



**Councillor A. Barnes**  
Council Leader



**Councillor A. Kenyon**  
Mayor



**S. Sugarman**  
Chief Executive



**P. Seddon**  
Head of Finance

**DRAFT**

**Statement of Accounts 2017/18**

**as at 18th June 2018**

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# Audit Report

This DRAFT Statement of Accounts 2017/18 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.





# Annual Governance Statement

## Introduction by the Head of Finance

This booklet presents the Council's accounts for the year ended 31<sup>st</sup> March 2018. It conforms to the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), which is based on the International Financial Reporting Standards (IFRSs). It also complies with the Accounts and Audit Regulations 2015 including the Narrative Statement and at Note 2 the Expenditure and Funding Analysis. The layout and purpose of each statement is as follows:-

### Introductory Statements

- Narrative Report - provides interested parties with an effective guide to the most significant matters reported in the accounts. 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. It includes a General Fund Summary which compares the financial out-turn with the Budget set in March 2017.
- 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.
- The Group Accounts - the Group Accounts show the consolidated financial position of the Council, including its interest in Rossendale Transport Limited.

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

# Annual Governance Statement

## Rossendale – geography, economy and our priorities for 2017/18

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

We have a population of around 69,000 which is expected to rise to around 71,000 by 2020.

Rossendale 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.

Rossendale is a distinctive part of East Lancashire with its dramatic scenery, rich heritage and characterful features.

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



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

### Our people:

There were 31,670 dwellings in the borough at the beginning of 2017/18, 85% of which were owner occupied or private rented in Rossendale. In common with other East Lancashire authorities, Rossendale has a high proportion of its housing stock in the lowest category 'A' council tax band, over 51% and around 4.0% of dwellings were vacant.

A total of 12.2% of Rossendale households were in fuel poverty in 2015 compared to the England average of 11.0%. The main factors that determine this are the energy efficiency status of the property, the cost of energy, and household income. At the same time the national indices of deprivation revealed that Rossendale was the 98th most deprived area out of the 326 districts and unitary authorities in England. However, the authority has around 2,250 of state pension claimants, the smallest number in Lancashire.

### 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 with 2,590 active enterprises in Rossendale and we are proud that two local companies recently won a Queen's Award for Enterprise, namely Linemark UK Limited in Rawtenstall and Slingco Ltd in Whitworth.

### 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.

# Annual Governance Statement

## 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
- In an average month we collect 1,200 tonnes of general waste, 260 tonnes of glass, cans and plastic and 170 tonnes of paper get 2017/18 actuals

20 littering and 90 dog-fouling cases pursued in 2017/18
93 fly tipping cases pursued in 2017/18
1,076 likes on our environmental face-book page
Over 4,400 signed up for new green waste service
Delivered over £2.2m of flood resilience works since Storm Eva in Dec 2015

### 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

## 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
- Working with public transport providers to deliver the best public transport for Rossendale

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



# Annual Governance Statement

## 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

## 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

Secured a £3m investment in Rossendale buses for 2018/19
Launched “Invest in Rossendale”
Held mtgs with land owners & developers at 4 key employment sites
Secured funding for Ski Rossendale development grant
Assisting with Whitaker Heritage Lottery Fund bid

## 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
Local lad Tom Hamer won medals in the Olympic & Commonwealth para-games
4 Neighbourhood Forums gave out £21k in grants to 36 local community groups
Communities team working to support WW1 centenary commemorations
Achieved 7 new affordable housing units, compared to a target of 25 – but work is ongoing to identify more sites



# Annual Governance Statement

## Rossendale folk - the people behind the borough

### Our councillors

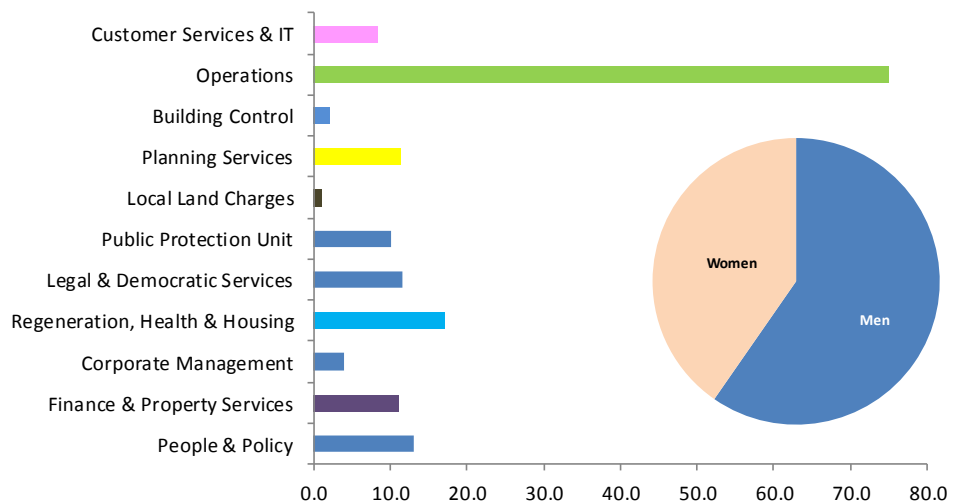
We have 36 councillors in Rossendale serving 14 wards across the borough. At the start of the 2017/18 Municipal year the political balance was as follows

- 22 Labour
- 13 Conservative
- 1 Community First

### Our staff

The Council employs 171 people across its services, 40% 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 171 employees 40% are women and 44% are over 50.

### Staff employed across services in 2017/18



### Our Senior Management Team



**Stuart Sugarman**  
Chief Executive



**Sam Plum**  
Director of  
Communities



**Cath Burns**  
Director of  
Economic  
Development



**Phil Seddon**  
Head of  
Finance



**Clare Birtwistle**  
Legal Services  
Manager



**Clare Law**  
HR Manager

# Annual Governance Statement

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.



**Rossendale Leisure Trust** provides the sports facilities provision in the Borough, with **Community Leisure Association Whitworth** providing them in Whitworth.



The NHS and **East Lancashire Clinical Commissioning Group** are the health providers for Rossendale. Main hospital services are provided by **East Lancashire Hospitals NHS Trust**. Some other facilities are run by the **Lancashire Care NHS Foundation Trust**.



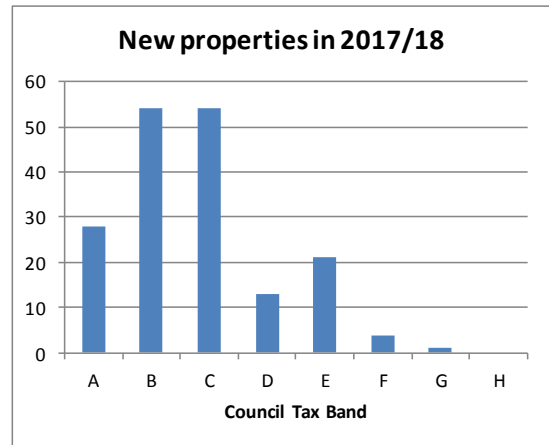
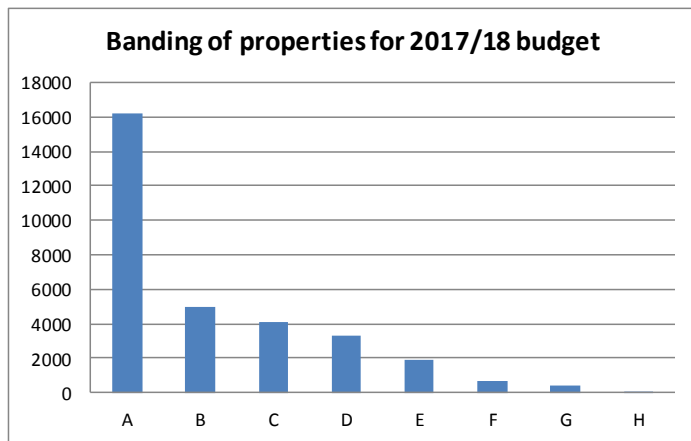
**Lancashire Constabulary** is the local police force.  
**Lancashire Fire and Rescue** provide our fire service.  
**Lancashire County Council** upper tier responsibilities



# Annual Governance Statement

## Council Tax in Rossendale

Over 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 10.4% of properties in Rossendale fall into this band. The total number of properties when the 2017/18 Council Tax was set was 31,670, up by 175 from 2016/17.

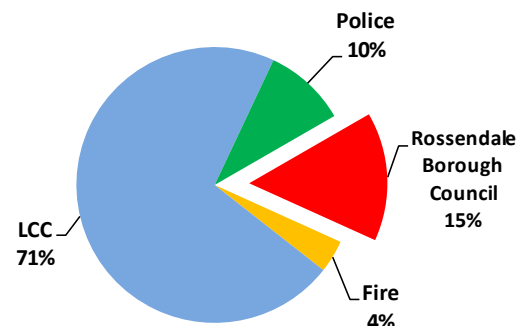


Rossendale Borough Council collects Council Tax on behalf of each of the major preceptors, Lancashire county council, Lancashire Combined Fire Authority and Lancashire Constabulary. In 2017/18, we also collected a precept for Whitworth Town Council from 3,626 properties.

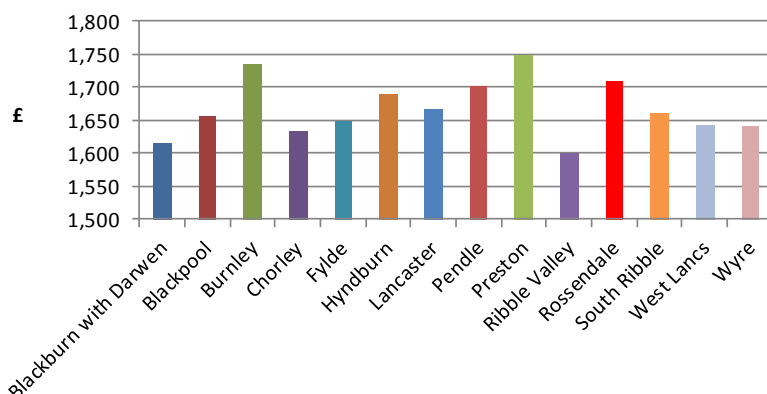
In 2017/18 Rossendale Borough Council increased its element of the Council Tax for the first time since March 2009.

