owed on this loan was £235k.

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The Council deferred payment on all the above loans for 2019/20 and 2020/21 due to Covid.

- During 2020/21 the Trust transferred monies at the end of each month. The agreement was to pay the salary costs and creditor payments within the month plus £50k to reduce the outstanding debt brought forward from previous years. This was on the understanding that £200k would be retained in the RLT bank account. The balance brought forward from 2019/20 was £55k, however due to the impact of Covid 19 the balance increased to £383k by the end of March 2021
- The £383k debt is included within Council's Sundry Debtors.
- The grip and go loan and the solar panel loans to the Trust are considered soft loans because interest payments have not been charged and are not material in 2020/21.
- To assist the Trust in its efforts to find operational efficiencies, the Council began to provide its professional financial and IT services in April 2013 under a service level agreement. No charge is made for these services.
- Community Leisure Association of Whitworth (CLAW) is a separate charitable organisation operating Whitworth Swimming Pool and Whitworth Civic Hall, for which they received £56k towards running costs in 2020/21 (£56k in 2019/20).
 - The Council has been providing payroll services for CLAW for some years on an agency basis, with the payments being reimbursed each month to the Council.
 - During 2019/20 the Council also began to provide accountancy services at nil charge to support the organisation. The inter-company cash balance at 31st March 2021 stood at £73k (£230k in 2019/20). The £73k debt is included within Sundry Trade Debtors. This amount is more than covered by the CLAW bank account balances at the year-end.
- The RTB Partnership Ltd was incorporated on the 4th February 2013, with equal partners being Rosendale Borough Council, Together Housing and Barnfield Construction Ltd. The Partnership is a vehicle to facilitate a variety of development projects across the borough and the Council contributed £74k during 2020/21 to the partnership for services provided.

Members and Chief Officers

The Council's Standing Orders make provision for a register of Members and Officers interests.

Upon review of this register it is considered that any transactions involving Members and Chief Officers with related parties have complied with the above regulations and are not material.

Note 11 External Audit Costs

The sums due from Rosendale Borough Council to the external auditors for works carried out relating to the year of account 2020/21 were:-

Audit costs	2019/20 £000s	2020/21 £000s
Fees payable in respect of external audit of accounts	35	35
Share of redistribution of surplus funds on national PSAA Account	-	(4)
Fees payable for non-audit assurance work	9	21
	44	52

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Note 12 Adjustments between Accounting Basis and Funding Basis under regulations

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

The table below details the changes in 2020/21 while the financial year 2019/20 can be found on the opposite page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2020/21			
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves
	£000s	£000s	£000s	£000s
Capital Adjustment Account adjustments				
Depreciation of Property, Plant & Equipment (PPE)	751	-	-	(751)
Impairment of Property, Plant & Equipment (PPE)	559	-	-	(559)
Revaluation gain/loss on Property, Plant and Equipment (PPE)	3,302	-	-	(3,302)
Deferred Capital Receipts	67	-	-	(67)
Amortisation of Intangible Assets	16	-	-	(16)
Revenue Expend funded from Capital under Statute (REFCUS)	1,148	-	-	(1,148)
REFCUS for Empty Homes Scheme	(73)	-	-	73
Net book value of assets sold	3,073	-	-	(3,073)
Donated Assets	(34)	-	-	34
Statutory provisions for financing of capital investment (MRP)	(465)	-	-	465
Capital Expend charged to General Fund	(241)	-	-	241
Capital Expend charged to General Fund Empty Homes	553	-	-	(553)
Capital Receipts Reserve adjustments				
Transfer of cash proceeds of assets sold	(2,482)	2,482	-	-
Other Income	(1,508)	1,508	-	-
Use of Capital Receipts Reserve to fund capital spend	-	(1,617)	-	1,617
Capital Grants Unapplied Account adjustments				
Capital grants and contributions credited to the CIES	(675)	-	675	-
Application of grants to the Capital Adjustment Account (CAA)	(2,606)	-	-	2,606
Application of grants to the CAA Empty Homes Scheme	-	-	-	-
Pensions Reserve adjustments				
Employer contributions paid to the Pension Fund	(1,005)	-	-	1,005
Net IAS19 charges made for retirement benefits	1,853	-	-	(1,853)
Collection Fund Adjustment Account adjustments				
Difference between the Council Tax and Non-Domestic Rates income credited to the CIES and that calculated in accordance with statutory requirements	3,335	-	-	(3,335)
Adjustments between accounting basis & funding basis under regulations	5,568	2,373	675	(8,616)

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Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2019/20			
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves
	£000s	£000s	£000s	£000s
Capital Adjustment Account adjustments				
Depreciation of Property, Plant & Equipment (PPE)	934	-	-	(934)
Impairment of Property, Plant & Equipment (PPE)	106	-	-	(106)
Revaluation gain/loss on Property, Plant and Equipment (PPE)	4,185	-	-	(4,185)
Deferred Capital Receipts	185	-	-	(185)
Amortisation of Intangible Assets	16	-	-	(16)
Revenue Expend funded from Capital under Statute (REFCUS)	1,137	-	-	(1,137)
REFCUS for Empty Homes Scheme	(195)	-	-	195
Net book value of assets sold	245	-	-	(245)
Statutory provisions for financing of capital investment (MRP)	(539)	-	-	539
Capital Expend charged to General Fund	(421)	-	-	421
Capital Expend charged to General Fund Empty Homes	110	-	-	(110)
Capital Receipts Reserve adjustments				
Transfer of cash proceeds of assets sold	(694)	694	-	-
Other Income	(3,061)	3,061	-	-
Use of Capital Receipts to fund capital spend	-	(3,597)	-	3,597
Capital Grants Unapplied Account adjustments				
Capital grants and contributions credited to the CIES	(299)	-	299	-
Application of grants to the Capital Adjustment Account	(785)	-	-	785
Application of grants to the Capital Adjustment Account	-	-	-	-
Pensions Reserve adjustments				
Employer contributions to the Pension Fund	(1,673)	-	-	1,673
Net IAS19 charges made for retirement benefits	3,036	-	-	(3,036)
Collection Fund Adjustment Account adjustments				
Difference between the Council Tax and Non-Domestic Rates income credited to the CIES and that calculated in accordance with statutory requirements	422	-	-	(422)
Adjustments between accounting basis & funding basis under regulations	2,709	158	299	(3,166)

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Note 13 Property, Plant and Equipment

13a Movements during the year

Movements on property, plant & equipment assets in 2020/21 were as follows:-

Property, Plant & Equipment 2020/21	Land & Buildings £000s	Vehicles, Plant, & Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under constr'n £000s	Surplus Assets £000s	Total Assets £000s
Cost or Valuation 1st April 2020	29,222	7,159	266	1,179	6,354	785	44,965
Additions	1,026	263	44	1,161	1,517	-	4,011
Donated Assets	-	34	-	-	-	-	34
Revaluation increases/(decreases) to Revaluation Reserve	182	-	-	-	-	12	194
to Provision of Services	(4,223)	-	-	-	-	-	(4,223)
Reclassifications- to/from Assets Held for Sale	-	-	-	-	-	-	-
others	3,396	-	-	-	(3,396)	-	-
Derecognition- on disposal	(11)	-	-	-	(223)	-	(234)
Cost or Valuation 31st March 2021	29,592	7,456	310	2,340	4,252	797	44,747
Accum Depreciation and Impairments 1st April 2020	(9,383)	(5,396)	(171)	(386)	(463)	(130)	(15,929)
Depreciation for the year- to Revaluation Reserve	(144)	-	-	(2)	(147)	-	(293)
to Provision of Services	(235)	(346)	(9)	(5)	(6)	-	(601)
Impairment (losses)/reversals to Revaluation Reserve	(124)	-	-	-	-	-	(124)
to Provision of Services	(502)	-	(44)	(17)	-	-	(563)
Reclassifications	-	-	-	-	-	-	-
Derecognition- on disposal	-	-	-	-	161	-	161
Accumulated Depreciation and Impairments 31st March 2021	(10,388)	(5,742)	(224)	(410)	(455)	(130)	(17,349)
Net Book Value at 31st March 2021	19,204	1,714	86	1,930	3,797	667	27,398
Net Book Value at 31st March 2020	19,839	1,763	95	793	5,891	655	29,036

Depreciation, using the straight line method, has been charged according to the estimated life of the assets involved on the following basis.

- Operational buildings generally have a useful life of 50 years, except where expert opinion has reduced this estimate. The land upon which the buildings reside is not subject to depreciation.
- Vehicles are depreciated over a useful life of 3-7 years depending upon their technical or mechanical nature.
- Equipment such as refuse bins, are depreciated over their individual useful life determined at the point of acquisition.
- All other assets under land, assets under construction, community assets, investment and surplus assets are not depreciated.

Component accounting is applied to all revaluation exercises on the following basis.

- For all property assets, land and buildings are valued separately. Only assets with a combined land and buildings value of £500k and over will be subject to component accounting.
- Significant components are items (or groups of items) with a value of at least 25% of the total asset value.

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Fair Value Hierarchy – Surplus Assets

- Surplus assets comprise land from which the Council does not provide services. The Council has determined all of its surplus assets are valued at level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at 31 March 2020 and 2021. There were no transfers between levels during 2020/21.

Comparator movements in 2019/20 were as follows:

Property, Plant & Equipment 2019/20	Land & Buildings £000s	Vehicles, Plant, & Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under constr'n £000s	Surplus Assets £000s	Total Assets £000s
Cost or Valuation 1st April 2019	27,405	6,685	253	999	6,062	519	41,923
Additions	345	917	13	186	5,555	-	7,016
Revaluation increases/(decreases) to Revaluation Reserve	618	-	-	-	-	142	760
to Provision of Services	(4,409)	-	-	(6)	-	124	(4,291)
Reclassifications- to/from Assets Held for Sale others	-	-	-	-	-	-	-
	5,263	6	-	-	(5,263)	-	6
Derecognition- on disposal	-	(449)	-	-	-	-	(449)
Cost or Valuation 31st March 2020	29,222	7,159	266	1,179	6,354	785	44,965
Accum Depreciation and Impairments 1st April 2019	(9,008)	(5,267)	(149)	(330)	(516)	(129)	(15,399)
Depreciation for the year- to Revaluation Reserve	(72)	-	-	(1)	-	-	(73)
to Provision of Services	(183)	(519)	(9)	(55)	(6)	(1)	(773)
Impairment (losses)/reversals to Revaluation Reserve	(68)	-	-	-	-	-	(68)
to Provision of Services	-	(11)	(13)	-	7	-	(17)
Reclassifications	(52)	-	-	-	52	-	-
Derecognition- on disposal	-	401	-	-	-	-	401
Accumulated Depreciation and Impairments 31st March 2020	(9,383)	(5,396)	(171)	(386)	(463)	(130)	(15,929)
Net Book Value at 31st March 2020	19,839	1,763	95	793	5,891	655	29,036

13b Revaluation Programme

During 2020/21 the Council's property portfolio was valued by external RICS-qualified officers from Capita Symonds Ltd, PO BOX 212, Faverdale Industrial Estate, Darlington, DL1 9HN, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The Council carries out a revaluation programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

Assets valued in previous years have not undergone any material changes which would alter their valuations.