Precepting Body	% Increase	2016/17	2017/18
		Band D £	Band D £
Rossendale BC	1.99%	253.40	258.44
Lancashire County Council *	1.99%	1,152.26	1,175.64
LCC Adult Social Care *	2.00%	22.60	46.10
Combined Fire Authority	0.00%	65.50	65.50
Police & Crime Commissioner	1.99%	162.22	165.45
<b>Total (Excl' Whitworth)</b>	<b>3.33%</b>	<b>1,655.98</b>	<b>1,711.13</b>
Whitworth Parish Council	1.69%	23.01	23.40
<b>Total Whitworth Parish</b>	<b>3.31%</b>	<b>1,678.99</b>	<b>1,734.53</b>

Each £1 of Council Tax was split



## Council Tax Band D across Lancashire



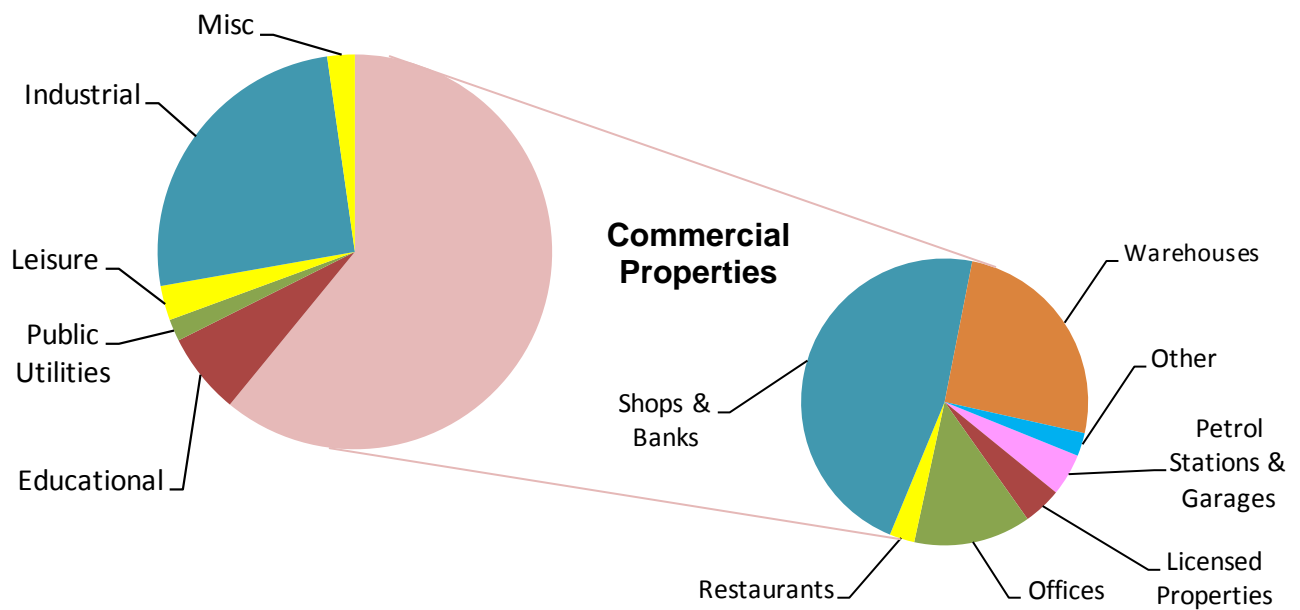
In comparison with our neighbouring authorities across Lancashire, Rossendale has the third highest total Band D charge.

# Annual Governance Statement

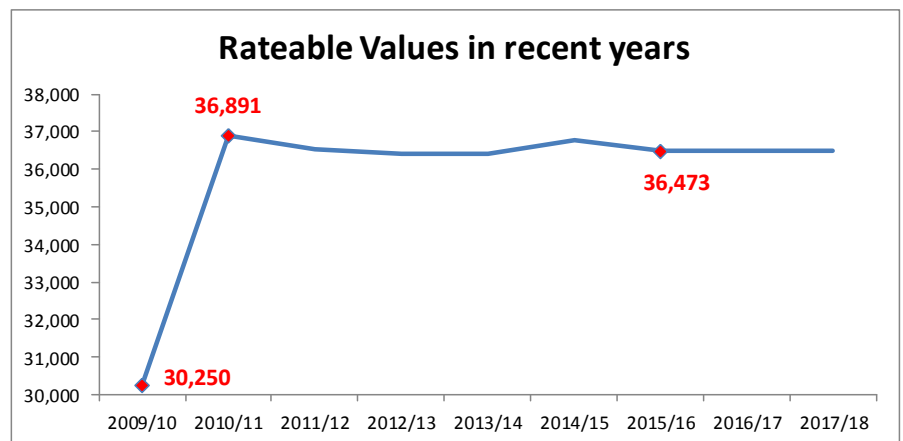
## Business Rates in Rossendale

Business Rates are payable based upon a rateable value set by the national Valuation Office. The total rateable value of business premises in Rossendale at the 31<sup>st</sup> March 2018 was £37,038k, up from £36,506 in March 2016.

### Rateable Values as at 31st March 2018



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



When Dragon's Den investor Hilary Devey launched our new "Invest in Rossendale" website she praised Rossendale as a place on the up...

*"I believe Rossendale is very business friendly and is a borough on the up. I am looking forward to seeing what Rossendale has to offer when I visit and interested to meet business leaders, hear about the high quality and innovative businesses there, the new investment and developments which will breathe new life into the town centres as well as the great attractions on offer."*

# Annual Governance Statement

## General Fund

The General Fund holds the income and expenditure associated with the day to day running of all the services that the Council provides.

In setting the 2017/18 budget, members continued to give due regard to the 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.

At that time the medium term financial strategy (MTFS) indicated an underlying deficit of £199k for 2017/18, rising to over £1m by 2019/20, subject to several assumptions, including the eventual receipt of over £600k per annum from renewable energy. However, during 2017/18 the local planning decision on which that revenue was based was overturned by the Secretary of State. This income source was fundamental for the Council's MTFS and its loss only increases the ongoing funding challenges ahead.

In light of this decision the Council reviewed its MTFS at regular intervals during 2017/18 and reported to Full Council on the 28<sup>th</sup> February 2018 an underlying deficit of £766k in 2018/19 budgets, rising to around £1.2m by the year 2019/20.

External resources for 2017/18 included the central government support grant funding of £503k which will fall to £189k in 2018/19 when this external funding ends. New Homes Bonus grant is also expected to reduce, from £965k in 2016/17 to £835k in 2017/18 and this will continue to fall to around £453k by 2020/21 due to new calculation national methodologies, despite 0.4% increases in the overall housing numbers and the Council's efforts to bring empty homes back into use.

With the drop in external funding above, local taxation has to contribute towards the MTFS challenge and in the 2017/18 budget members made the difficult decision to increase the Council Tax by 1.99% for the first time since March 2009, resulting in a Collection Fund Precept of £5,168k plus £51k to support Whitworth Town Council. Local business rates were also expected to provide £2,035k of funding. Between local and external funding the total resources available for 2017/18 were £8,592k.

Despite the financial challenges ahead, members approved a net services budget for 2017/18 of £9,440k including a contribution of £100k towards capital projects. In order to balance the budget members approved the use of £199k from Earmarked Reserves.

The following table and charts show the General Fund figures before the technical accounting adjustments required by the Code in the CIES on page 26. These follow the operational basis shown in the financial monitoring reports presented to members at each Cabinet meeting, with the exception of the precept payment to Whitworth Town Council.

However, in comparison to the original budget, there are no internal recharges between sections for services, nor are there any depreciation charges. The reconciliation following the CIES at Note 1 shows the adjustments required to move from the Original Budget, to the Budget shown on the General Fund Summary overleaf and from the Actual overleaf to the CIES Actual position presented in-line with current accounting standards.

In their efforts to bridge the future funding gap members have taken two other very difficult decisions in 2017/18. Firstly they agreed to start charging residents for the non-statutory removal of garden waste on a fortnightly basis for a fee of £35 per year. Officers implemented this decision during the autumn of 2017, ahead of the first collections in March 2018. Based upon the experience of neighbouring authorities it was expected that this might see a take-up by around 2,500 residents, bringing in an estimated £87.5k of income for 2018/19. By the end of 2017/18 subscriptions were already double that in the original budget for 2018/19, contributing over £160k to the annual funding gap.

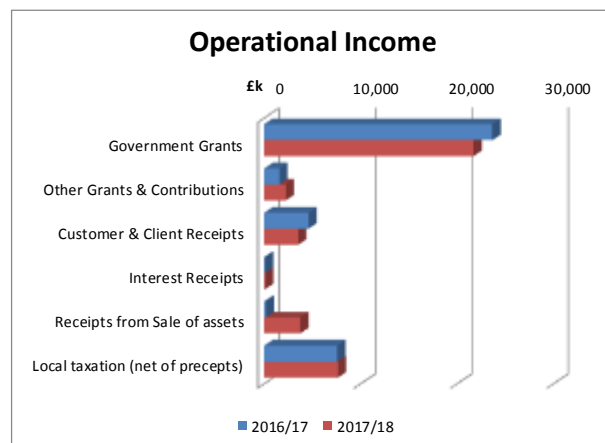
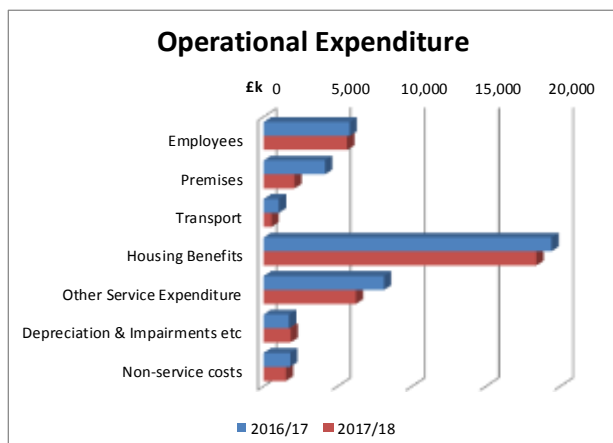
The second decision was to sell the 100% shares in Rossendale Transport Ltd, valued at £645k in the Balance Sheet at March 2017. The LCC pension fund element for the former Council employees was consolidated with the Council's during 2016/17 and Note 34 shows this as "Business Combinations". Though the actuarial valuation under IAS19 regulations showed a net scheme deficit of £1,555k, the

# Annual Governance Statement

triennial valuation in March 2016 was a marginally positive position. This paved the way to sell the company during 2017/18 and the final consideration value was endorsed by external transport professionals who had “no hesitation in recommending that the Council accepts the offer”. At Full Council in December 2017 members agreed to sell the shares for a net consideration of £3,640k including the transfer of the Knowsley Road depot site to the Council, estimated at a value of £2,300k. In return the outstanding mortgage of £1,010k and the cash-flow loan of £400k were written down to nil. The sale transactions can be seen in Notes 13,14,17,19, 20, 21, 32a & 32b.