Properties regarded by the Council as operational are to be valued on the basis of existing use value or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost. Valuations of vehicles, plant, furniture and equipment are based on depreciated historic cost.

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The details below show the history of the revaluation programme and the next planned revaluation exercise for each type of asset held. Under the provisions of the Code assets of a similar type should be revalued together.

Revaluation Programme for assets under Property, Plant & Equipment	Carried at Historic Cost £000s	Assets valued at Fair Value in the year ending					Total Net Book Value £000s	Planned Next Valuation
		March 2017 £000s	March 2018 £000s	March 2019 £000s	March 2020 £000s	March 2021 £000s		
Land	104	103	-	717	75	6	1,005	2022/23
Administrative Buildings	-	-	10	1,393	-	-	1,403	2022/23
Depots and Workshops	-	62	759	-	-	-	821	2022/23
Garages	-	58	-	-	-	195	253	2025/26
Car Parks	-	29	-	-	1,086	8	1,123	2023/24
Cemeteries	-	443	136	-	-	-	579	2021/22
Sports & Leisure Facilities	113	637	1,382	7,519	2	-	9,653	2022/23
Parks, & Recreation Grounds	92	695	573	-	254	4	1,618	2021/22
Woodlands & Open Spaces	33	650	90	39	186	158	1,156	2021/22
Industrial Units	-	933	-	-	-	-	933	2021/22
Domestic Housing	-	-	80	-	106	321	507	2025/26
Business Offices/Premises	-	-	-	-	898	3,456	4,354	2023/24
Public Conveniences	-	46	46	-	10	-	102	2021/22
Bus Shelters	-	-	-	6	-	339	345	2023/24
Markets	-	-	100	-	-	-	100	2022/23
Sheltered Accommodation	-	-	-	284	-	-	284	2023/24
Plant, Vehicles & Equipment	1,618	-	-	-	-	-	1,618	n/a
Other Assets	85	269	-	8	368	79	809	various
Assets under construction	735	-	-	-	-	-	735	2021/22
Net Book Value 31st March 2021	2,780	3,925	3,176	9,966	2,985	4,566	27,398	

Note 14 Heritage Assets

Heritage Assets	Whitaker Museum Collection	War Memorials	Panoptican	Civic Regalia	Total
	£000s	£000s	£000s	£000s	£000s
Cost or Valuation 1st April 2019	1,507	109	24	545	2,185
Additions	-	-	-	-	-
Revaluation Gains	-	-	-	255	255
Revaluation Losses recognised in the Revaluation Reserve	-	-	-	-	-
Cost or Valuation 31st March 2020	1,507	109	24	800	2,440
Additions	-	-	-	-	-
Revaluation Gains	-	-	-	-	-
Revaluation Losses recognised in the Revaluation Reserve	-	(27)	(3)	-	(30)
Cost or Valuation 31st March 2021	1,507	82	21	800	2,410

The Heritage Assets held by the Council fall into four categories: Whitaker Museum Collection, War Memorials, Panoptican and Civic Regalia. All these categories have been in the Council's ownership for a number of years and are held for their intrinsic worth as opposed to potential financial gain. As such, they are unlikely to be sold.

The War Memorials and Panoptican are reported at historic cost and the Museum Collection and Civic Regalia are reported at insurance valuation. According to the Code there is no prescribed minimum period between valuations and so the Council does not intend to revalue its Heritage Assets in the near future.

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Note 15 Investment Properties

The Council has one piece of land classified as an investment property following the agreement of a long-term lease.

Fair Value Hierarchy – Investment Properties.

The Council has determined that this asset should be valued as a level 2 input, therefore, the level of rental income receivable is factored into the calculation to determine the fair value of the asset.

Investment Properties	2019/20 £000s	2020/21 £000s
Fair Value 1st April	550	550
Cost or Valuation 31st March	550	550
Gains/Losses in Fair Value	-	-
Accum Depreciation and Impairments 31st March	-	-
Fair Value at 31st March	550	550
Rental income within the year	25	25

Note 16 Intangible Assets

Intangible Assets	2019/20 £000s	2020/21 £000s
Cost or Valuation 1st April	1056	1,050
Assets reclassified to/(from) PPE	(6)	-
Cost or Valuation 31st March	1,050	1,050
Accum Depreciation 1st April	(1,006)	(1,022)
Amortisation for the period	(16)	(16)
Accum Depreciation and Impairments 31st March	(1,022)	(1,038)
Net Book Value at 31st March	28	12

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item under Property, Plant and Equipment. At Rosendale Borough Council these intangible assets comprise only purchased licenses as the Council has no internally generated software.

All software is given a finite useful life, based on assessments of the expected benefit to the Council, over which depreciation is calculated on a straight line basis. The default value for the useful life is 5 years and all current assets have been deemed to follow that standard.

Note 17 Capital Expenditure, Financing and Capitalisation of Borrowing Costs

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

17a - Capital Expenditure on Council Assets

The Capital Financing Requirements (CFR) is a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. This capital expenditure is charged to future

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years through Minimum Revenue Provision (MRP) as assets are used by the Council. Rosendale Borough Council now splits the CFR into two distinct elements; those costs pertaining to the East Lancs Empty Homes Scheme and other capital expenditure. The movement in the CFR during the year is analysed in the second part of this note.

Capital Financing Requirement	2019/20 £000s	2020/21 £000s
Opening Capital Financing Requirement	11,401	14,063
Non-Empty Homes Opening Capital Financing Requirement	10,795	13,716
Capital investments		
Property, Plant & Equipment	7,016	4,011
Intangible Assets	-	-
Revenue Expenditure funded from Capital under Statute	1,246	656
	8,262	4,667
Sources of Finance		
Capital Receipts	(441)	(2,703)
Government Grants and other contributions	(3,833)	(1,603)
Sums set aside from Revenue:-		
Direct revenue contributions	(528)	(237)
Minimum Revenue Provision (MRP)	(539)	(465)
Non Empty Homes Closing Capital Financing Requirement	13,716	13,375
Empty Homes Opening Capital Financing Requirement	606	347
Empty Homes		
Revenue Expenditure funded from Capital under Statute	109	550
Sources of Finance		
Capital Receipts	(184)	-
Sums set aside from Revenue:-		
Direct revenue contributions	(184)	-
Empty Homes Closing Capital Financing Requirement	347	897
Closing Capital Financing Requirement	14,063	14,272
Explanation of movements in the year -		
Increase in underlying borrowing (net of direct grants and contributions)	3,201	674
Repayments (MRP)	(539)	(465)
Increase/(Decrease) in Capital Financing Requirement	2,662	209

The capital expenditure shown above is split between Council-owned assets and those owned by third parties. The Council incurs capital expenditure on third party assets through schemes like the Disabled Facilities Grants (DFGs), the Bacup Townscape Heritage Initiative and the East Lancs Empty Homes Scheme. The distinction is an important one because capital expenditure on assets not owned by the Council is permitted by Statute, but is accounted for as revenue expenditure, along with its respective funding. Hence, in the table above there are details of 'Revenue Expenditure funded from Capital under Statute' (REFCUS) and funding from grants and other receipts and contributions, not from MRP.

17b – Capital Commitments

As at 31st March 2021, the Council was contractually committed to a total of £3.587m (£3.720m 2019/20). The individual capital schemes are listed below:-

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Contractual commitments	31 st March 2021 £000s
Rising Bridge Play Area	40
Futures Park Plot 1	228
Futures Park Plot 2	191
Whitaker Museum Refurbishment	381
Town Square Public Realm	500
Bacup Historic England	2,220
Variou small projects	27
	3,587

Note 18 Leases

18a - Authority as Lessee

During 2014/15 the Council became directly responsible for the leases of domestic properties under the East Lancashire Empty Homes Scheme which were to be met from future rental incomes. The Council has contracted with managing agents to manage the properties on its behalf, with the majority of properties being managed by Calico Housing Ltd. The managing agents arrange the contracts with tenants, collect the rent and pay the leases over to the property owners. The lease commitments shown below refer solely to the properties which the Council is in the process of returning to the owners at which point all future lease commitments shown below will be extinguished.

Authority as a Lessee	<i>restated</i>	2019/20 £000s	2020/21 £000s
Lease Payments within the year	*	333	215
Future minimum lease commitments			
Amounts falling due within 1 year	*	215	212
Amounts falling due within 2-5 years	*	442	230
Amounts falling due within 6-10 years		-	-
Total Minimum Lease Payments		657	442

18b – Authority as Lessor

The Council leases out land and property under operating leases for services sport and leisure, regeneration and commercial use.

Authority as a Lessor	2019/20 £000s	2020/21 £000s
Not later than one year	64	452
Later than one year and not later than five years	32	1,622
Later than five years	-	6,398
	96	8,472

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

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Note 19 Long-term Debtors

The analysis of the long-term debt outstanding at the balance sheet date is:

Long Term Debtors	Ross'dale Leisure Trust £000s	Empty Homes Loans £000s	Other loans & mortgages £000s	Total £000s
Debt Outstanding 1st April 2019	34	1,558	98	1,690
Advances	-	10	-	10
Receipts	(1)	(193)	(26)	(220)
	33	1,375	72	1,480
Expected Credit Loss Impairment	-	(1,011)	-	(1,011)
Balance at 31st March 2020	33	364	72	469
Debt Outstanding 1st April 2020	33	1,375	72	1,480
Advances	-	6	-	6
Receipts	(2)	(67)	-	(69)
Write-offs	-	-	(72)	(72)
	31	1,314	-	1,345
Expected Credit Loss Impairment	-	(1,023)	-	(1,023)
Balance at 31st March 2021	31	291	-	322

The East Lancs Empty Homes Strategy moved into full operation during 2013/14. Funded by the Homes and Communities Agency (HCA) in the first instance, this programme saw long-term empty properties across East Lancashire brought back into use. Any renovation costs, shown above as advances, are being recouped from property rentals during the life of the lease, shown above as receipts. At the end of the lease these properties revert to their owners.

During 2020/21 Rosendale Ski Slope became part of the Rosendale Leisure Trust Group, as part of the acquisition the Council agreed to write off a £72k loan to Rosendale Ski Slope.