GENERAL FUND SERVICES	2016/17			2017/18			Note
	Adjusted Budget £000s	Operational Out-turn £000s	Variance (adv)/ fav £000s	Adjusted Budget £000s	Operational Out-turn £000s	Variance (adv)/ fav £000s	
Place Directorate							
Customer Services & IT	1,365	1,138	227	1,251	1,197	54	
Operations	2,420	2,324	96	2,424	2,364	60	
Business Directorate							
Building Control	13	(2)	15	(2)	(63)	61	
Planning	293	439	(146)	264	258	6	
Local Land Charges	(33)	(42)	9	(37)	(23)	(14)	
Public Protection Unit	(77)	(215)	138	(79)	169	(248)	
Legal & Democratic Services	758	741	17	703	715	(12)	
Regeneration, Health & Housing	1,194	1,859	(665)	1,177	1,005	172	
Corporate Management							
Corporate Management	419	448	(29)	513	429	84	
Finance and Property Services	1,308	1,250	58	1,329	1,244	85	
People and Policy	280	283	(3)	470	474	(4)	
Leisure Services	242	978	(736)	136	136	-	
Non-distributed Costs	1,166	1,126	40	1,088	1,116	(28)	
Capital Financing & Interest	217	192	25	203	150	53	
<b>Total cost of General Fund Services</b>	<b>9,565</b>	<b>10,519</b>	<b>(954)</b>	<b>9,440</b>	<b>9,171</b>	<b>269</b>	
Whitworth Town Council Precept	50	58	(8)	51	59	(8)	
Contrib to/(from) Earmarked Reserves	(514)	(932)	418	(899)	(204)	(695)	32a
<b>Amount to be met from government grants &amp; local tax payers</b>	<b>9,101</b>	<b>9,645</b>	<b>(544)</b>	<b>8,592</b>	<b>9,026</b>	<b>(434)</b>	
Precept on the Collection Fund	5,036	5,036	-	5,219	5,219	-	Coll Fund
Collection Fund - prior year surplus	66	-	66	-	-	-	Coll Fund
Collection Fund - current yr surplus/(deficit)	-	52	(52)	-	239	(239)	
Rate Support Grant	1,016	1,016	-	503	503	-	7
Non-service related Government Grants	988	1,008	(20)	835	835	-	7
Non-Domestic Rates	1,995	2,533	(538)	2,035	2,230	(195)	6
<b>Amounts received from government grants &amp; local tax payers</b>	<b>9,101</b>	<b>9,645</b>	<b>(544)</b>	<b>8,592</b>	<b>9,026</b>	<b>(434)</b>	

A breakdown of the Council's expenditure and income can be found at Note 2



# Annual Governance Statement

Major Variances during 2017/18	Favourable £000	Adverse £000	Net £000
Housing Benefits Subsidy		(29)	
Recovery of Overpaid Benefits	39		
Collection Fund Court Costs	75		
IT software and data storage		(75)	
Vehicle maintenance & hire		(100)	
MRP saving on vehicles	175		
Recycling income		(51)	
Cemeteries income	27		
Planning & Building fees	69		
Licensing income		(207)	
Corporate Contingency	35		
Audit costs	23		
Business Rates refunds	111		
Property refurbishment		(35)	
Pensions pre-payment saving	74		
Interest earned (net)	18		
MRP saving on buildings	66		
Rosso Management Fee	54		
	766	(497)	269

The main variances between the budget and the out-turn are shown in the table opposite. More details about the review of vehicle replacement requirements can be found in Note 14, 17 and 33b as this led to an MRP saving of £175k but an increase of £100k in vehicle maintenance and hire costs.

Collection rates for Council Tax and Business Rates improved during 2017/18, in part through a more rigorous approach to court proceedings, leading to an additional £75k of court costs being recovered.

The business rate refunds related principally to the properties within the footprint of the new Spinning Point development in Rawtenstall town centre.

In terms of fee income, planning, building control services and

cemeteries saw a combined increase of £96k, but the new Licensing policies mentioned on page 8 above have resulted in a £207k drop in income.

The Rosso Management Fee shown here related to services provided by Rossendale Borough council employees and Council Members during 2016/17. No similar fees were expected for 2017/18 following the sale of the company shares in January 2018.

## Other financial factors

This Council signed up to the Lancashire Business Rates Pool which came into effect on the 1<sup>st</sup> April 2016. Under these arrangements Rossendale retains more of its local business rates. April 2016 also saw changes in renewable energy installations such that 100% is now retained locally, adding £241k to the Non-Domestic Rates income during the 2016/17 for the first 18-month period (see Note 6). The normal annual value of this renewable energy for 2017/18 was £159k.

During 2017/18 the Council consolidated its investments in its related parties which began during 2016/17. As already discussed, the mortgage on the Rossendale Transport Ltd Knowsley Road depot was written out when the shares were sold in January 2018, but the investment in Rossendale Leisure Trust leases continued to strengthen the Trust's position and in 2017/18 they returned a net profit of around £12k (subject to audit confirmation) for the first time, with no general grant support from the Council.

By the end of 2016/17 the Council's direct management of the properties under the East Lancs Empty Homes Scheme was drawing to a conclusion. This scheme has brought back into use over 300 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. During 2016/17 the process began to transfer management of the properties and the tenants to a third-party housing association, Calico homes Ltd, under a self-financing contract. This transfer process has continued throughout 2017/18 as renovation works were completed on each property. At the 31<sup>st</sup> March 2018 the balance of the HCA grant received in advance in the Balance Sheet is £199k which is expected to be applied to the CIES in early 2018/19 as the last of the properties are completed.



# Annual Governance Statement

## Capital Strategy and the Capital Programme 2016/17 to 2018/19

On 1<sup>st</sup> March 2017 the Council set an affordable capital budget of £885k, funded from £500k of grants, £100k of internal borrowing, £100k from revenue resources and £185k from capital receipts. The programme included £100k of new parks vehicles, £125k on maintaining the Council's operational assets and £500k on Disabled Facilities Grants (DFGs) for domestic properties across the borough.

This was added to £8,873k of ongoing capital works at the end of 2016/17, which included key projects such as the Bacup Townscape Heritage Initiative (THI) of £1,601k and the £5,241k Spinning Point Phase 1 project to build a new bus station in Rawtenstall centre, along with the redevelopment of the old Town Hall and the former Police Station sites.

During the year additional capital projects included an extra £369k of DFG grant and community projects to improve parks and play areas attracted over £351k of third party grants and contributions. This brought the final capital programme to £10,644k. Added to this was the £2,300k value of the Knowsley Road depot site transferred to Council ownership upon the sale of the shares in the Transport company.

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

Capital receipts from the sale of fixed assets totalled £196k, as shown in Note 32b. This was supplemented by the net consideration of £3,640k from the sale of the Transport company shares valued in the opening balanced sheet at £645k.

In order to meet the Council's capital investment ambitions a loan of £4.6m was entered into with the Public Works Loan Board in March 2010 for a period of 25 years at 4.49%. This loan is reflected in the Balance Sheet and the Financial Instruments at Notes 21 and 29 to the Core Statements.

At the end of 2017/18 £841k of the Bacup THI scheme was still ongoing and £4,442k of the original Spinning Point Phase 1 project was still under construction. With an unspent balance of £705k in DFGs grants and £400k of Sport England investments planned for the Ski Slope renovations, the Council carried £7,489k of ongoing capital projects forward into 2018/19.

## Treasury Management

Treasury Management is conducted in-house with advice provided by an external organisation, Link Asset Services (formerly Capita Asset Services). Investment performance has struggled to meet the budget target as interest rates on the Council's continued to be below bank base rates during the year. By the end of the year the council was earning 0.47% on balances, up from 0.42% at the end of 2016/17 despite the 0.25% rise in base rates during November 2017.

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 on the 1<sup>st</sup> March 2017.

The Ministry for Housing, Communities and Local Government (MHCLG) allows local councils to fund capital expenditure from other revenue reserves, known as internal borrowing, as long as the investment can be shown to be prudent. The value of this internal investment is known as the Capital Financing Requirement, as shown at Note 17a. At the 31<sup>st</sup> March 2018 the Capital Financing Requirement (CFR) stood at £8,751k. At the same time the balance of the Council's PWLB borrowing was £3,128k (Note 29), meaning that the Council is "under borrowed" by £5,623k which is being covered by the useable reserves of £6,166k (Note 32a). 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 MHCLG also requires councils to set aside 'prudent' provision for the repayment of debt where they have used internal borrowing arrangements to finance capital expenditure, but allows certain flexibility as to how this is calculated. This cost is known as Minimum Revenue Provision (MRP) and it is a charge to the General Fund budget, but is not included in the CIES. This Council calculates MRP

## Annual Governance Statement

on a direct line basis to match the estimated life of each particular asset. During 2016/17 the life of several classes of asset were reviewed which reduced MRP costs by £58k in 2016/17.

In 2017/18 the impact of the £1,010k November 2016 investment in the Haslingden Sports Centre added £60k to the annual MRP costs, but this is reimbursed by Rossendale Leisure Trust each year. Operational vehicles which have reached the end of their expected life were originally planned to be replaced in 2017/18, but officers have been undertaking a comprehensive review of vehicle requirements which has delayed this purchase. Whilst this has led to a one-off saving of £170k in MRP for 2017/18, it has also resulted in increased maintenance and vehicle hire costs of over £97k.

The business case for Spinning Point Phase 1 included investment of £900k by the Council, funded from internal borrowing the revenue MRP impacts of which will be met from rental incomes. By the end of March 2018 this project had added £844k to the Capital Financing requirement, but MRP repayments will not begin until the redevelopment of the site is complete.

### Pensions and IAS19

Rossendale Borough Council is a member of the Local Government Pension Scheme, administered by Lancashire County Council. Note 34 explains how the Council has accounted for the under-lying long term commitments in relation to the retirement benefits for employees in line with the prudent and prescriptive IAS19 methodology. Measurement of the assets and liabilities, under the statutory IAS19 regulations, showed an increase in the net liability from £29.7m at March 2015 to £33.6m at March 2017 and a subsequent drop to £30.2m at March 2018.

The Lancashire County Pension Fund underwent a full triennial actuarial valuation by Mercers in March 2016, which came into force in December 2016. For the Rossendale element this showed a reduction in the net deficit to £15m, representing a funding level of 77% and so the deficit recovery period was maintained at 16 years. At the 31<sup>st</sup> March 2018 the remaining recovery period is 14.7 years.

Lancashire County Pension Fund- Rossendale Borough Council	March 2013 £000	March 2016 £000
Pension Deficit	£22m	£15m
Funding Level	68%	77%
Employer Future Service Rate (%ge of pensionable pay p.a.)	14.0%	15.5%
Remaining recovery period	16 yrs	16 yrs

The key conclusions from the March 2016 actuarial valuation were:

- Based on the assumptions made for assessing the cost of future accruals, the future service rate for Rossendale Borough Council has risen from 14.0% at March 2013 to 15.5%.
- In line with the Funding Strategy Statement (FSS), a 19-year deficit recovery plan has been put in place for the County Fund as a whole which requires additional employer contributions of £2.9m over the next three years. For Rossendale this was maintained at the 16 years set at the previous valuation in March 2013.
- Active members also pay contributions to the Fund as a condition of membership and this rate remains at 6.4% per annum.

In the March 2016 actuarial valuation the pension fund for former Council employees working with Rossendale Transport Ltd showed a small surplus, therefore Members decided to bring this element back within the Council during 2016/17. In the CIES and Notes 37b & 37c, under IAS19 regulations, this is shown as Business Combinations and it added £9,440k of Scheme Liabilities and £7,885k of Scheme Assets, a net increase of £1,55k in the Scheme deficit at March 2017.

Bearing in mind the funding challenges facing the Council over the life of the MTFs, members approved the pre-payment of the pension fund costs for the current triennial period, which will lead to a saving of over £300k over the three years. Consequently, £4.6m was paid to the pension fund in April 2017, of which £3.1m was classed as an advance payment at the 31<sup>st</sup> March 2018. This led to a net saving of £73k during 2017/18. The prepayment can be seen in the Balance Sheet as the difference between the Net Pension Liability of £27.1m and the Pension Reserve deficit of £30.2m .