Note 20 Financial Instruments

Categories of Financial Instruments

The following categories of financial instruments are carried on the Balance Sheet:

20a - Categories of Financial Instruments

Financial Assets - Balances at Amortised Cost	2019/20		2020/21	
	Long Term £000	Short term £000	Long Term £000	Short Term £000
Investments	2	2,570	2	5,070
Cash and Cash Equivalents	-	6,104	-	7,950
Debtors	469	1,223	322	1,741
<i>Debtors that are not financial Instruments</i>		3,319		5,185
<i>Total Debtors</i>	469	4,542	322	6,926
Total Financial Assets	471	9,897	324	14,761

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Financial Liabilities - Balances at Amortised Cost	2019/20		2020/21	
	Long Term £000	Short term £000	Long Term £000	Short Term £000
Borrowing	(234)	(4,476)	(234)	(4,192)
Creditors	-	(1,900)	-	(2,321)
<i>Creditors that are not financial Instruments</i>		(4,142)		(9,045)
<i>Total Creditors</i>		(6,042)		(11,366)
Total Financial Liabilities	(234)	(6,376)	(234)	(6,513)

The Financial Instruments categorised above represent:

Financial Assets

- Amounts shown under Investments consist of cash held by the Council, bank accounts and short term investments.
- Amounts shown under Long-Term Debtors consist of loans to property owners under the Empty Homes scheme and a loan to Rosendale Leisure Trust.
- Amounts shown under Short-Term Debtors represents net operational (sundry) debtors.

Fair Value Hierarchy of Investments - The investments above were assessed as level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at 31 March 2020 and 2021.

Financial Liabilities

- Amounts shown under Long-Term and Shot-Term borrowings are loans with the Public Works Loan Board.
- Amounts shown under Short-Term Creditors are the Council's operational creditors.

20b - Financial Instrument Gains/Losses

The amounts shown below are recognised in the Comprehensive Income and Expenditure Statement under the (Surplus) or Deficit on Provision of Services:

Income & Expenses Gains and Losses	2019/20 £000	2020/21 £000
Financial Liabilities		
Interest Expenses	143	151
Financial Assets		
Interest Income	(88)	(17)
Net (Gain)/Loss charged to Surplus or Deficit on Provision of Services	55	134

20c - Fair value of assets and liabilities carried at amortised cost

Financial liabilities and assets represented above under Categories of Financial Instruments are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the

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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 the fair value was calculated by reference to the premature repayment set of rates in force on 31st March 2020 and 31st March 2021 respectively.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced amount.

The fair values are calculated as follows:

	31st March 2020		31st March 2021	
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Borrowings	(4,710)	(5,058)	(4,426)	(5,262)
Short Term Creditors	(1,900)	(1,900)	(2,321)	(2,321)
Total Financial Liabilities	(6,610)	(6,958)	(6,747)	(7,583)
Long Term Investments	2	2	2	2
Investments <1 year	2,570	2,570	5,070	5,070
Long Term Debtors	469	469	322	322
Short Term Trade Debtors	1,223	1,223	1,741	1,741
Cash and Cash Equivalents	6,104	6,104	7,950	7,950
Total Financial Assets	10,368	10,368	15,085	15,085

At March 2021 Rosendale Borough Council had two outstanding PWLB loans. One was taken out in March 2010 for 25 years at a fixed rate of 4.49%, the other was taken out in August 2019 for £2m over 20 years at a fixed interest rate of 1.34%. The premature repayment rates applicable on 31st March 2021 were 3.05% and -0.32% respectively. The figures for fair value above were £3,306k and £1,956k, as supplied by the Council's treasury management advisor, Link Asset Services. For a sensitivity analysis, Link Asset Services have confirmed that similar new loans on the 31st March 2021 at the discount rates above would have reduced the fair value of the loan at the end of 2020/21 by £350k to £4,912k.

The Council's portfolio of treasury management investments does not include any long-term deposits over 365 days. For investments under 365 days the deposit value is taken as a fair approximation of their value.

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

Note 21 Nature and extent of risks arising from Financial Instruments

Key Risks

The Council's activity exposes 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 Council;
- Liquidity risk the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risks the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates movements.

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Overall procedures for Managing Risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework set out in the

Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
 - the Council's overall borrowing;
 - it's maximum and minimum exposures to fixed and variable rates;
 - it's maximum and minimum exposures of the maturity structure of its debt;
 - it's maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These requirements are known as Prudential Indicators and are required to be reported and approved alongside the Council's annual Council Tax budget setting in February, along with the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported monthly to Members.

These policies are implemented by the Council's Financial Services staff. The Council maintains 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 through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed annually.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, and credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria and limits approved by the Council.

The Council maintains strict criteria for investment counterparties and monitors activity against these criteria. As a result of this high credit criteria there has been no experience of defaults. The Council refers to an approved list of organisations for investment purposes, assessed by the rating agencies, consisting of major banks, building societies and other local authorities. Maturity limits apply for each counterparty category and maximum investment limits also exist per counterparty and per sector.

No breaches of these criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any counterparty in relation to financial deposits.

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default assessed by the ratings agencies and the Council's experience of its customer collection levels over the last three financial years, adjusted to reflect current market conditions.

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21a Credit Risk

Credit Risk	Actual Amount March 2021 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure March 2021 £000s	Estimated maximum exposure March 2020 £000s
Cash and Cash Equivalents	7,950	0.00%	0.00%	-	-
Investments - Bank Deposits	5,070	0.00%	0.00%	-	-
Investments - Others	-	0.00%	0.00%	-	-
Long Term Debtors	322	0.00%	0.00%	-	-
Short Term Trade Debtors	1,741	6.60%	7.00%	427	375
Total Financial Assets	15,083			427	375

21b Trade Debtors

The Council does not generally allow credit for its trade debtors. The Council reports the level of trade debts outstanding each quarter in the financial monitoring report to Cabinet, which is available on the website. The balance of Trade Debtors at 31st March 2021 stood at £2,870k (£2,045k at March 2020). Against this the Council held an Expected Credit Loss Impairment of £1,129k (£822k at March 2020), as shown in the table below.

Short Term Trade Debtors by age	31st March 2020 £000s	31st March 2021 £000s
Less than 3 months	955	1,322
Three to six months	12	62
Six months to one year	192	70
Over one year	886	1,416
Expected Credit Loss Impairment	(822)	(1,129)
Total Net Trade Debtors	1,223	1,741

Liquidity Risk

The council has ready access to borrowings from the Public Works Loan Board for long term borrowing and the Money Markets to cover any day-to-day cash flow need. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury management and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice. The Council's performance in managing its current cash position is reported each month in the financial monitoring reports available on the website.

Refinancing and Maturity Risk

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments of greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategy addresses the main risks and sets the operational parameters should the Council ever need to borrow funds.

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Market Risk

There are three related risks the Council is aware of: interest rate risk, price risk and foreign exchange risk.

Interest Rate Risk

The Council has limited exposure to interest rate movements on its borrowings and investments. Borrowings are carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and reflected in the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The annual Medium Term Financial Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. The aim of the prudential indicators is to contain the activity of the treasury function within certain limits reducing the risk or likelihood of an adverse movement in certain interest rates or borrowing decisions that could impact negatively on the Council's overall financial position.

Within this Strategy prudential indicators are set which provide maximum and minimum limits for fixed and variable interest rate exposure. The Financial Services staff monitor markets and forecast interest rates within the year to adjust exposure appropriately. The indicators in force during 2020/21, which were approved along with the Council's annual budget in February 2020, are shown below.

Limits in interest rate exposure	2019/20	2020/21
Max principal sums borrowed > 364 days	£12.5m	£20.75m
Borrowing limits on Fixed Interest Rates	100%	100%
Borrowing limits on Variable Interest Rates	0%	0%
Max sums invested > 364 days	£0m	£0m
Max sums invested with single body	£8m/50%	£8m/50%
Max sums invested with any group	£10m	£10m

If all lending interest rates had been 1% higher, with all other variables held constant, the financial effect would only impact on the interest receivable on variable rate investments by an extra £126k. All other interest payable and receivable is fixed.

Price Risk

The Council does not invest in instruments with this type of risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

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Note 22 Debtors

The short-term debtors are shown below.

Debtors	31 st March	31 st March
	2020	2021
	£000s	£000s
Central Government Bodies	749	1,271
Other Local Authorities	1,708	2,848
Other entities and individuals		
Council Tax	330	326
Retained Business Rates	183	462
Advance Payments	349	278
Sundry Trade Debtors	2,045	2,870
Credit Loss Impairment	(822)	(1,129)
	2,085	2,807
Net Balance at 31st March	4,542	6,926

Note 23 Short Term Investments and Cash and Cash Equivalents

Short Term Investments and Cash & Cash Equivalents	31 st March	31 st March
	2020	2021
	£000s	£000s
Short Term Investments	2,570	5,070
Short-term Investments at 31st March	2,570	5,070
Bank Deposits - Current Accounts	6,103	7,949
Petty Cash Accounts	1	1
Cash and cash equivalents at 31st March	6,104	7,950

To allow added flexibility and speed to the response to the Covid-19 pandemic, particularly in the payment of grant support, a higher level of cash was held in the council's Bank Current Accounts at the end of the financial year.

Note 24 Assets Held for Sale

Current Assets held for sale	2019/20	2020/21
	£000s	£000s
Balance at 1st April	2,992	2,796
Revaluation gains/(losses) to the Revaluation Reserve	1	(7)
Write out NBV of Assets sold - from Revaluation Reserve	(197)	(2,750)
Balance at 31st March	2,796	39

Note 25 Creditors

Creditors	31 st March	31 st March
	2020	2021
	£000s	£000s
Central Government Bodies	1,959	8,288
Other Local Authorities	457	61
Bodies external to government		
Advance Receipts: Council Tax	86	112
Advance Receipts: Retained Business Rates	209	19
Advance Receipts: Others	1,375	510
Accumulated Absences	56	55
Sundry Trade Creditors	1,900	2,321
Balance at 31st March	6,042	11,366

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Note 26 Borrowing

In March 2010 the Council took out a PWLB loan of £4.6m over a life of 25 years at 4.49% to support the Council's capital spending, including the planned investment resulting from the Leisure Services Review. In August 2019 the Council took out a further loan of £2m over 20 years at 1.34% Repayment of both loans is based on equal instalments of principal.

PWLB Borrowing	31 st March	31 st March
	2020	2021
	£000s	£000s
Repayable in less than 12 months	234	234
Repayable between 1 and 2 years	234	234
between 2 and 5 years	702	702
between 5 and 10 years	1,170	1,170
in 10 years or more	2,370	2,086
Balance at 31st March	4,710	4,426

Note 27 Provisions

Provisions	31st March	Movement	31 st March
	2020	in	2021
	£000s	Year	£000s
Business Rate Appeals Provision	1,040	496	1,536
Strategic Housing Provision	247	(25)	222
Corporate Services	365	159	524
Other Provisions	85	60	145
Total Provisions	1,737	690	2,427

Note 28 Short-term Grant Receipts in Advance

This account holds the movements between capital grants received and those recognised through the CIES when the grant conditions have been met.

In 2017/18 a grant of £3,421k was received in advance from Lancashire County Council towards the construction of the new bus station element of the Spinning Point Phase 1 project. Construction of a new bus station began in January 2019 and the facility was opened in December 2019. The remaining grant shown below is to be used for ground works still ongoing at March 2021.

Short-term Capital Grant Receipts in Advance	31 st March	31 st March
	2020	2021
	£000s	£000s
HCA East Lancs Empty Homes Grant		
Balance Brought forward	200	-
Grant received/(repaid) in the year	(200)	-
Amounts recognised into the CIES (conditions met)	-	-
	-	-
LCC Grant for Spinning Point Phase 1		
Balance Brought forward	2,920	41
Grant received/(repaid) in the year	-	-
Amounts recognised into the CIES (conditions met)	(2,879)	-
	41	41
Balance at 31st March	41	41

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Note 29 Usable Reserves

The overall movements in the Council's Usable Reserves can be seen in the Movement in Reserves Statement. Further details on the movements in the individual Earmarked Reserves and Capital Grants Unapplied accounts can be found below, along with greater explanation of the activity on the Usable Capital Receipts Reserve.

Note 29a - Earmarked Reserves

Employment & Transport Reserve – re future investment in transport and employment opportunities.

Leisure Reserve – This reserve is held to meet any potential leisure expenditure i.e. feasibility studies

Directorate Investment Reserve – This reserve holds unspent budgets future one-off revenue projects.

Directorate Operational Reserve – This reserve holds funds set aside for ongoing or incomplete revenue projects where there is no contractual obligation but member approval has been granted.

Homelessness Reserve – This reserve holds funds for supporting ongoing and future projects to tackle homelessness within Rossendale.

Vehicle Reserve – To support vehicle maintenance costs and the rolling replacement programme.

Transitional Reserve – This reserve is to support the Council in its medium-term financial strategy.

Individual Registration Reserve – Individual electoral registration implementation began in summer 2014 and this reserve was established to hold grant funds received during 2013/14 to be matched against costs as they arose over the subsequent years.

Business Rates Retention Reserve – Following the localisation of non-domestic rates in April 2013, this reserve was established with the additional grant received for Small Business Rate Relief to support any future volatility of this new resource stream. The balance on this reserve will also be required to support the deficit on the Collection Fund Adjustment Account. Under the timings permitted by the Code each year's surplus or deficit will not impact on the CIES until the following year.

Planning Strategy Reserve – This reserve is to cover the costs of public scrutiny associated with reviews of planning strategy in the future.

Tourism Strategy Reserve – Since the Tourism Officer post was disestablished in 2011/12, monies have been set aside to allow the Council to support various events/ activities.

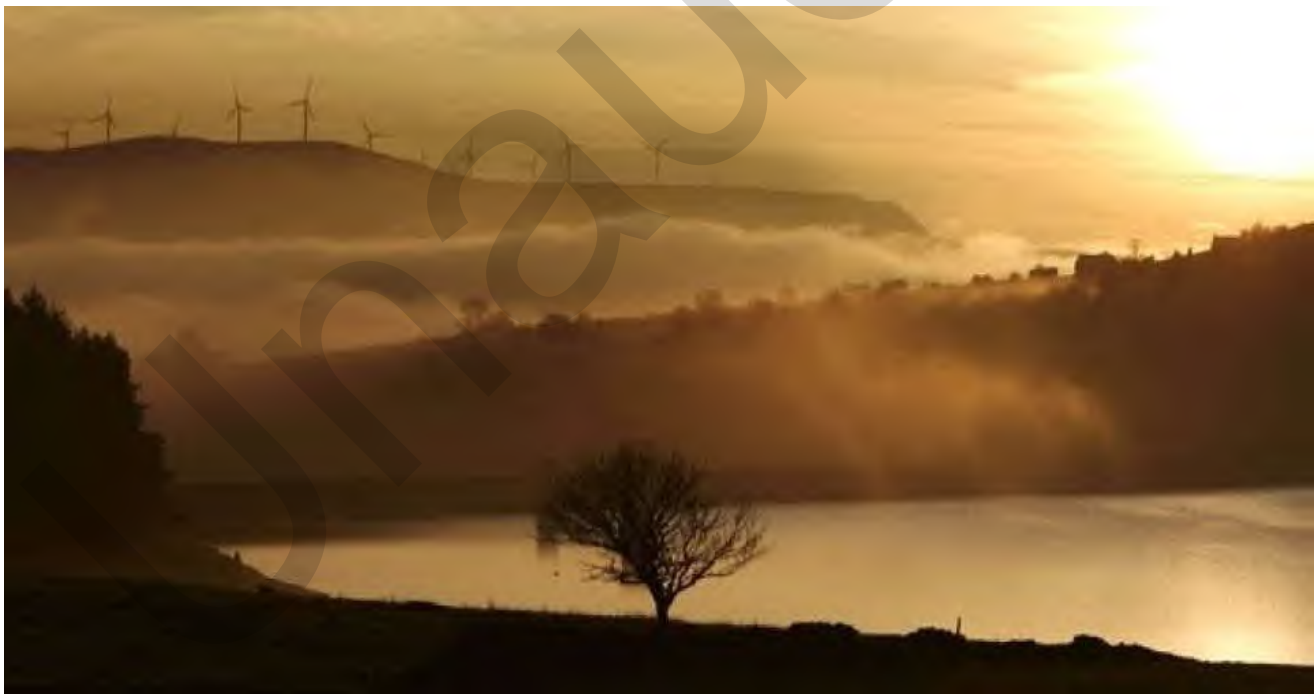
Haslingden Regeneration Reserve – The Council has previously set aside £100k to provide pump-priming funds for the wider regeneration of Haslingden.

Rawtenstall Bus Station Reserve – This reserve holds the commuted sum received from Lancashire County Council to cover future maintenance costs associated with the Rawtenstall Bus Station.

Response and Recovery Reserve – The Council received a number of grants in response to Covid19 to support service delivery and the community through the pandemic.

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Earmarked Reserves	Balance 31 st March 2020 £000s	Income & Transfer to Reserves £000s	Transfers between Reserves £000s	Utilised from Reserves £000s	Balance 31 st March 2021 £000s
Employment & Transport	816	-	-	(428)	388
Leisure Reserve	64	-	-	(9)	55
Directorate Investment	74	-	-	-	74
Directorate Operational Reserves	385	240	-	(19)	606
Homelessness	192	-	-	(3)	189
Vehicle Repairs & Replacement	189	-	-	-	189
Transitional Reserve	1,085	59	-	-	1,144
Individual Registration	73	16	-	-	89
Business Rates Retention	2,640	3,736	-	(1,663)	4,713
Planning Strategy	233	10	-	(130)	113
Tourism Strategy	51	8	-	(9)	50
Haslingden Regeneration	43	-	-	(3)	40
Rawtenstall Bus Station	-	517	-	-	517
Response and Recovery	-	1,389	-	(360)	1,029
	5,845	5,975	-	(2,624)	9,196



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Note 29b - Capital Receipts Reserve

These are capital receipts (net of asset values) which have not yet been used to finance capital expenditure or repay debt.

Usable Capital Receipts Reserve	2019/20	2020/21
	£000s	£000s
Balance at 1st April	3,220	3,378
Capital receipts in year	3,557	3,990
Capital receipts used to fund capital expend	(3,399)	(4,284)
Non Empty Homes sub-total	3,378	3,084
Empty Homes		
Balance at 1st April	2	2
Capital receipts in year	187	187
Capital receipts used to fund capital expend	(187)	(187)
Empty Homes sub-total	2	2
Balance at 31st March	3,380	3,086

Note 29c - Capital Grants Unapplied Account

Capital grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with.

Capital Grants Unapplied Account	Balance 31 st March 2020	Grants Received	Grants Applied	Balance 31 st March 2021
	£000s	£000s	£000s	£000s
Disabled Facilities Grants	1,182	1,161	(485)	1,858
Homelessness Grants	53	-	-	53
Domestic Abuse Grant	7	-	-	7
Hoarding Project Grant	3	-	(1)	2
	1,245	1,161	(486)	1,920



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Note 30 Unusable Reserves

30a Revaluation Reserve

The Revaluation Reserve contains unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis. This Reserve is matched by fixed assets within the Balance Sheet. It does not represent resources available to the authority.

Revaluation Reserve	2019/20 £000s	2020/21 £000s
Balance at 1st April	10,729	11,439
Surplus/(Deficit) on revaluation of assets in the year		
Property, Plant & Equipment	1,015	(434)
Value of assets disposed of in the year	(163)	(525)
Depreciation in the year	(74)	(145)
(Impairments)/Impairment Reversals in the year	(68)	(146)
Balance at 31st March	11,439	10,189

30b Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls mechanism.

In the main this account holds the gains on historical revaluations of the assets still held by the Council, depreciated over the life of the assets. It is managed as a total figure, not on a per-asset basis, and does not represent cash resources available to the authority.

Capital Adjustment Account	2019/20 £000s	2020/21 £000s
Balance at 1st April	12,785	11,808
Revenue and Capital Receipts used to finance capital		
Revenue Contributions	420	241
Useable Capital Receipts	549	4,284
Capital Grants and Contributions	3,833	2,606
Donated Assets	-	34
Losses on Revaluation of assets		
Property, Plant & Equipment	(4,185)	(3,302)
Write off NBV of disposals (net of Revaluation Reserve)	(82)	(2,548)
Minimum Revenue Provision for repayment of debt	539	465
Depreciation of Property, Plant and Equipment	(860)	(606)
Amortisation of Intangible Assets	(16)	(16)
Impairment of Property, Plant & Equipment assets	(38)	(413)
Revenue Expenditure funded from Capital under statute	(1,137)	(1,148)
Non Empty Homes sub-total	11,808	11,405
Empty Homes		
Balance at 1st April	(606)	(531)
Revenue and Capital Receipts used to finance capital		
Revenue Contributions	184	(553)
Useable Capital Receipts	-	-
Minimum Revenue Provision for repayment of debt	-	-
Revenue Expenditure funded from Capital under statute	(109)	67
Empty Homes sub-total	(531)	(1,017)
Balance at 31st March	11,277	10,388

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30c Deferred Capital Receipts Account

The Deferred Capital Receipts holds the value of renovation loans on the East Lancs Empty Homes properties.

Deferred Capital Receipts Account	31 st March 2020 £000s	31 st March 2021 £000s
East Lancs Empty Homes Scheme Loans		
Balance at 1st April	1,559	1,385
New Deferred Receipts	11	(67)
Amounts received	(185)	6
Balance at 31st March	1,385	1,324

30d Collection Fund Adjustment Account

The Collection Fund Adjustment Account allows for differences between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund. The balance on the account represents the Council's share of the Collection Fund surplus or deficit. The large balance relating to Business Rates is offset by Section 31 grants received from Central Government.