# Annual Governance Statement

## Annual Governance Statement: Year Ended 31st March 2018

### Scope of Responsibility

Rossendale 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. Rossendale 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.

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

Rossendale 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. A copy of the authority's code is on our website at the following link: [https://www.rossendale.gov.uk/downloads/file/14400/ethical\\_governance\\_framework](https://www.rossendale.gov.uk/downloads/file/14400/ethical_governance_framework) or can be obtained from Legal and Democratic Services. This statement explains how Rossendale 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:

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

### 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 Rossendale Borough Council for the year ended 31 March 2017 and up to the date of approval of the annual report and statement of accounts.

## The Governance Framework

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

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users through its:
  - Corporate Plan 2013-16 (including the annual light touch refresh)
  - Medium Term Financial Strategy
  - Sustainable Community Strategy 2008-18
- Reviewing the authority's vision and its implications for the authority's governance arrangements through its:
  - Corporate business plan
  - Performance monitoring
  - Overview and Scrutiny Committee
  - Audit & Accounts Committee
- Translating the vision into objectives for the authority and its partnerships as detailed in the Corporate Plan and annual corporate business plans.
- Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money. This is supported by The Medium Term Financial Strategy, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities along with the regular reporting of financial performance to officers and members. In addition the Council's quarterly Performance Reporting to Members highlights the organisation's achievement of its objectives, performance indicators and its current position with regard to risks.
- Defining and documenting the roles and responsibilities of the Members, Committees and officer functions, with clear delegation arrangements and protocols via the Constitution and the annual development training programme. The Codes and Protocols are contained in Part 5 of the Constitution which is publically available on the Council's website.
- Effective communication in respect of the authority and partnership arrangements. This is supported by a performance framework that, inter alia, includes:
  - Annual corporate business planning
  - Annual personal development reviews
  - Team briefing, daily messages and Members bulletins
  - Overview and Scrutiny Committee
  - Audit & Accounts Committee
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff via a series of Member and personnel policies and procedures and in particular staff annual appraisals incorporating the Council's five core competencies and values of:
  - Listening and communicating
  - Loyalty
  - Management of Performance
  - Celebrating success
  - Customers Matter.
- Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality as scrutinised by

# Annual Governance Statement

Members of the Council's Overview and Scrutiny Committee (and the Governance Working Group).

- Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability as supported by the Council's Risk Management Strategy (significant revision March 2016) and the Internal Audit annual plan.
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained (eg: Housing Benefit Fraud investigation and the support of the Internal Audit Service).
- Ensuring effective management of change and transformation. This is supported by an established business planning process, which sets clear objectives and targets in light of national and local drivers, the Council's own policy priorities and the financial resources available. Significant projects are controlled by project management techniques and overseen by a Programme Board.
- We confirm that the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*.
- Ensuring the authority's assurance arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit (2010)* which is also supported by a partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the governance framework and which supports management's assessment of compliance with established policies, procedures, laws and regulations.
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function via the Constitution and officer protocols.
- Ensuring effective arrangements are in place for the discharge of the head of paid service function via the Constitution and office protocols.
- Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities (2013)* and which, inter alia, oversees the production of the authority's Annual Governance Statement.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. This is supported by Financial Regulations, Contract Procedure Rules, a clear supporting framework of financial procedure and the role of the Monitoring Officer as described in Part 5 of the Constitution.
- A well-publicised and effective procedure for dealing with whistleblowing, combating fraud and corruption and for receiving and investigating complaints, or answering Freedom of Information requests, from the public together with enquiries from Council Members or Members of Parliament.
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. This process has previously been the recipient of a national award.
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. In particular encouraging fair and representative public participation through the adoption of a "Procedure for Public Speaking" at public meetings and online accessibility to Council meeting agendas and minutes including information on availability in different formats. In addition the Council has an established consultation procedure including the use of, inter alia, a citizens panel, Infusion Research and web consultation.
- Enhancing the accountability for service delivery and effectiveness of other public service providers. This is done in part by performance management system of regular monitoring and

# Annual Governance Statement

reporting to Members of the Council's performance and financial standing against its plans together with its own assurance framework ensuring the accuracy and completeness of data.

- Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements.
- Annual quality assurance statements by all Heads of Service and specific senior managers (signed together with line Director and Portfolio Holders) which both acknowledge officer responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area
- A structure of centrally monitored, yet devolved financial management, that promotes management of the Council's finances at the appropriate organisational level;
- A Customer Access Strategy, designed amongst other things, to empower employees to deal with customer queries quickly and satisfactorily, increase customer satisfaction with the Council ultimately to deliver better access to improved public services;
- A centrally held partnership register together with developing terms of reference for outside bodies;
- Active participation in, where appropriate, procurement matters with other local authorities which aims to ensure maximum value for money for the Council through collaborative procurement exercises;
- Participation in the nationwide National Fraud Initiative;
- Health and Safety arrangements are overseen by an in-house team, who check compliance with both legal and internal requirements.
- Emergency planning arrangements managed internally, during 2015/16, to ensure the Council's emergency response arrangements are robust and effective.
- Effective staff recruitment, selection, retention and planning including the speedy recruitment of Director roles during 2016/17 and 2017/18.

## Review of Effectiveness

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The roles and processes that have been applied in maintaining and reviewing the effectiveness of the governance framework are as follows:

### *Rossendale Borough Council*

- weekly formal meetings of the Leader of Council and Chief Executive; and monthly meetings with the Leader of the largest opposition group
- Regular meetings of Cabinet, Portfolio Holders and Heads of Service
- Monitoring Officer and s.151 Officer protocols (including regular meetings with the Portfolio Holder and the relevant opposition party leads)
- Regular review of The Constitution and Code of Corporate Governance
- Terms of reference for all Council committees and Portfolio holders
- Member / Officer protocols
- Annual updated Corporate Business plans, including a mechanism for identifying and managing risks, which continues to be consolidated and embedded across the Council

# Annual Governance Statement

## *The Cabinet*

- Cabinet Member terms of reference
- Portfolio Holder role descriptions

## *The Overview and Scrutiny Committee*

- Overview and scrutiny annual reports, task and finish reports
- Integrated performance reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviews

## *The Governance Working Group*

- Review the Council's Constitution.
- Recommend governance framework improvements.
- Ensure ethical governance arrangements are appropriate and robust.
- Review Contract Procedure Rules and Financial Regulations.
- Review Codes of Conduct including Planning Code of Good Practice and Protocol on Member/Officer Relations.
- Review Standards Panel protocols.

## *The Audit and Accounts Committee*

- Monitoring corporate governance arrangements.
- Ensuring corporate governance compliance and best practice.
- Maintaining high standards of conduct by Councillors/Co-opted Members.
- Scrutiny of the corporate risk register and Risk Strategy updates.

## *The Standards Panel*

- Determine complaints about breaches of the Members' Code of Conduct in consultation with the Standards Independent Person.

## *Internal and External Audit*

- Audit scrutiny which seeks assurance, from a variety of sources, that controls have been adequately designed and are operating effectively in practice
- Member training (eg: risk management, internal controls, end of year statutory reporting)
- Annual Audit Reports (from both external and internal auditors) and the assurances they give around the effectiveness of internal controls in place
- Follow up work undertaken by internal audit to ensure remedial action is being taken by management to mitigate any risks (and control any deficiencies) identified
- Confirmation that the Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards, 2013
- The Internal Audit Service charter formalises the framework within which the Internal Audit Service operates to best serve the Council and meet its professional obligations under applicable professional standards
- The Internal Audit Service Quality Assurance and Improvement Programme (QAIP) formalises the arrangements in place to ensure the quality of internal audit work.
- The internal/external auditor protocol sets out how the Council's internal Audit Service and external auditors work together, and establishes a framework for coordination, cooperation and

# Annual Governance Statement

exchange of information. Regular reports from the Internal Audit Service to the Audit and Accounts Committee on progress against the audit plan.

- External audit annual inspections and judgements (eg: Value for Money) and any specific in year inspections. Previous triennial reviews of the Council's Internal Audit service (though now ceased) have previously found it to be 'fully compliant with professional standards'.

## *The explicit review and assurance mechanisms*

- A Senior Management Team led "Programme Board" for significant projects.
- Formal reporting mechanism for significant events ("Significant Event Review" reports) and ensuring lessons learned where appropriate.
- Member Development Strategy and annual Personal Development Plans.
- Development of the Council's Empty Homes improvement plan in response to the Internal Auditor's November 2015 report on the Homes and Communities Agency Empty Homes Programme.

Following the Empty Homes Programme review we are aware of the implications of the result of the review on the effectiveness of the governance framework. Therefore, areas already addressed and those to be specifically addressed are outlined below.

## **Significant Governance Issues**

1. Further strategic development and action in relation to key priorities, partnerships and/or contractual relationships (eg: Regeneration, Leisure, Waste Management, Customer Services, Transport, etc.)
2. The implications arising from the Council's Medium Term Financial Strategy and the continuing requirement to balance expenditure with resources and to find new sources of income over the medium term and resolve the identified future challenges.
3. Further embedding risk, performance and project management throughout the organisation to ensure a process that is fit for purpose, and in particular adequately identifies and manages the risks the Council faces.
4. As a result of the Council's Empty Homes Scheme agent ceasing to trade in January 2015 the Council will continue to further strengthen its risk identification and project management process. The wider improvement plan will continue to address matters to further enhance improvement across the whole council, which will address the issues arising in relation to behaviour and culture, management competencies, performance and project management, partnerships and contract procedures.



**Councillor Alyson Barnes**  
Council Leader



**Stuart Sugarman**  
Chief Executive



## Statement of Responsibilities

The following responsibilities are placed upon the authority and the Head of Finance in relation to the Council's financial affairs.

### The Authority's Responsibilities

The Authority is required to:-

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

### The Head of Finance's Responsibilities

As Head of Finance, 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 2017/18 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 Head of Finance

I certify that this Statement of Accounts gives a true and fair view of the financial position of Rossendale Borough Council at 31st March 2018, and its income and expenditure for the year ended 31<sup>st</sup> March 2018, including any known post balance sheet events as at 18<sup>th</sup> June 2018.



Signed : **Phil Seddon**  
Head of Finance

Dated 18<sup>th</sup> June 2018

### Approval of Accounts

These Draft Statement of Accounts for 2017/18 were submitted for public inspection and external audit on the 18<sup>th</sup> June 2018.

At this time it is expected that the audited accounts for 2014/15 and 2015/16 will be submitted to the Audit & Accounts Committee on the 31<sup>st</sup> July, followed by the submission of the audited accounts for 2016/17 and 2017/18 to this Committee on the 4th December 2018 for final approval.



Signed : **Councillor P. Marriott**  
Chair of the Audit and Accounts Committee

Dated 18<sup>th</sup> June 2018

# 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 as explained in Note 1 and Note 13.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2016/17			2017/18			Note
	Gross Expend	Income	Net Expend	Gross Expend	Income	Net Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
Place Directorate							
Customer Services & IT Operations	21,961	(20,787)	1,174	20,553	(20,102)	451	
Business Directorate	3,772	(1,063)	2,709	3,625	(1,037)	2,588	
Building Control	123	(125)	(2)	102	(158)	(56)	
Planning	867	(1,477)	(610)	662	(1,246)	(584)	
Local Land Charges	41	(83)	(42)	36	(59)	(23)	
Public Protection Unit	477	(692)	(215)	459	(290)	169	
Legal & Democratic Services	909	(169)	740	904	(212)	692	
Regeneration, Health & Housing	5,758	(3,773)	1,985	4,367	(3,121)	1,246	
Corporate Management							
Corporate Management	457	(10)	447	405	(10)	395	
Finance & Property Services	2,203	(312)	1,891	1,977	(246)	1,731	
People & Policy	298	(16)	282	474	-	474	
Non-Distributed costs	1,712	(173)	1,539	765	(58)	707	
Leisure Services	910	(71)	839	70	(111)	(41)	
<b>Cost of Services</b>	<b>39,488</b>	<b>(28,751)</b>	<b>10,737</b>	<b>34,399</b>	<b>(26,650)</b>	<b>7,749</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	58	-	58	59	-	59	
(Gain)/Loss on disposal of fixed assets	125	(179)	(54)	678	(3,836)	(3,158)	13,27,32b
Other Income	-	(617)	(617)	-	(572)	(572)	13,32b
<b>Financing and Investments</b>							
Interest payable on debt	154	-	154	146	-	146	21b
Interest and investment income	-	(72)	(72)	-	(94)	(94)	21b
Pensions - interest cost	3,072	-	3,072	2,484	-	2,484	34f
Pensions - curtailments	48	-	48	-	-	-	34f
Pensions - admin expenses	18	-	18	19	-	19	34f
Pensions - interest on assets	-	(2,007)	(2,007)	-	(1,726)	(1,726)	34f
Pensions - business combinations	9,440	(7,885)	1,555	-	-	-	34f
Trading Undertakings	403	(294)	109	878	(273)	605	5
<b>Taxation and Non-Specific Grants</b>							
Collection Fund							
Council Tax	-	(5,036)	(5,036)	-	(5,219)	(5,219)	Coll Fund
Council Tax re prior year deficit	-	-	-	-	-	-	Coll Fund
Retained Business Rates	3,306	(5,839)	(2,533)	2,534	(4,764)	(2,230)	6
Collection Fund (surplus)/deficit							
Council Tax	-	(37)	(37)	-	(38)	(38)	Coll Fund
Retained Business Rates	-	(15)	(15)	-	(201)	(201)	Coll Fund
Rate Support Grant	-	(1,016)	(1,016)	-	(503)	(503)	7
Non service related Government Grants	-	(33)	(33)	-	-	-	7
<b>(Surplus)/Deficit on Provision of Services</b>	<b>56,112</b>	<b>(51,781)</b>	<b>4,331</b>	<b>41,197</b>	<b>(43,876)</b>	<b>(2,679)</b>	<b>2</b>
<b>(Surplus)/deficit on revaluations:-</b>							
Property, Plant & Equipment assets			(1,068)			438	14,33a,33b
Pension Fund assets			2,082			(3,837)	34f
<b>Other Comprehensive (Income)/Expend</b>			<b>1,014</b>			<b>(3,399)</b>	
<b>Total Comprehensive (Income)/Expend</b>			<b>5,345</b>			<b>(6,078)</b>	

# 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 'Surplus/(deficit) on Provision of Services' line shows the true economic cost of providing the Council's services, as shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes and details of the adjustments required can be found at Note 13.

The 'Net increase/(decrease) before transfers to reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. Details of these transfers can be found at Note 32a.

<b>MOVEMENT IN RESERVES STATEMENT</b>	<b>General Fund Balance</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Govt Grants Unapplied</b>	<b>Total Useable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Authority Reserves</b>	<b>Note</b>
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Balance at 31 March 2016</b>	<b>1,000</b>	<b>8,755</b>	<b>1,800</b>	<b>1,194</b>	<b>12,749</b>	<b>(2,564)</b>	<b>10,185</b>	
<b>Movement in Reserves in 2016/17</b>								
Surplus/(Deficit) on Provision of Services	(4,331)	-	-	-	(4,331)	-	(4,331)	
Other Comprehensive Income/(Expend)	-	-	-	-	-	(1,014)	(1,014)	
<b>Total Comprehensive Income/(Expend)</b>	<b>(4,331)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,331)</b>	<b>(1,014)</b>	<b>(5,345)</b>	
Adjustments between accounting basis & funding basis under regulations	2,450	-	(38)	(265)	2,147	(3,260)	(1,113)	13
<b>Net incr/(decr) before transfers to Earmarked Reserves</b>	<b>(1,881)</b>	<b>-</b>	<b>(38)</b>	<b>(265)</b>	<b>(2,184)</b>	<b>(4,274)</b>	<b>(6,458)</b>	
Transfers to/from Earmarked Reserves	1,881	(1,881)	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>-</b>	<b>(1,881)</b>	<b>(38)</b>	<b>(265)</b>	<b>(2,184)</b>	<b>(4,274)</b>	<b>(6,458)</b>	
<b>Balance at 31 March 2017</b>	<b>1,000</b>	<b>6,874</b>	<b>1,762</b>	<b>929</b>	<b>10,565</b>	<b>(6,838)</b>	<b>3,727</b>	
<b>Movement in Reserves in 2017/18</b>								
Surplus/(deficit) on Provision of Services	2,679	-	-	-	2,679	-	2,679	
Other Comprehensive Income/(Expend)	-	-	-	-	-	3,399	3,399	
<b>Total Comprehensive Income/(Expend)</b>	<b>2,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,679</b>	<b>3,399</b>	<b>6,078</b>	
Adjustments between accounting basis & funding basis under regulations	(3,387)	-	718	(39)	(2,708)	1,900	(808)	13
<b>Net incr/(decr) before transfers to Reserves</b>	<b>(708)</b>	<b>-</b>	<b>718</b>	<b>(39)</b>	<b>(29)</b>	<b>5,299</b>	<b>5,270</b>	
Transfers to/from Reserves	708	(708)	-	-	-	-	-	
<b>Increase/(decrease) in year</b>	<b>-</b>	<b>(708)</b>	<b>718</b>	<b>(39)</b>	<b>(29)</b>	<b>5,299</b>	<b>5,270</b>	
<b>Balance at 31 March 2018</b>	<b>1,000</b>	<b>6,166</b>	<b>2,480</b>	<b>890</b>	<b>10,536</b>	<b>(1,539)</b>	<b>8,997</b>	
<b>Note</b>		32a	32b	32c				

# Core Financial Statements

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities at the Balance Sheet date. The net assets are matched by the reserves held by the authority. Reserves are split between, **useable reserves** and **unusable reserves** (see Notes 35 and 36).

BALANCE SHEET	31st March 2017 £000s	31st March 2018 £000s	Note
Property, Plant & Equipment			
Other Land and Buildings	22,027	21,173	14
Vehicles, Plant, Furniture & Equipment	1,910	1,410	14
Infrastructure	122	113	14
Community Assets	885	674	14
Assets under construction	960	4,075	14
Surplus Assets	390	390	14
	<b>26,294</b>	<b>27,835</b>	
Heritage Assets	2,155	2,154	14
Investment Property	539	539	15
Intangible Assets	154	91	16
Long-term Investments	647	2	19,21a,21c
Long-term Debtors	2,517	967	20,21a,21c
<b>Long-term Assets</b>	<b>32,306</b>	<b>31,588</b>	
Short-term Investments	3,000	5,250	21a,21c,25
Inventories	24	31	23
Short Term Debtors	2,782	3,763	24
Cash and cash equivalents	3,556	2,089	21a,21c,25
Assets held for sale within one year	48	47	27
<b>Current Assets</b>	<b>9,410</b>	<b>11,180</b>	
Short-term Borrowing	(184)	(184)	21a,21c,29
Short-term Creditors	(4,518)	(3,570)	28
Short-term Provisions	(519)	(773)	30
Short-term Capital Grant Receipts in Advance	(279)	(3,620)	31, 38
<b>Current Liabilities</b>	<b>(5,500)</b>	<b>(8,147)</b>	
Long Term Borrowing	(3,128)	(2,944)	21a,21c,29
Long-Term Provisions	(1,005)	(827)	30
Net Pensions Liability	(33,614)	(27,112)	34a
<b>Long-term Liabilities</b>	<b>(37,747)</b>	<b>(30,883)</b>	
<b>Net Assets</b>	<b>(1,531)</b>	<b>3,738</b>	
<b>Represented by:</b>			
General Fund	1,000	999	MiR
Earmarked Reserves	6,874	6,166	32a, 38
Capital Receipts Reserve	1,762	2,480	32b
Grants Unapplied	929	890	32c
<b>Usable Reserves</b>	<b>10,565</b>	<b>10,535</b>	
Revaluation Reserve	11,856	11,233	33a
Pension Reserve	(33,614)	(30,175)	34a
Capital Adjustment Account	7,828	10,167	33b
Deferred Capital Receipts	2,076	1,770	33c
Collection Fund Adjustment Account	(242)	208	13,CF2
<b>Unusable Reserves</b>	<b>(12,096)</b>	<b>(6,797)</b>	
<b>Total Reserves</b>	<b>(1,531)</b>	<b>3,738</b>	

Phil Seddon, Head of Finance

18<sup>th</sup> June 2018

## 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.

<b>CASH FLOW STATEMENT</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(4,331)	2,679	CIES
Adjustment for noncash movements	558	3,529	36a
Adjustment for items that are investing and financing activities	(179)	(6,136)	36a
<b>Net cash flows from Operating Activities</b>	<b>(3,952)</b>	<b>72</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(1,793)	(3,884)	17a
Proceeds from the sale of property, plant and equipment	179	3,836	13 & 32b
(Increase)/decrease in long-term debtors	754	1,550	20
<b>Net Cash Flows from Investing Activities</b>	<b>(860)</b>	<b>1,502</b>	
<b>Management of Liquid Resources</b>			
Cash inflows - Short-term investments	17,000	14,000	21a,21c,25
Cash outflows - Short-term investments	(13,000)	(16,250)	21a,21c,25
<b>Financing</b>			
Cash Inflows/(Outflows) - agency operations			
National non-domestic rates	362	267	
Council Tax	886	(874)	
Cash Outflows - Repayments of amounts borrowed	(184)	(184)	21a,21c,29
<b>Net Cash Flows from Financing Activities</b>	<b>5,064</b>	<b>(3,041)</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>252</b>	<b>(1,467)</b>	36b
Cash and Cash Equivalents at the beginning of the year	3,304	3,556	25
<b>Cash and Cash Equivalents at the end of the year</b>	<b>3,556</b>	<b>2,089</b>	25