Rosendale Borough Council - Collection Fund Adjustment Account	2019/20		2020/21	
	Council Tax	Business Rates	Council Tax	Business Rates
	£000	£000	£000	£000
Accumulated surplus/(deficit) at 1st April	5	838	31	390
revenue	(39)	(651)	(69)	(147)
Apportioned Estimated Surplus/(Deficit) for the year	69	184	(59)	(2,048)
Apportioned Final Surplus/(Deficit) for the year	(4)	19	(4)	(1,008)
Accumulated Surplus/(Deficit) at 31st March	31	390	(101)	(2,813)

Note 31 Local Government Pension Scheme – a defined benefit scheme

The following note explains the terms and conditions of the retirement benefits of the Council officers and other employees. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme administered by Lancashire County Council – this is a funded scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Lancashire County Pension Fund is a multi-employer arrangement, under which each employer is responsible for the pension cost, liabilities and funding risks relating to its own employees and former employees. Each employer's contributions to the Fund are calculated in accordance with the LGPS Regulations, which require an actuarial valuation to be carried out every three years. The next valuation of the Fund will take place with an effective date of 31st March 2022 with any revised contributions rates being applied to the Council with effect from 1st April 2023.

Impact of McCloud judgement

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The "McCloud judgement" refers to a legal challenge in relation to historic benefit changes for all public sector schemes being age discriminatory. The Government announced in 2019 that this needs to be remedied for all pension schemes. An allowance for the financial impact has been included in the figures provided by the actuary which are in line with the Government recommendations.

Impact of Covid-19

Since February 2020 there has been substantial volatility in financial markets around the world in relation to the COVID-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in the 2020/21 accounting figures. Over the same period, the market volatility has also extended to corporate bonds, and after an initial spike the yields on AA-rated corporate bonds have reduced from previous levels. As the discount rate for accounting purposes is based on corporate bond yields, this will also impact on accounting liabilities. Finally, there has been an impact on market-implied RPI over the period, although this will in part be related to the consultation on RPI reform and demand for gilts, rather than any fundamental shift in expectations. The actuary considers that it is not possible at this point to draw any meaningful conclusions on the potential impact of COVID-19 on mortality rates going forward, and so it would be inappropriate to make any adjustments to mortality assumptions at this time.

31a - Present Net Value of Scheme

The underlying assets and liabilities attributable to Rosendale Borough Council at 31st March were:-

Present Value of Pension Assets and Liabilities Recognised in the Balance Sheet	2019/20 £000s	2020/21 £000s
Scheme Liabilities at 31 st March	(96,693)	(108,200)
Scheme Assets at 31 st March	72,160	78,052
Net Scheme Assets/(Liabilities)	(24,533)	(30,148)

During the 2019 Pensions Review the actuaries estimated that the Council could achieve savings of around £150k over the next three years if payments for 2020/21 to 2022/23 were made in advance. The Council agreed and made a payment of £2,594k in April 2020. As at the 31st March 2021 the remaining amount of this prepayment was £1,794k. Therefore on the Balance Sheet at 31st March 2021 the Scheme Liabilities are calculated as the value of the Pensions Reserve deficit of £30,148k less this advance payment of £1,764k to give Net Scheme Liabilities of £28,384k as set out in the table below:

Reconciliation of Pensions Reserve to net Pensions Liability	2019/20 £000s	2020/21 £000s
Pension Reserve	(24,533)	(30,148)
Advance Payments		
Future Service Costs		1,411
Deficit Payment		353
Net Scheme Assets/(Liabilities)	(24,533)	(28,384)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £30.1m impacts on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

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31b - Present Value of Scheme Liabilities

The following table reconciles the opening and closing values of the scheme liabilities.

Scheme Liabilities	2019/20	2020/21
	£000s	£000s
Scheme Liabilities as at 1 st April	105,060	96,693
Current Service Cost	1,357	1,303
Interest on Pension Liabilities	2,485	2,284
Member Contributions	255	276
Past Service cost/(gain)	965	-
Remeasurement of liabilities	(9,561)	11,002
Benefits/transfers paid	(3,868)	(3,358)
Scheme Liabilities as at 31st March	96,693	108,200

Of the above liabilities there is an unfunded element, for which the value at 31st March 2021 was £1,512k (£1,504k at 31st March 2020).

31c - Present Value of Scheme Assets

The following table reconciles the opening and closing values of the scheme assets.

Scheme Assets	2019/20	2020/21
	£000s	£000s
Scheme Assets as at 1 st April	74,960	72,160
Interest on plan assets	1,794	1,759
Remeasurement of assets	(2,631)	6,235
Administration expenses	(23)	(25)
Employer contributions	1,673	1,005
Member contributions	255	276
Benefits/transfers paid	(3,868)	(3,358)
Scheme Assets as at 31st March	72,160	78,052

31d - Major Categories of Scheme Assets

Scheme Assets	31st March 2020		31 st March 2021	
	£000s	%	£000s	%
Bonds	1,806	2.5%	-	0.0%
Property	1,010	1.4%	1,337	1.7%
Alternatives	68,551	95.1%	74,992	96.1%
Cash & Cash equivalents	793	1.1%	1,723	2.2%
Total Scheme Assets	72,160		78,052	

31e - Scheme Membership

The membership of the scheme was as follows:-

Scheme Membership	31st March	31 st March
	2020	2021
Active Members	151	162
Deferred Members	234	231
Pensioners	427	416
Spouses / dependents	108	114

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31f - Comprehensive Income and Expenditure Account

Authorities recognise the cost of retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so that the real cost of retirement benefits is reversed out of the in the Movement in Reserves Statement and replaced with the cash paid in the year.

The table below shows transactions within the Comprehensive Income and Expenditure Statement and the corresponding adjustments made in the Movement in Reserves Statement.

Reconciliation of the movement in the Pension Fund Reserve	2019/20 £000s	2020/21 £000s
Comprehensive Income and Expenditure Statement		
Net Costs of Services - Current Service Cost	1,357	1,303
Past Service cost/(gain)	965	-
Financing and Investment Income and Expenditure		
Interest cost	691	525
Expected return on assets in the scheme	2,631	(6,235)
Administration expenses	23	25
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	5,667	(4,382)
Other Comprehensive Income and Expenditure		
Actuarial (gains)/losses	(9,561)	11,002
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(3,894)	6,620
Movement in Reserves Statement		
Reverse net charges for retirement benefits in accordance with the Code	(5,667)	4,382
Actual charge to the General Fund Balance in the year		
Employer's contributions payable to the scheme	1,673	1,005

31g – Re-measurement impacts in the Other Comprehensive Income & Expenditure Statement

Remeasurement Gains/(Losses)	2019/20 £000s	2020/21 £000s
Experience gains/(losses)	(3,492)	(2,162)
Gains/(losses) on financial assumptions	(2,850)	13,164
Gains/(losses) on demographic assumptions	(3,219)	-
Remeasurement of Liabilities gains/(losses)	(9,561)	11,002
Net Actuarial gains/(losses) in current year	(9,561)	11,002

31h – Actual gains and losses on plan assets

The actual gains measured against experience gains/(losses) in the year can be seen in the following table, along with the relevant percentages of period-end assets and liabilities which these values represent:

Actual Gains/(Losses)	2019/20		2020/21	
	£000s	%	£000s	%
Actual Return on Plan Assets	643	0.9%	7,995	10.2%

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31i - Actuarial Assumptions

The Borough Council fund liabilities and assets have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries. The main assumptions used in their calculations at the beginning and end of the year are shown below, with an effective date of 31st March 2021.

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

Assets in the Lancashire Pension Fund are valued at fair value, principally market value for investments, and consist of the following categories, by proportion with their expected rates of return at the beginning and end of the year:

Actuarial Assumptions	Beginning of Period %	End of Period %
Duration information as at the end of the accounting period		
Estimated Macaulay duration of liabilities	14 yrs	14 yrs
Duration profile used to determine assumptions	Retired	Retired
Financial Assumptions		
Rate of CPI inflation	2.10%	2.70%
Rate of increase in salaries	3.60%	4.20%
Rate of increase in pensions	2.20%	2.80%
Discount rate	2.40%	2.10%
Post retirement mortality assumptions		
Non-retired members (retiring in the future in normal health)	S3PA CMI_2018_1.75% (110% M, 94% F)	S3PA CMI_2018_1.75% (110% M, 94% F)
Current pensioners (retired in normal health)	S3PA CMI_2018_1.75% (103% M, 91% F)	S3PA CMI_2018_1.75% (103% M, 91% F)
Life expectancy		
of a male (female) future pensioner aged 65 in 20 yrs	23.8 (26.8) yrs	23.9 (26.9) yrs
of a male (female) current pensioner aged 65	22.3 (25) yrs	22.4 (25.1) yrs
Takeup of option to convert annual pension into lump sum at retirement	50% take maximum cash, 50% take 3/80ths cash	
Market value of total fund assets		
	£8,410m	£8,438m
Last actuarial valuation	bid value at	bid value at
31st March 2019	31st March 2020	31st January 2021

31j – Sensitivity Analysis of Actuarial Assumptions

Under IFRS the assumptions made by the actuary must be submitted to a sensitivity analysis. Below are the main assumptions used by the actuary and the effects on the pension fund accounts if those assumptions changed.

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Sensitivity analysis based on assumptions as at 31st March 2021	Central Estimates for 2021/22	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.1% p.a. discount rate	+ 0.1% p.a. inflation	+ 0.1% p.a. salary inflation	+ 1 yr to member's life expect	change in investment returns	
	£000s	£000s	£000s	£000s	£000s	+1% £000s	-1% £000s
Liabilities	108,200	106,683	109,737	108,315	111,575	108,200	108,200
Assets	(78,052)	(78,052)	(78,052)	(78,052)	(78,052)	(78,844)	(77,260)
Deficit/(Surplus)	30,148	28,631	31,685	30,263	33,523	29,356	30,940
Projected current service cost	1,644	1,602	1,688	1,644	1,698	1,644	1,644
Projected net interest cost	622	618	656	626	694	605	639
Projected Employer contributions	(1,068)	(1,068)	(1,068)	(1,068)	(1,740)		(1,068)

31k – Budgeting figures used in the Assumptions

Budgets used in assumptions for following year	2019/20 £000s	2020/21 £000s
Projected Pension cost next year		
Estimated Pay	3,901	4,230
Service Cost (% of pay)	31.0%	38.5%
Implied Service Cost including interest	1,224	1,644
Net Interest Cost	577	622
Administration Expenses	23	25
	1,824	2,291
Projected employer contributions next year		
Normal contributions	(863)	(927)
£ for £ recharges	(146)	(141)
	(1,009)	(1,068)
Projected deficit/(surplus) for operations next year	815	1,223
Projected deficit/(surplus)	24,533	30,148
Projected deficit/(surplus) at end of next year	25,348	31,371

Note 32 Contingent Assets & Liabilities

Contingent Assets

There are no known contingent assets.

Contingent Liabilities

The Council is party to an ongoing claim regarding the empty homes scheme which has the potential to give risk to a liability. However, in order not to prejudice the Council's position, no further details are disclosed.