# Notes to Core Financial Statements

## Note 1 Reconciliation of General Fund Services to CIES

GENERAL FUND SERVICES <b>2016/17</b>	Original Budget £000s	Remove Internal Market & Cap Fin £000s	Other Operating Changes £000s	Adjusted Budget £000s	Technical Changes				
					Reported Out-turn £000s	Items not Cost of Services £000s	Deprec'n & Capital Charges £000s	Pension, Grants, Reserves £000s	CIES Actual £000s
Place Directorate									
Customer Services & IT	1,316	295	(246)	1,365	1,138	8	28	-	1,174
Operations	4,299	(1,902)	23	2,420	2,324	87	298	-	2,709
Business Directorate									
Building Control	80	(67)	-	13	(2)	-	-	-	(2)
Planning	(398)	(264)	955	293	439	-	(74)	-	365
Local Land Charges	(8)	(25)	-	(33)	(42)	-	-	-	(42)
Licensing	338	(414)	(1)	(77)	(215)	-	-	-	(215)
Democratic Services	767	(7)	(2)	758	741	(3)	-	-	738
Regeneration, Health & Housing	1,575	(373)	(8)	1,194	1,859	-	3,029	(2,903)	1,985
Corporate Management									
Corporate Management	233	182	4	419	448	-	-	-	448
Finance and Property Services	1,149	251	(92)	1,308	1,250	(202)	843	-	1,891
People and Policy	101	178	1	280	283	-	-	-	283
Leisure Services	-	-	242	242	978	-	(139)	-	839
Non-distributed Costs	164	926	76	1,166	1,126	-	-	413	1,539
Capital Financing & Interest	(1,006)	1,220	3	217	192	(82)	(110)	-	-
<b>Cost of Services</b>	<b>8,610</b>	<b>-</b>	<b>955</b>	<b>9,565</b>	<b>10,519</b>	<b>(192)</b>	<b>3,875</b>	<b>(2,490)</b>	<b>11,712</b>
Whitworth Town Council Precept	50	-	8	58	58	-	-	-	58
Other Operating (Income)/Expenditure							(54)	(617)	(671)
Financing & Investments						191	-	2,686	2,877
Precept on the Collection Fund	(5,036)	-	-	(5,036)	(5,036)	-	-	-	(5,036)
Collection Fund - prior yr surplus	(66)	-	-	(66)	-	-	-	-	-
Collection Fund - current yr surplus	-	-	-	-	(52)	-	-	-	(52)
Rate Support Grant	(1,016)	-	-	(1,016)	(1,016)	-	-	-	(1,016)
Non-service Government Grants	(33)	-	(955)	(988)	(1,008)	-	-	-	(1,008)
Non-Domestic Rates	(1,995)	-	-	(1,995)	(2,533)	-	-	-	(2,533)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>514</b>	<b>-</b>	<b>8</b>	<b>522</b>	<b>932</b>	<b>(1)</b>	<b>3,821</b>	<b>(421)</b>	<b>4,331</b>

### Adjustments to the Budget

As Rossendale Borough Council now complies with the Code for 2017/18, the format of the General Fund Budget approved in March 2017 needs some adjustments to enable the reader to directly relate the Budget to the Outturn and the monitoring reports presented to Cabinet throughout the year.

- Internal market charges were included in the Original Budget, but are never a part of the financial reports taken to Members to enable management and members to focus on direct costs and income at their source, rather than redistributing any variances across other services. The CIES format now presents direct service costs in the same way and it is our intention that future Budgets will be aligned with this policy.
- In the same way, the cost of supporting Leisure Services is now reported separately to Customer Services & IT under the Place Directorate.

### Adjustments to the Outturn

The General Fund Actual shown in the Narrative Statement undergoes some statutory adjustments to meet the accounting regulations required in the presentation of the Comprehensive Income and Expenditure Statement (CIES).

- Interest paid and received is shown in the CIES as Financing and Investments
- Trading accounts are shown in the CIES as Financing and Investments, see Note 5 for details.

# Notes to Core Financial Statements

GENERAL FUND SERVICES <b>2017/18</b>					Technical Changes				
	Original Budget £000s	Remove Internal Market & Cap Fin £000s	Other Operating Changes £000s	Adjusted Budget £000s	Reported Out-turn £000s	Items not Cost of Services £000s	Deprec'n Capital, Assets £000s	Pension, Grants, Reserves £000s	CIES Actual £000s
Place Directorate									
Customer Services & IT	1,189	198	(136)	1,251	1,197	-	70	(816)	451
Operations	4,922	(1,964)	(534)	2,424	2,364	71	453	(300)	2,588
Business Directorate									
Building Control	94	(96)	-	(2)	(63)	-	7	-	(56)
Planning	586	(322)	-	264	258	-	6	(848)	(584)
Local Land Charges	(11)	-	(26)	(37)	(23)	-	-	-	(23)
Public Protection Unit	235	(314)	-	(79)	169	-	-	-	169
Legal & Democratic Services	708	(31)	26	703	715	-	-	(23)	692
Regeneration, Health & Housing	882	(470)	765	1,177	1,005	-	-	241	1,246
Corporate Management									
Corporate Management	326	201	(14)	513	429	-	-	(34)	395
Finance and Property Services	1,079	250	-	1,329	1,244	(676)	1,284	(121)	1,731
People and Policy	113	377	(20)	470	474	-	-	-	474
Leisure Services	-	-	136	136	136	-	-	(177)	(41)
Non-distributed Costs	137	951	-	1,088	1,116	-	-	(409)	707
Capital Financing & Interest	(820)	1,220	(197)	203	150	(54)	-	(96)	-
<b>Cost of Services</b>	<b>9,440</b>	<b>-</b>	<b>-</b>	<b>9,440</b>	<b>9,171</b>	<b>(659)</b>	<b>1,820</b>	<b>(2,583)</b>	<b>7,749</b>
Whitworth Town Council Precept	51	-	8	59	59	-	-	-	59
Other Operating (Income)/Expenditure	-	-	-	-	-	-	(3,730)	-	(3,730)
Financing & Investments	-	-	-	-	-	659	-	775	1,434
Precept on the Collection Fund	(5,219)	-	-	(5,219)	(5,219)	-	-	-	(5,219)
Collection Fund - prior yr surplus	-	-	-	-	-	-	-	-	-
Collection Fund - current yr surplus	-	-	-	-	(239)	-	-	-	(239)
Rate Support Grant	(503)	-	-	(503)	(503)	-	-	-	(503)
Non-service Government Grants	(835)	-	-	(835)	(835)	-	-	835	-
Non-Domestic Rates	(2,035)	-	-	(2,035)	(2,230)	-	-	-	(2,230)
<b>(Surplus)/Deficit on Provision of Services</b>	<b>899</b>	<b>-</b>	<b>8</b>	<b>907</b>	<b>204</b>	<b>-</b>	<b>(1,910)</b>	<b>(973)</b>	<b>(2,679)</b>

- Depreciation and Capital Charges included in the Budgets are presented differently in the CIES.
  - Depreciation is included within service budgets and the CIES to present a true cost of running services. However, it is removed in the Capital Financing section of the Budget as it is not a cost to the Council Tax payer. The statutory accounts show this removal in the Movement in Reserves (MiRs), not the CIES, see Note 13.
  - Conversely, the MRP charge is included in the budgets as a cost to the tax payers of the borough, but it is excluded from the CIES and then added back in the MiRs at Note 13.
  - Capital costs on non-Council assets, such as DFGs and the Empty Homes Scheme, are not a part of the revenue General Fund Budget, but have to be included in the CIES, along with their respective grant funding resources. Again, these items are removed through the MiRs.
- Pension Fund accounting entries are explained in further detail at Note 34, but essentially the Budget is set on a cash basis, whereas in the CIES the Cost of Services is reduced to just the cost of staff employed within the year. The other gains and losses on pension fund assets and liabilities are added in as Financing and Investments items. Adjustments in the Movement in Reserves bring the net cost back to the cash basis.

# Notes to Core Financial Statements

## Note 2 Expenditure & Funding Statement

In accordance with the 2017/18 Code this Expenditure and Funding Statement shows the nature of the Council's costs and its sources of income. This table is also used to produce the charts in the Narrative Report on page 15.

Expenditure and Funding Statement	2016/17					2017/18				
	Operational Directorates					Operational Directorates				
	Place £000s	Business £000s	Corporate £000s	Other £000s	Total £000s	Place £000s	Business £000s	Corporate £000s	Other £000s	Total £000s
Employees	2,497	2,050	1,254	-	5,801	2,456	1,985	1,196	-	5,637
Pension Adjustments	-	-	-	12,578	12,578	-	-	-	732	732
Premises	22	3,195	910	-	4,127	12	1,287	780	-	2,079
Transport	492	32	493	-	1,017	502	28	8	-	538
Housing Benefits	19,391	-	-	-	19,391	18,391	-	-	-	18,391
Other Service Expenses	2,716	2,905	1,946	403	7,970	2,372	3,217	454	32	6,075
Depreciation, Impairments etc	615	1	969	125	1,710	527	13	1,284	-	1,824
Interest Payments	-	-	-	154	154	-	-	-	146	146
Precepts & Levies	-	-	-	3,364	3,364	-	-	-	2,593	2,593
<b>Expenditure</b>	<b>25,733</b>	<b>8,183</b>	<b>5,572</b>	<b>16,624</b>	<b>56,112</b>	<b>24,260</b>	<b>6,530</b>	<b>3,722</b>	<b>3,503</b>	<b>38,015</b>
Government Grants	(20,160)	(2,433)	(8)	(1,049)	(23,650)	(19,511)	(1,649)	(36)	(503)	(21,699)
Other Grants & Contributions	(56)	(1,456)	(45)	-	(1,557)	(195)	(1,997)	(24)	-	(2,216)
Pension Adjustments	-	-	(907)	(9,892)	(10,799)	-	-	-	777	777
Customer & Client Receipts	(1,771)	(1,473)	(442)	(911)	(4,597)	(1,627)	(1,440)	(386)	(57)	(3,510)
Interest Receipts	-	-	-	(72)	(72)	-	-	-	(94)	(94)
Receipts from sale of Assets	-	-	-	(179)	(179)	-	-	-	(3,730)	(3,730)
Council Tax & Business Rates	-	-	-	(10,927)	(10,927)	-	-	-	(10,222)	(10,222)
<b>Income</b>	<b>(21,987)</b>	<b>(5,362)</b>	<b>(1,402)</b>	<b>(23,030)</b>	<b>(51,781)</b>	<b>(21,333)</b>	<b>(5,086)</b>	<b>(446)</b>	<b>(13,829)</b>	<b>(40,694)</b>
<b>CIES (Surplus)/Deficit on Provision of Services</b>	<b>3,746</b>	<b>2,821</b>	<b>4,170</b>	<b>(6,406)</b>	<b>4,331</b>	<b>2,927</b>	<b>1,444</b>	<b>3,276</b>	<b>(10,326)</b>	<b>(2,679)</b>

## Note 3 Long-term Contracts

In October 2015 the Council negotiated an extension to its 10-year contract with Capita Business Services Ltd for the provision of Revenues, Benefits and General Customer Contact Services, taking it up to October 2019. In 2016/17 the contract value was £1,150k (£1,312k in 2016/17). In 2018/19 the anticipated full-year contract value is £1,158k. From April 2018 up to the end of the contract term, the total value is expected to be £1,721k.