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Note 33 Cash Flow notes

Note 33a Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC	
	31st March 2020	31st March 2021
<i>restated</i> *	£000s	£000s
Adjustments for non-cash movements		
Depreciation and Impairments	1,040	1,310
Amortisation of Intangible Assets	16	16
Revaluation losses charged to Revenue	4,185	3,302
Carrying amount of non-current assets sold	245	(3,073)
Pension Fund Adjustment	1,363	(247)
Adjustments between accruals and cash accounting		
(Incr)/Decr in Long Term Debtors	280	147
(Incr)/Decr in Inventories	19	-
(Incr)/Decr in Debtors	44	(2,384)
Incr/(Decr) in Creditors	(131)	5,324
Less cash (Outflows)/Inflows from agency operations	150	(1,076)
Incr/(Decr) in Grant Receipts in Advance	(3,079)	-
Incr/(Decr) in Long-term Provisions	415	690
Incr/(Decr) in Pension Fund Prepayment	(1,499)	1,764
Adjust net surplus or deficit on the provision of services for non-cash movements	3,048	5,773
Adjustments for investing and financing activities		
Additions to PPE & intangible assets	(223)	2,350
Proceeds from the sale of PPE	(694)	(2,482)
Other income	(357)	3,236
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,274)	3,104

Note 33b Net Change in Liquid Resources

Net change in liquid resources	31 st March 2020	31 st March 2021	Movement
	£000s	£000s	£000s
Cash in Hand	1	1	-
Cash at Bank	6,103	7,949	1,846
Net Book Value at 31st March	6,104	7,950	1,846

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Note 34 Accounting Policies

1. Accounting Concepts & Principles

This Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the end of the year of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which required the Accounts to be prepared in accordance with the proper accounting practices. These practices are primarily comprised of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

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

These accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

2. Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring goods or a service to the service recipient. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

3. Accruals of Income & Expenditure

The financial statements have been prepared on an accruals basis for all transactions and balances. Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

Where income 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.

4. Employee Benefits

The code has interpreted IAS 19 *Employee Benefits* and confirmed that local authorities should account for:

- benefits payable during employment,
- termination benefits
- post-employment benefits
- pension fund accounts

Benefits Payable During Employment Short-term - employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (e.g. mobile phones) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Employee Accumulated Absence Accrual - An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the current accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday entitlement occurs.

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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 and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a 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 or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits - Employees of the Council are eligible to join the Local Government Pension Scheme, administered by Lancashire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. Retirement benefits are determined independently of scheme investments and the Council must contribute to any deficit where assets are insufficient to meet retirement benefits.

Pension Fund - The Local Government Scheme is accounted for as a defined benefits scheme:

- the liabilities of the scheme 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 earnings for current employees. Liabilities are discounted to their value at current prices, using a real discount rate of 2.4% (2.4% 2019/20) determined by reference to market yields at the balance sheet date based on high quality corporate bonds
- the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value.

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

- 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
- net interest on the net defined benefit liability, i.e. net interest expense for the Council. This is the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement
- re-measurements comprising:
 - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and,
 - actuarial gains and losses. Due to 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. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund. This is cash paid to the pension fund in settlement of liabilities.

Statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund, not the amount calculated according to the relevant accounting standards. This means that there are transfers in the Movement in Reserves Statement to remove the

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notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any amounts payable, but unpaid at the year end.

The Council 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 a member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

5. Interest

Interest paid on external borrowings is accrued in the accounts of the period to which it relates and interest earned on the external investment of surplus funds is credited to the General Fund using the effective interest method as set out in the Code.

6. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

7. Principal and Agent transactions

Where an authority is acting as a principal, transactions shall be included in the authority's financial statements. However, where authorities act as agents transactions shall not be reflected in an authority's financial statements, with the exception in respect of cash collected or expenditure incurred by the agent on behalf of the principal, in which case there is a debtor or creditor position and the net cash position is included in financing activities in the Cash flow Statement. This Council acts as an agent for the collection of council tax and non-domestic rating income.

8. Tax Income (National Non-Domestic Rates (NNDR) and Council Tax)

NNDR and Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be treated as accrued income and will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line.

As a Billing Authority, the difference between the NNDR and Council Tax 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 reported in the Movement in Reserves Statement.

NNDR and Council Tax income is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of revenue can be measured reliably.

Revenue relating to NNDR and Council Tax is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

9. 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.. These assets are further classified as follows:

- Operational land and buildings,
- Operational plant, furniture, equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems, and
- Community assets.

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- Surplus assets – held for future regeneration opportunities

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the Council will receive future economic benefits or service potential associated with the item. This excludes expenditure on routine repairs and maintenance of property, plant or equipment which is charged direct to service revenue accounts.

Capital expenditure is initially added to the value of an asset but if that is not considered to be the case it is classed as impairment.

Measurement

Non-current assets are valued on the basis recommended by the Chartered Institute of Public Finance & Accountancy (CIPFA) and in accordance with the Valuation Standards 6th Edition issued by The Royal Institute of Chartered Surveyors (RICS). Non-current assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

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 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 Council). 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.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- 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 (existing use value – EUV)

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.

Revaluation

Revaluations of fixed assets are undertaken by professionally qualified valuers on a five year rolling basis. Any unrealised gains on revaluation are shown in the Comprehensive Income & Expenditure Statement then removed in the Movement in Reserves Statement to the Revaluation Reserve on the Balance Sheet.

Revaluation gains are depreciated in line with the asset to which they relate. Future revaluation losses are matched against any balance in the Revaluation Reserve in the first instance on a strict per-asset basis, with the remaining balance being transferred to the Capital Adjustment Account.

Impairment

An impairment review is undertaken at the end of each accounting period and material changes to asset valuations are adjusted as they occur. Impairment loss on a re-valued asset is recognised in the Revaluation Reserve to the extent that the impairment does not exceed the balance in the Revaluation Reserve for that asset and thereafter as a cost to the provision of services in the Comprehensive Income & Expenditure Statement.

However, the Code stipulates that impairments do not impact on the council tax, therefore the charge is reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

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When an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement up to the amount of the original impairment 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 with a finite useful life. Useful life is estimated at the time of acquisition or revaluation. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Infrastructure, community assets and surplus non-operational assets are not depreciated each year but measured at historical cost.

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 as advised by a suitable qualified officer

Newly acquired assets are depreciated the year following acquisition, although assets in the course of construction are not depreciated until they are brought into use, thereafter an equal charge to revenue is made over the useful life of the assets.

Component Accounting

Where the asset comprises two or more major components with substantially different useful economic lives, each component should be accounted for separately for depreciation purposes and depreciated over its individual useful life. Componentisation elements are considered as assets are professionally revalued within the 5-year rolling programme.

10. Heritage Assets

Heritage Assets are:

- Tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.
- Intangible heritage assets with cultural, environmental or historical significance, such as recordings of significant historical events

For Rosendale Borough Council Heritage Assets include the Panopticon in Haslingden and the war memorials across the borough as well as civic regalia and exhibits at Whittaker Park Museum.

Where heritage assets are purchased or costs capitalised, these assets are now valued on a historic cost basis. This has occurred in examples such as the creation of the Panopticon. However, for historic assets where it is not possible to obtain a cost value commensurate with the benefit to users of the financial statements, the Council is entitled to use any method it deems appropriate and relevant. For the exhibits at Whittaker Park Museum the latest insurance values have been used as an approximation for the asset value.

Depreciation or amortization is not required on heritage assets which have indefinite lives. However, the carrying amount of such assets is reviewed regularly to ensure that they have not suffered any physical deterioration, which would be treated as an impairment.

11. Investment Properties

investment properties are those that are used solely to earn rentals or for capital appreciation, or both. This Council has one piece of land which meets the definition of an Investment Property.

Investment properties are initially measured at cost. After initial recognition they are measured at fair value. The fair value reflects market conditions at the Balance Sheet date. A gain or loss arising from a

Core Financial Statements

change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment properties are not depreciated, but are re-valued annually according to market conditions.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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

12. Intangible Assets

Intangible Assets are assets that do not have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis (e.g. software licences). They are controlled by the Council as a result of past events and future economic or service benefits flow to the Council from intangible assets. These assets are capitalised at cost and amortised (depreciated) to the relevant revenue service over their economic lives. This amortisation is then reversed out in the Movement in Reserves Statement and a transfer is made to the Capital Adjustment Account. An intangible asset is derecognised on disposal. The gains or losses arising from the disposal are recognised in the Surplus / Deficit on the Provision of Services.

13. Surplus Assets and Assets Held for Sale

When it becomes evident that the carrying amount of an asset will be recovered principally through a sale rather than its continued use, it can be reclassified as an asset held for sale. An asset can only be classed as held for sale if it is available for immediate sale in its present condition, the sale must be highly probable, it is being actively marketed and the sale should be expected to be completed within one year of its original classification. When events or circumstances extend the period beyond one year and there is sufficient evidence that the Council remains committed to the sale of the assets they are classified as long term assets held for sale.

Assets held for sale are held at the lower of the carrying amount and the fair value less cost to sell. If this results in a loss in value the loss is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous loss recognised in the Surplus/Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

If these assets no longer meet the classification of 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.

14. Leases

Finance 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 or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

There are no finance leases within the Council where the Council acts as either Lessee or Lessor.

Operating Leases

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Lessee - Rental income paid under operating leases is treated as a revenue transaction and is charged to the relevant service expenditure in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment.

Lessor - Rental Income from operating leases is recognised on a straight line basis over the lease period and is shown in the Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Assets held for use as operating leases are recorded on the Council's Balance Sheet.

15. Revenue Expenditure funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on assets not owned by the Council.

Expenditure is charged to the Surplus/Deficit on the Provision of Services as the expenditure is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

Grants receivable in relation to REFCUS are accounted for as revenue grants in the Comprehensive Income and Expenditure Statement, even if described as capital grants by the giver of the grant. Grant income is posted to the service(s) that the qualifying expenditure is charged to.

16. Government Grants and Other Contributions

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or taxation and non-specific grant income (non-ring fenced 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.

17. Capital Receipts

Amounts to be treated as capital receipts are defined by statute and usually arise from disposal of an interest in a fixed asset. Any difference between the receipt value and the carrying value of the asset in the balance sheet at the time of disposal is shown in the Comprehensive Income & Expenditure Statement as a gain or loss on disposal.

However, some statutorily defined capital receipts do not arise from the disposal of an interest in a fixed asset and as such are treated separately in the Comprehensive Income and Expenditure Statement as 'Other Income'.

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Capital receipts are not attributable to the General Fund Balance and are therefore transferred to the Useable Capital Receipts Reserve in the Movement in Reserves Statement.

18. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits available on demand. Cash equivalents are short-term (three months or less) highly liquid investments that are readily convertible to known amounts of cash with 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.

19. Short-term Investments

Short-term investments are those with a life of between 3 months and 1 year at the Balance Sheet date and are shown in the Balance Sheet at amortised cost.

20. Long-term Investments

Long-term investments are those with a remaining life of more than 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value.

21. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First in First out (FIFO) or Average (AVCO) (for vehicle fuel) costing formulas. Long term contracts are accounted for on the basis of charging the Surplus/ Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

22. 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, for which a reliable estimate can be made of the amount of the obligation. Provisions are a charge to the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

23. Contingent Liabilities

A contingent liability is either:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control, or
- (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that a transfer of economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, it is disclosed in a note to the accounts.

24. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset 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.

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25. Reserves

Reserves are classified as either 'usable' (identified and maintained for specific future purposes and contingencies and include General Fund reserve, Earmarked reserve and Usable Capital Receipts reserve) or 'unusable' (kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council) – these reserves are explained in the relevant policies.

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating 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 against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated 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.

26. Minimum Revenue Provision (MRP)

In accordance with the requirements of the Local Government and Housing Act 1989, the authority is required to set aside a minimum revenue provision for repayment of debt. Minimum Revenue Provision is a charge to the cost of services in the Comprehensive Income & Expenditure Statement. The Council calculates MRP to match the life of the asset.

27. 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

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprise:

- long-term loans from the Public Works Loan Board;
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or another financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

(i) Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash in hand
- bank current and deposit accounts
- fixed term deposits with banks and building societies
- loans to other local authorities
- treasury bills and gilts issued by the UK government
- debtors for goods and services provided

(ii) Fair value through profit and loss (all other financial assets) comprising:

- money market funds

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- pooled bond funds

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. Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes a 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 arrive in the Surplus or Deficit on the Provision of Services. Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of services in the CIES and will have a General Fund impact.

(iii) 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 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.

28. Fair Value

The Council measures some of its non-financial assets, such as surplus assets and investment properties and some of its financial instruments, 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:

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

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

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

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

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

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

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29. Prior Period Adjustments

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or estimates or from the correction of fundamental errors. The Code requires that the financial statements should disclose, where practicable the nature of the change in policy and the impact of any adjustment on the preceding accounting period where practicable. Where this is not practicable, the fact this is so and the reasons for it should be disclosed.

30. Events after the Balance Sheet date

Local authorities are required to account for events, both favourable and unfavourable, which occur between the end of the reporting period and the date when the financial statements are authorised for issue in accordance with IAS 10 *Events after the Reporting Period* and IPSAS 14 *Events after the Reporting Date*. Two types of events can be identified:

- Adjusting Events - where events arising after the balance sheet date provide additional evidence of conditions that existed at the balance sheet date and are of a material nature the amounts should be reflected in the Core Statements.
- Non-adjusting Events – events which arise after the balance sheet date and concern conditions which did not exist at that time should be detailed in Notes to the Core Statements if they are of such materiality that their disclosure is required for the fair presentation of the financial statements, rather than reflected in the Core Statements.

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



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Note 35 Accounting Standards Issued, but not yet adopted

The Council is required to disclose the impact on an accounting change required by a new accounting standard that has been issued on or before 1 January but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

The 2021/22 Code will introduce the following amendments:

- Amendments to International Financial Reporting Standard (IFRS) 3 - Business combinations : definition of a business
- Interest rate benchmark reform - Amendments to IFRS 9, International Accounting Standard (IAS) 39 and IFRS 7 - Interest rate benchmark reform
- Interest rate benchmark reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These changes are not anticipated to impact on the Council's accounts.

Future Accounting Changes

IFRS 16 Leases will lead to a substantial change in accounting practice for lessees, the current distinction between finance and operating leases will be removed. Instead, lessees are required to recognise assets and liabilities for all leases i.e. the lessee will recognise a right-of-use asset representing its right to use the leased asset; and a lease liability representing the lessee's obligation to make lease payments for the asset.

Lessees will have a single accounting model for all leases with two exemptions:

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

The implementation of IFRS 16 Leases has been deferred until 1 April 2023. The council is currently reviewing its leases to assess the impact of the change.

Note 36 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 36, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing this Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. The 2020/21 Settlement is for one year only. Beyond that, the outcome of the proposed spending review and the impact of the changes to the Business Rate Retention scheme are unknown, also the impact of the decision to leave the European Union remains unclear. In addition the global coronavirus pandemic has further increased the levels of uncertainty. The Council is recording and forecasting all additional expenditure incurred in its COVID19 response and monitoring the resulting loss of income. Government funding has been provided but, as the pandemic continues to unfold, it is unclear whether this funding will be sufficient to cover all costs and income losses.
- Estimates for depreciation of assets in any one year depend upon the forecast life of the assets. The asset life of buildings is determined by a qualified valuer at each revaluation date and in the case of vehicles, equipment and intangible assets by Council staff.
- Estimates for impairment of assets are performed by the Council's qualified valuer at the end of each year to reflect any abnormal changes in property values between full formal reviews within the 5-year rolling revaluation programme.

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- Provision for the potential cost of Non-Domestic Rating appeal refunds has been based upon appeals lodged with the Valuation Office at the 31st March and an assumed level of successful appeals based upon historical data. Officers deemed that the balance on the Provision at the 31st March 2020 was sufficient to cover the reduced value of outstanding appeals.

Note 37 Events after the Balance Sheet date

This DRAFT Statement of Accounts was authorised for release by the Chief Finance Officer on 20th June 2023. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31st March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Covid 19

The Council's focus during the period from the commencement of the COVID-19 outbreak has been to ensure that our residents and businesses are protected as much as possible from the impact of COVID-19.

The Government has provided the Council with funding to assist with any additional expenditure or loss of income the Council incurs. The Government has also supported businesses through additional rate reliefs, these reliefs are being fully funded through to Rosendale Borough Council.

The Council has assessed the short term impact of initial measures on its cash flow and at present the Council has sufficient cash balances to fund these. If required temporary borrowing arrangements will be put in place. The Council is also regularly providing feedback to Government on the measures that are being taken and the financial impact on the Council of COVID-19.

Staff availability has remained strong through the home-working and flexible working arrangements that are in place and regular business continuity updates have ensured that core services continue to be delivered effectively.

The Council quickly established a Community Support Hub with partners to ensure the effective working with our communities to assist those most in need.

The Council has some reserves which could be deployed to fund costs not met by Central Government, however the funding supplied so far will be sufficient for the short to medium term. The savings programme for 2019-20 will not be impacted and programmes in place for 2020-21 will be rigorously monitored to assess for any underlying impacts due to COVID-19, though none of these are expected to be material to financial statements.

The global pandemic has resulted in an unprecedented set of circumstances on which to base the various judgements reflected in the 2019/20 accounting statements, including valuations for the Council's property and financial assets, and its share of the Pension Fund assets and liabilities. Although these judgements have been reflected in the 2019/20 accounts, as the pandemic continues, the effects have the potential to impact these judgements further in future years.

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Note 38 Assumptions made about the future and other major 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, actual results could be materially different from the assumptions and estimates.

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	The Council's fixed assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS). The Council carries out a rolling programme that ensures all Plant, Property and Equipment required to be measured at fair value is revalued within a five year cycle. All assets reviewed had a valuation date of 1 April 2020. Any material changes after the valuation date have been accounted for.	The Council's property assets that are vulnerable to uncertainty are those valued under Current Value and Fair Value. There is the possibility that these values may change and as an illustration a 1% variation in these valuations could affect the assets values by £274k. The Council will continue to review their current valuation programme and reflect any changes in future valuation reports.
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 in pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions have been included in detail within Note 33.
Business Rates - NNDR	Since the introduction of the Business Rates Retention Scheme effective 1 April 2013, Local Authorities are liable for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A provision has been recognised for these liabilities up to and including 31 March 2021. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and with support from LG Futures. The costs will be shared between Central Government, Rosendale Borough Council, Lancashire County Council and Lancashire Combined Fire Authority.	The Council's share of the business rate appeals provision is £1.536m, this has increased by £0.792m from the previous year. The increase is to endure there is enough funding to cover estimated appeals.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement below 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.

COLLECTION FUND	2019/20		2020/21	
	Council Tax £000	Business £000	Council Tax £000	Business £000
Income				
Council Tax	39,475	-	40,949	-
Non Domestic Rates	-	12,909	-	7,555
	39,475	12,909	40,949	7,555
Expenditure				
Precepts paid out				
Lancashire County Council	27,465	2,124	28,896	1,101
Rosendale Borough Council	5,645	6,797	5,826	4,894
Rosendale Borough Council - renewable energy	-	168	-	173
Lancashire Police Authority	4,109	-	4,363	-
Lancashire Fire Authority	1,417	182	1,462	122
Other costs and provisions				
Payment to Central Government	-	37	-	115
Payment to Lancashire Business Rates Pool	-	3,035	-	6,118
Provisions for Rating Appeals	-	-	-	1,981
Impairment of Debts	390	106	841	592
Cost of Collection Allowance	-	97	-	97
	39,026	12,546	41,388	15,193
Surplus / (deficit) Council Tax	449	363	(439)	(7,638)

Collection Fund Note 1 Surplus/(deficit) apportionment to the major Preceptors

The table below shows how the surplus/(deficit) on the Collection Fund is distributed across the major preceptors on an agency basis each year.

Apportionment of in-year surplus/(deficit) to major preceptors		2019/20		2020/21	
		Council Tax £000	Business £000	Council Tax £000	Business £000
Preceptor	Lancashire Business Rates Pool	-	91	-	(3,958)
	Lancashire County Council	320	64	(313)	(640)
	Rosendale Borough Council	65	203	(63)	(2,967)
	Lancashire Police Authority	48	-	(47)	-
	Lancashire Fire Authority	16	5	(16)	(73)
	Surplus/(deficit) for the year	449	363	(439)	(7,638)

Collection Fund

Collection Fund Note 2 Council Tax Base

Council Tax derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base i.e. the equivalent number of Band D dwellings.

The basic amount of Council Tax for a Band D property rose in 2020/21 from £1,891.64 to £1,962.20 following increases by all preceptors.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2020/21 Band D Equivalent	2019/20 Band D Equivalent
Special	5/9		59.8	33.2	25.2
A	6/9	16,292	14,025.0	9,350.0	7,318.6
B	7/9	5,027	4,549.0	3,538.1	3,176.5
C	8/9	4,264	3,911.5	3,476.9	3,287.5
D	1	3,386	3,162.5	3,162.5	3,069.2
E	11/9	1,971	1,875.0	2,291.7	2,237.0
F	13/9	685	650.5	939.6	899.5
G	15/9	443	411.5	685.8	675.7
H	2	39	27.3	54.5	49.5
		32,107	28,672.1	23,532.3	20,738.7
Less adjustments for anticipated changes to the base and losses on collection				-2,897.3	-342.7
Band D equivalent number of properties				20,635.0	20,396.0

Collection Fund Note 3 Provision for Rating Appeals

Provision for Rating Appeals	2019/20		2020/21	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
Balance as 1st April	-	1,859	-	1,859
Provision made in year	-	-	-	1,981
Provision utilised in year	-	-	-	-
Balance at 31st March	-	1,859	-	3,840
Balance at 31st March - Rosendale only	-	744	-	1,536

Collection Fund Note 4 Provision for Bad Debts

Bad Debts Provision	2019/20		2020/21	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
Balance as 1st April	3,297	1,114	3,331	1,181
Provision made in year	390	106	841	591
Debts written off	(356)	(39)	(72)	(1)
Balance at 31st March	3,331	1,181	4,100	1,771
Balance at 31st March - Rosendale only	479	661	479	661

Collection Fund

Collection Fund Note 5 National Non-Domestic Rates (NNDR)

Under the current Business Rate model Rossendale Borough Council retain 40% of the business rates collected locally. Since 1st April 2016 Rossendale Borough Council has been a member of the Lancashire Business Rates Pool. For 2020/21 the Lancashire Pool. The tariff payment into the Pool for 2020/21 was £2,714k (in 2019/20 this was £3,035k).