## Note 4 Acquired and Discontinued Operations

The Council has not acquired any operations during either 2017/18 or during the comparator year 2016/17. However, following a favourable 2016 actuarial valuation, Members approved the consolidation of the Pension Fund for Rossendale Transport Ltd with that of the Council. In the CIES and Note 34 the effects can be seen in the 2016/17 comparator figures referred to as 'Business Combinations'.

In 2017/18 the Council sold its 100% shareholding in Rossendale Transport Ltd, included in the Council's Balance Sheet at a value of £645k, for a net consideration of £3,640k including the transfer of the Knowsley Road Depot at an estimated value of £2,300k and the extinguishing of the outstanding mortgage of £1,010k and the cash-flow loan of £400k. The impacts of the sale can be seen in Notes 13,14,17,19, 20, 21, 32a & 32b.



## Notes to Core Financial Statements

### Note 5 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 29 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. Upon the sale of the shares in Rossendale Transport Ltd in January 2018, the Knowsley Road depot building was added to the Business Office Facilities shown below.

Trading Operations	Net Expend/ (Income) 2015/16 £000s	Gross Expend 2016/17 £000s	Income 2016/17 £000s	Net Expend/ (Income) 2016/17 £000s	Note
Markets	37	138	(100)	38	14b
Industrial Units	(101)	21	(134)	(113)	14b
Business Office Facilities	109	126	(60)	66	14b
<b>Total Trading Accounts</b>	<b>45</b>	<b>285</b>	<b>(294)</b>	<b>(9)</b>	

### Note 6 Retained Business Rates

In April 2013 Local Government funding changed with the introduction of a system of locally retained business rates. Rossendale Council now has a direct stake in the business rates collected within the 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 1<sup>st</sup> 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, but in 2016/17 the Tariff became payable to the Pool, rather than Central Government. As a result, Rossendale Borough Council retains 90% of any and all surplus or deficit arising from increases in the overall business rates during the year. In 2017/18 this led to a retained surplus for Rossendale Borough Council of £148k compared to a surplus of £538k in 2016/17.

For the first time 2016/17 also saw Rossendale Borough Council benefit from 100% of the business rates from renewable energy installations, valued at £242k for first year of collection. The true annual value of this revenue stream in 2017/18 was £159k.

Business Rates Income & Expenditure	2016/17 £000s	2017/18 £000s	Note
Business Rates collected within Rossendale	14,736	11,528	Coll Fund
Less Provision for bad debts & appeals	(363)	584	Coll Fund
Less Cost of Collection	(99)	(99)	Coll Fund
<b>Net Business Rates Collected</b>	<b>14,274</b>	<b>12,013</b>	Coll Fund
Rossendale Borough Council Business Rates Precept	5,597	4,805	
Rossendale Borough Council Renewable Energy Collections	242	159	
Less Lancashire Business Rates Pool Tariff	(3,306)	(2,586)	
<b>Comprehensive Income/Expenditure - Retained Business Rates</b>	<b>2,533</b>	<b>2,378</b>	CIES
Budgeted share of Business Rates after tariff (based on former central government settlement principles)	1,995	2,230	Narr Report
<b>Surplus for Retained Business Rates under the new regime</b>	<b>(538)</b>	<b>(148)</b>	Narr Report

# Notes to Core Financial Statements

## Note 7 Grant Income

The Council recognised the following significant grants, contributions and donations during 2016/17:

Grants and contributions received	2016/17 £000s	2017/18 £000s	Note
Credited to Cost of Services			
DWP - Housing and Council Tax Benefits - paid to claimants	19,128	18,159	
DWP - Discretionary Housing Payments	98	104	
DWP - Housing and Council Tax Benefits - administration grant	246	225	
DWP - Implementation of Universal Credit	17	12	
DCLG - New Burdens Grants	61	57	
DCLG - Business Rates - Small Business Relief Grants	395	776	
DCLG - Business Rates Collection Grant	99	99	
DCLG - New Homes Bonus	975	840	
DCLG - Localising Council Tax administration subsidy	119	98	
DCLG - Flood Relief & Flood Resilience	1,208	1,040	
Cabinet Office - re individual electoral registration	39	33	
Affordable Warmth Grant	35	48	
Living Well, Living Better Pilot Project	292	-	
Transforming Lives Programme	100	-	
Home Office -Preventing Extremism	20	-	
Heritage Lottery - Bacup Townscape Heritage Initiative	-	29	
Contributions from developers under S106 agreements	-	140	
Other Local Authorities re Empty Homes Scheme	330	-	
Other minor grants and contributions	43	41	
	23,205	21,701	
Credited to Cost of Services for REffCUS			
LCC Better Care Fund - Disabled Adaptations Grant	791	869	32c
Third Party Contribution to DFGs	7	3	
Lancashire Environmental Fund	37	76	
Virridor	57	69	
NewGround	28	-	
Min of Housing Communities & Local Government - re Homelessness	-	118	
Homes & Communities Agency - re Empty Homes Scheme	185	73	31
Heritage Lottery - Bacup Townscape Heritage Initiative	151	599	
Other minor grants and contributions	17	47	
	1,273	1,854	
<b>Total in the CIES Cost of Services</b>	<b>24,478</b>	<b>23,555</b>	
Credited to Taxation and Non-Specific Grant Income			
Rate Support Grant	1,016	503	
Transitional Grant	33	-	
<b>Non-Specific Grants in the CIES</b>	<b>1,049</b>	<b>503</b>	



## Notes to Core Financial Statements

### Note 8 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.

Total Cost of Elected Members	2016/17 £000s	2017/18 £000s
Basic Allowance	119	120
Special Responsibility Allowance	64	70
Employers National Insurance incurred	3	4
Employers Superannuation Contributions	1	-
Mileage, subsistence & other reimbursements	1	-
	<b>188</b>	<b>194</b>

The Council's committee structure last underwent a full review in 2013/14 year and the basic and special responsibility allowances paid to members were as follows:-

Annual amounts payable for elected roles	2015/16 £s	2016/17 £s
<b>Basic Allowance</b>	3,342	3,342
<b>Special Responsibility Allowances</b>		
Leader of Majority or Largest Group	13,368	13,368
Deputy Leader of Majority or Largest Group	10,026	10,026
Leader of Minority or Second Largest Group	6,684	6,684
Executive Members	6,684	6,684
All Committee Chairs (4)	3,342	3,342
Committee Vice Chairs (1) (removed 9th November 2017)	1,671	1,671

### Note 9 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 2017/18, along with prior year comparators.

Over the past two years there has been a Senior Management Team restructure. The Director of Communities post was established and filled from January 2017, whilst the Director of Economic Development left in December 2016 and was not replaced until February 2018. From April 2016 until October 2017 an external consultant fulfilled the vacant director roles. The new Senior Management Team structure at the end of 2017/18 can be seen in the Narrative Report on page 10.

Senior Officers		Other Allowances & Expenses		Acting Returning Officer	Pension	Total
		Salary £	£	£	£	£
Chief Executive	2017/18	98,848	601	4,375	15,420	119,244
	2016/17	97,869	646	4,529	14,045	117,089
Acting Director (Consultant) <i>Covering Apr 16 to Oct 2017</i>	2017/18	50,200	-	-	-	50,200
	2016/17	80,317	-	-	-	80,317
Director of Economic Developi <i>May 2016 to Dec 2016</i>	2017/18	9,163	-	-	1,429	10,592
	2016/17	67,295	-	-	6,271	73,566
Director of Communities <i>Commenced Jan 2017</i>	2017/18	75,257	506	-	11,740	87,503
	2016/17	18,428	-	-	2,580	21,008
Head of Finance & Property Services	2017/18	60,950	456	-	9,508	70,914
	2016/17	60,347	199	-	8,448	68,994
Legal Services Manager	2017/18	47,489	150	-	7,408	55,047
	2016/17	47,019	55	-	6,583	53,657
HR Manager	2017/18	47,489	219	-	7,408	55,116
	2016/17	47,019	245	-	6,583	53,847

## Notes to Core Financial Statements

### Note 10 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 2016/17 or 2017/18.

Officers with remuneration above £50,000 (excl pension)	2016/17 Number	2017/18 Number
£60,000 - £69,999	2	1
£70,000 - £74,999	2	-
£75,000 - £79,999	-	2
£95,000 - £99,999	-	1
£100,000 - £104,999	1	-
	<b>5</b>	<b>4</b>

### Note 11 Related Parties

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Most transactions involving related parties to the council are disclosed elsewhere within the Financial Statements as follows:

#### Central government

- receipts from Central Government – see Notes 7, 31 and 32c.

#### Other local authorities and precepting bodies

- payments to the Lancashire County Council Pension Fund– see Note 34.
- precepts in relation to Council Tax and Business Rates are paid to Central Government, Lancashire Police Authority, Lancashire Fire Authority, Lancashire County Council and from 1<sup>st</sup> April 2016 the Lancashire Business Rates Pool – see Note 6 and the Collection Fund.
- precept payable to Whitworth Town Council – see the Narrative Statement and the Comprehensive Income & Expenditure Statement.

#### Subsidiary and associated companies

- Until January 2018 the management of Rossendale Transport Ltd was supported by Council Members and staff, for which the company made a contribution towards specific services provided - see Note 19 on Investments and the Group Accounts in Section 3. The Council had agreed to provide a loan facility to the company, the balance of which was £100k at 31<sup>st</sup> March 2017 and £400k at the point at which the Council sold the company shares in January 2018. The total interest charged to the company for amounts outstanding during 2017/18 was £15k compared with £7k in 2016/17 along with an arrangement fee of £3.7k compared with £5k in 2016/17.
- In October 2016 the Council also repaid the Transport company's mortgage on their main depot site in Haslingden at a cost of £1.1m. This was shown as a long term loan in Note 20 and was repayable in equal instalments of principal over 15 years, beginning in April 2016, with an applicable interest rate, equivalent to the Council's borrowing rate with the PWLB at the time, of 2.8%. Following the sale of the company shares in January 2018 this loan was written down to nil.