Non-domestic rates are organized on a national basis. Central Government specifies an amount (50.4p in 2019/20 and 51.2p in 2020/21) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of their property by that amount. The rateable value for business premises in Rossendale decreased to £36,084k by March 2021, down from £36,335k in March 2020.

Since 2016/17 Rossendale Borough Council is entitled to keep 100% of the business rates from renewable energy installations. In 2020/21 renewable energy element of the business rates scheme was £173k, compared to £168k in 2019/20.

The net business rates collected within Rossendale in cash terms (before provision for bad debts and appeals) were £7,555k compared with £13,172k in 2019/20, this is mainly due to the extended retail relief awarded to support businesses during the Covid19 pandemic, which were held outside the collection fund.

Collection Fund Note 6 Council Tax for all Precepting Bodies 2020/21

Precepting Bodies	2019/20	Change	2020/21							
	Band D £		Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Rosendale	274.12	1.99%	186.38	217.44	248.51	279.57	341.70	403.82	465.95	559.14
LCC	1,250.89	1.99%	851.80	993.76	1,135.73	1,277.69	1,561.62	1,845.55	2,129.49	2,555.38
LCC - Adult Social	95.70	2.00%	81.75	95.38	109.00	122.63	149.88	177.13	204.38	245.26
Fire	69.48	1.99%	47.24	55.11	62.99	70.86	86.61	102.35	118.10	141.72
Police	201.45	4.96%	140.97	164.46	187.96	211.45	258.44	305.43	352.42	422.90
Total (excl parish)	1,891.64	3.73%	1,308.14	1,526.15	1,744.19	1,962.20	2,398.25	2,834.28	3,270.34	3,924.40
Whitworth Parish	24.10	3.99%	17.21	20.07	22.94	25.81	31.55	37.28	43.02	51.62
Total (incl parish)	1,915.74	4.72%	1,325.35	1,546.22	1,767.13	1,988.01	2,429.80	2,871.56	3,313.36	3,976.02



Glossary

Accounting Policies - The rules and practices adopted that determine how transactions and other events are reflected in financial statements

Accruals - The concept is that income is recorded when it is earned rather than when it is received and expenses are recorded when goods or services are received rather than when the payment is made.

Agency Services - Services provided by the Council, as an agent on behalf of the responsible body, where the principal reimburses the Council for the cost of the work carried out.

Auditor's Opinion - The opinion required by statute from the Council's external auditors, indicating whether the statement of accounts presents a true and fair view of the financial position of the authority.

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

Business Rates - From the 1st April 2013 non-domestic rates, or Business Rates, were localised. In the past all business rates were collected locally but then paid over to central government and each authority was paid a share of the national pool based upon their population and circumstances.

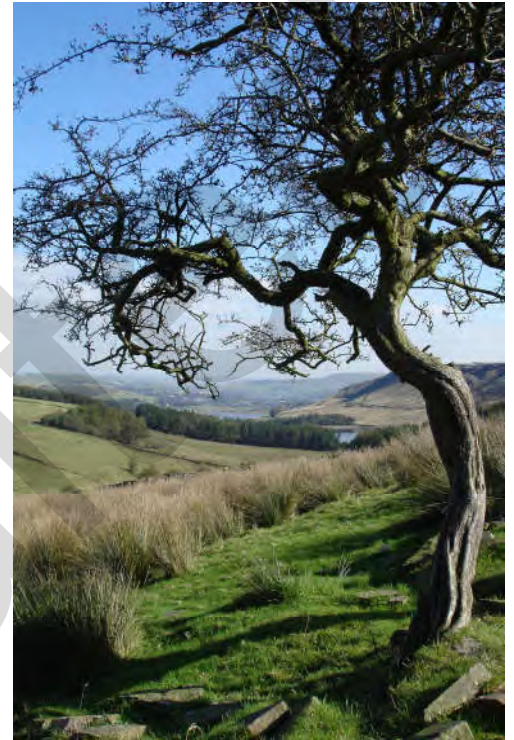
Capital expenditure - Spending on the acquisition or maintenance of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. Expenditure that does not fall within the definition must be charged to a revenue account.

Capital Receipts - Proceeds from the sale of fixed assets, such as land or buildings, or the repayment of capital grants or advances.

Chartered Institute of Public Finance and Accountancy (CIPFA) - CIPFA is one of the leading professional accountancy bodies in the UK and the only one which specialises in the public sector. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. Uniquely among the professional accountancy bodies in the UK, CIPFA has responsibility for setting accounting standards for a significant part of the economy, namely local government.

Code of Practice on Local Authority Accounting (the Code) - The Code incorporates guidance in line with International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS). It sets out the proper accounting practice to be adopted for the statement of accounts to ensure they give a 'true and fair' view of the financial position, financial performance and cash flows of the Council.

Collection Fund - The Collection Fund is a separate statutory fund which Billing Authorities have to maintain. It shows the transactions in relation to collection from taxpayers of National Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to Precepting Authorities and the General Fund.



Glossary

Collection Fund Adjustment Account - Holds that portion of the Collection Fund cumulative balance attributable solely to Rosendale Borough Council.

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. Examples of community assets are parks and historic buildings.

Department for Levelling Up, Housing and Communities (DLUHC) - The Department for Levelling Up, Housing and Communities, formerly the Ministry for Housing, Communities and Local Government, is the Government department responsible for housing, communities, local government in England and the levelling up policy

Creditor - An amount owed by the Council for goods received, or services rendered to it within the accounting period, but for which payment has not been made.

Debtor - An amount of income due to the Council within the accounting period but not received at the balance sheet date.

Deferred capital receipts - Capital receipts to be received by instalments over agreed periods of time.

Depreciation - The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset.

DWP - The Department of Work and Pensions funds the Housing and Council Tax Benefits payable to borough residents and also funds the administration of those benefits.

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

Events after the Balance Sheet Date - These are events, favourable or adverse, that occur between the Balance Sheet date and the date when the Statement of Accounts are authorised for issue.

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

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

Financial instruments - Financial instruments are cash, evidence of an ownership interest in an entity, or a contractual right to receive, or deliver, cash or another financial instrument. Financial instruments can refer to both receivables (including debtors and other investments) and payables (including creditors and other liabilities or borrowings).

General Fund - This is the main revenue account of the Council covering day to day spending on services other than the provision of housing. Credited to the fund are charges made by the Council, specific Government and other grants and receipts from the Collection Fund.

Governance Framework - Authorities have a responsibility to ensure that their 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 governance framework comprises the systems and processes, and culture and values by which the Council is directed and controlled and its activities through which it accounts to and engages with and leads the community.

Glossary

The principles of this framework were laid down by the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

Heritage Assets - These assets are held due to their historical, artistic, scientific, technological, geophysical or environmental qualities. They are intended to be preserved in trust for future generations, which are held and maintained for its contribution to knowledge and culture.

Impairment - A measure of abnormal consumption of the economic benefit of an asset over and above the normal annual depreciation.

Infrastructure assets - 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 - Intangible assets are non-financial assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights, such as software. Intangible assets are capitalised at cost and depreciated to the revenue account over their useful economic life.

Internal Borrowing - Whilst capital resources cannot be used to fund revenue works, revenue reserves can be used to support the costs of capital projects, either permanently, or temporarily. Temporary revenue funding is known as Internal Borrowing and these funds are repaid over the life of the asset in a process called the Minimum Revenue Provision (MRP). When the Council has the revenue reserves to do this it is usually a cheaper option than external borrowing.

Joint Venture - A joint venture is a joint arrangement whereby the parties who have joint control of the arrangement have rights to the net assets of the arrangement.

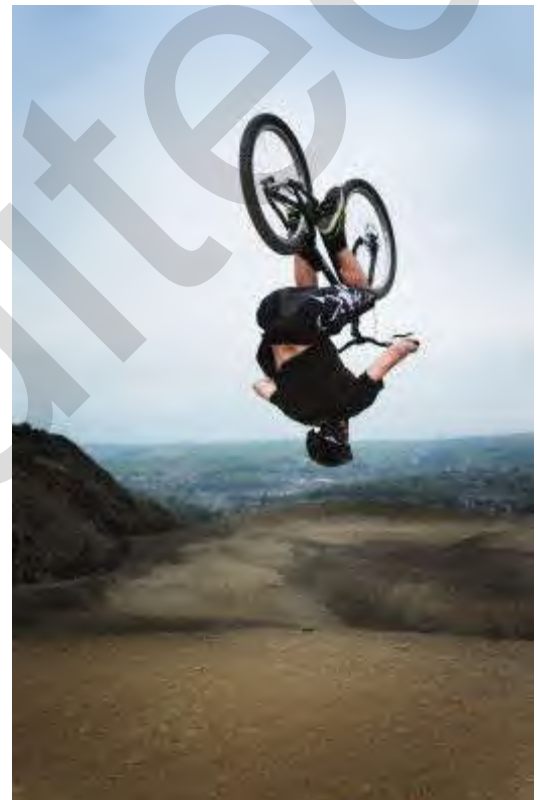
Leasing - A method of utilising assets where a rental charge is paid for a specified period of time, instead of outright purchase.

Loans outstanding - The total amounts borrowed from external lenders for capital and temporary revenue purposes but not repaid at the balance sheet date.

Materiality - Materiality is a concept within auditing and accounting relating to the importance of an amount, transaction, or discrepancy. Information is material if its omission or misstatement could influence the economic decision of users taken on the basis of the financial statements and depends on the size of the item or the particular circumstances of its omission or misstatement.

Minimum Revenue Provision (MRP) - MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

National non-domestic rates (NNDR) – NNDR 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.



Glossary

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

Operational assets - Assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precept - The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Tax payers on their behalf, for example Lancashire County Council is a precepting authority which requires Rossendale Borough Council to collect an amount from each householder within the borough.

Prior Period Adjustment - Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision - An amount set aside in the accounts for liabilities which are likely or certain to be incurred but the exact amount and dates are not currently known.

Public Works Loan Board (PWLB) - An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities

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

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

Reserve - 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.

Revenue Expenditure Funded from Capital under Statute (REFCUS) - Expenditure that does not result in creation of a non-current asset, but can be classified as capital for funding purposes. Such expenditure is charged to the Comprehensive Income and Expenditure Statement and an adjustment made in the Movement in Reserves Statement to enable the expenditure to be funded from capital resources rather than impact on the Council Tax. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Unaudited