#### Other key partners

- In June 2004 the bulk of Rossendale's Leisure Facilities transferred to the management of the newly-formed independent Rossendale Leisure Trust.
  - In previous years the Council has given the Trust an operational grant. However, as explained in the Narrative Report and Note 35, the Council purchased the balance of the Haslingden Gym extension loan in November 2016 at a cost of £1,010k. The Trust will now pay a rental charge for using the asset of £60k per annum (+VAT) for its remaining 16 year life. This represents a saving for the Trust which will negate the need

## Notes to Core Financial Statements

- for any grant funding in the future. During 2016/17 the basic operating grant was reduced pro-rata to £55.4k and the grant in 2017/18 was nil.
- The Council provided an additional grant of £39k at the end of 2016/17 to support the Trust's management restructure costs.
  - In 2007/08 the Trust was given a £65k loan for a period of 5 years which is shown as a Long Term Debtor in the Council's Balance Sheet. A further £18k was added to this loan during 2009/10. The value outstanding at the end of 2017/18 was £35k.
  - In previous years, the Council also supported the Trust with a cash flow loan which began the 2016/17 year at £738k and ended the year at £741k. As Note 32a explains, at the time the Council held an Earmarked Leisure Reserve to support this loan and the Trust's Balance Sheet deficit. At the very end of March 2017 the Council took the decision to apply the Reserve in order to re-finance the Trust's Balance Sheet and with an additional grant of £750k the retained loss and this cash flow loan were eliminated. During 2017/18 the operational inter-company cash balance has been cleared within each calendar month.
  - Both the cash-flow loan and the £65k 5-years loan to the Trust are considered soft loans because interest payments totalling £5k were waived in each year.
  - In previous years the Council provided a guarantee on a lease taken out by the Trust in 2008/09 for the extension to Haslingden Sports Centre. As noted above, the Council purchased the balance of this lease in November 2016, and this is now included in the Council's assets at Notes 14, 17a and 35. This extinguished the Contingent Liability for the guarantee at the end of March 2017 (see Note 35).
  - 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 £60k towards running costs in 2017/18 and 2016/17.
  - The RTB Partnership Ltd was incorporated on the 4<sup>th</sup> February 2013, with equal partners being Rossendale Borough Council, Together Housing and Barnfield Construction Ltd. The Partnership is a vehicle to facilitate a variety of development projects across the borough and each partner contributed £5k during 2013/14, £20k during 2014/15 and in 2016/17 the Council paid a further £10k to the partnership as loans.

### Members and Chief Officers

The Council's Standing Orders make provision for a register of Members and Officers interests and also require members who believe they have a prejudicial interest in a matter to be discussed at a Council or Committee meeting to declare that interest at the meeting and, in general, to withdraw from the meeting while that particular matter is being discussed.

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 12 External Audit Costs

The sums due from Rossendale Borough Council to the external auditors for works carried out relating to the year of account 2017/18 were:-

Audit costs	2016/17 £000s	2017/18 £000s
Fees payable in respect of external audit of accounts	46	46
Fees payable for the certification of grant claims and returns	8	8
	54	54

# Notes to Core Financial Statements

## Note 13 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 2016/17 while the financial year 2017/18 can be found on the opposite page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2016/17				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
<b>Capital Adjustment Account adjustments</b>					
Depreciation of Property, Plant & Equipment (PPE)	1,122	-	-	(1,122)	14,15,33a,33b
Impairment of Property, Plant & Equipment (PPE)	81	-	-	(1,194)	14,15,33a,33b
Revaluation gain/loss on Property, Plant and Equipment (PPE)	343	-	-	(343)	14,15,33a,33b
Deferred Capital Receipts	389	-	-	(389)	33c
Amortisation of Intangible Assets	39	-	-	(39)	13 & 33b
Revenue Expend funded from Capital under Statute (REFFCUS)	747	-	-	(747)	17a & 33b
REFFCUS for Empty Homes Scheme	2,015	-	-	(2,015)	
Net book value of assets sold	125	-	-	(125)	14,15,27,33a,33b
Statutory provisions for financing of capital investment (MRP)	(553)	-	-	553	17a & 33b
Capital Expend charged to General Fund	(239)	-	-	239	17a & 33b
Capital Expend charged to General Fund Empty Homes	(1,018)	-	-	1,018	17a & 33b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash proceeds of assets sold	(179)	179	-	-	32b
Other Income	(947)	947	-	-	32b
Use of Capital Receipts to fund capital spend	-	(1,164)	-	1,164	17a,32b,33b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions credited to the CIES	265	-	(265)	-	17a & 32c
Application of grants to the Capital Adjustment Account	(711)	-	-	711	17a & 33b
Application of grants to the Capital Adjustment Account	(185)	-	-	185	17a & 33b
<b>Pensions Reserve adjustments</b>					
Employer contributions to the Pension Fund	(1,755)	-	-	1,755	34f
Net IAS19 charges made for retirement benefits	3,534	-	-	(3,534)	34f
<b>Collection Fund Adjustment Account adjustments</b>					
Difference between the Council Tax and Non-Domestic Rates income credited to the CIES and that calculated in accordance with statutory requirements	(623)	-	-	623	32a & CF2
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>2,450</b>	<b>(38)</b>	<b>(265)</b>	<b>(3,260)</b>	



Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2017/18				Note
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves	
	£000s	£000s	£000s	£000s	
<b>Capital Adjustment Account adjustments</b>					
Depreciation of Property, Plant & Equipment (PPE)	913	-	-	(913)	14,15,33a,33b
Impairment of Property, Plant & Equipment (PPE)	314	-	-	(314)	14,15,33a,33b
Revaluation gain/loss on Property, Plant and Equipment (PPE)	608	-	-	(608)	14,15,33a,33b
Deferred Capital Receipts	-	(379)	-	(379)	33c
Amortisation of Intangible Assets	70	-	-	(70)	13 & 33b
Revenue Expend funded from Capital under Statute (REFFCUS)	1,297	-	-	(1,297)	17a & 33b
REFFCUS for Empty Homes Scheme	159	-	-	(159)	
Net book value of assets sold	678	(645)	-	(33)	14,15,27,33a,33b
Statutory provisions for financing of capital investment (MRP)	(604)	-	-	604	17a & 33b
Capital Expend charged to General Fund	(410)	-	-	410	17a & 33b
Capital Expend charged to General Fund Empty Homes	(575)	-	-	575	17a & 33b
<b>Capital Receipts Reserve adjustments</b>					
Transfer of cash proceeds of assets sold	(3,836)	3,836	-	-	32b
Other Income	(572)	572	-	-	32b
Use of Capital Receipts Reserve to fund capital spend	-	(2,666)	-	2,665	17a,32b,33b
<b>Capital Grants Unapplied Account adjustments</b>					
Capital grants and contributions credited to the CIES	39	-	(39)	-	17a & 32c
Application of grants to the Capital Adjustment Account (CAA)	(1,155)	-	-	1,155	17a & 33b
Application of grants to the CAA Empty Homes Scheme	(212)	-	-	212	17a & 33b
<b>Pensions Reserve adjustments</b>					
Employer contributions paid to the Pension Fund	(1,747)	-	-	1,698	34f
Net IAS19 charges made for retirement benefits	2,096	-	-	(2,096)	34f
<b>Collection Fund Adjustment Account adjustments</b>					
Difference between the Council Tax and Non-Domestic Rates income credited to the CIES and that calculated in accordance with statutory requirements	(450)	-	-	450	32a & CF2
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(3,387)</b>	<b>718</b>	<b>(39)</b>	<b>1,900</b>	

# Notes to Core Financial Statements

## Note 14 Property, Plant and Equipment

### 14a Movements during the year

Movements on property, plant & equipment assets in 2016/17 were as follows:-

Property, Plant & Equipment 2016/17	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	Heritage Assets £000s	Note
<b>Cost or Valuation 1st April 2016</b>	28,577	6,672	326	1,169	974	639	38,357	2,180	
Additions	1,298	224	22	13	147		1,704	5	17a
Revaluation increases/(decreases) to Revaluation Reserve	995	-	(81)	100	53	-	1,067	-	33a
to Provision of Services	(252)	-	(14)	(140)	-	-	(406)	-	13, 33b
Reclassifications- to/from Assets Held for Sale others	-	-	-	-	-	(120)	(120)	-	27
Derecognition- on disposal	(385)	(498)	-	-	-	-	(883)	-	13, 33b
<b>Cost or Valuation 31<sup>st</sup> March 2017</b>	<b>30,233</b>	<b>6,398</b>	<b>253</b>	<b>1,142</b>	<b>1,174</b>	<b>519</b>	<b>39,719</b>	<b>2,185</b>	
<b>Accum Depreciation and Impairments 1st April 2016</b>	(7,054)	(4,297)	(137)	(244)	(209)	(130)	(12,071)	(18)	
Depreciation for the year- to Revaluation Reserve	(111)	(2)	6	-	(4)	-	(111)	(1)	13, 33a
to Provision of Services	(219)	(433)	-	-	(1)	-	(653)	(1)	13, 33b
Impairment losses/(reversals) to Revaluation Reserve	(31)	-	-	(13)	-	(11)	(55)	(10)	13, 33a
to Provision of Services	(1,166)	-	-	-	-	-	(1,166)	-	13, 33b
Reclassifications	-	-	-	-	-	12	12	-	
Derecognition- on disposal	374	244	-	-	-	-	618	-	13, 33b
<b>Accumulated Depreciation and Impairments 31st March 2017</b>	<b>(8,207)</b>	<b>(4,488)</b>	<b>(131)</b>	<b>(257)</b>	<b>(214)</b>	<b>(129)</b>	<b>(13,426)</b>	<b>(30)</b>	
Net Book Value at 31st March 2017	22,026	1,910	122	885	960	390	26,293	2,155	

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 40 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.



# Notes to Core Financial Statements

Movements in 2017/18 were as follows:

Property, Plant & Equipment 2017/18	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	Heritage Assets £000s	Note
<b>Cost or Valuation 1st April 2016</b>	30,233	6,398	253	1,142	1,174	519	39,719	2,185	
Additions	2,843	62	-	3	906	31	3,845	-	17a
Revaluation increases/(decreases) to Revaluation Reserve	198	-	-	31	-	-	229	-	33a
to Provision of Services	(432)	-	-	(235)	-	-	(667)	-	13, 33b
Reclassifications- to/from Assets Held for Sale others	(2,511)	-	-	-	-	2,511	-	-	27
Derecognition- on disposal	-	(76)	-	-	-	(31)	(107)	-	13, 33b
<b>Cost or Valuation 31<sup>st</sup> March 2018</b>	<b>30,331</b>	<b>6,384</b>	<b>253</b>	<b>941</b>	<b>4,591</b>	<b>519</b>	<b>43,019</b>	<b>2,185</b>	
<b>Accum Depreciation and Impairments 1st April 2017</b>	(8,207)	(4,488)	(131)	(257)	(214)	(129)	(13,426)	(30)	
Depreciation for the year- to Revaluation Reserve	(103)	-	-	(1)	-	-	(104)	-	13, 33a
to Provision of Services	(232)	(560)	(9)	(2)	(2)	-	(805)	(1)	13, 33b
Impairment losses/(reversals) to Revaluation Reserve	(306)	-	-	(7)	-	-	(313)	-	13, 33a
to Provision of Services	(610)	-	-	-	-	-	(610)	-	13, 33b
Reclassifications	300	-	-	-	(300)	-	-	-	
Derecognition- on disposal	-	74	-	-	-	-	74	-	13, 33b
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2018</b>	<b>(9,158)</b>	<b>(4,974)</b>	<b>(140)</b>	<b>(267)</b>	<b>(516)</b>	<b>(129)</b>	<b>(15,184)</b>	<b>(31)</b>	
Net Book Value at 31 <sup>st</sup> March 2018	21,173	1,410	113	674	4,075	390	27,835	2,154	
Net Book Value at 31 <sup>st</sup> March 2017	22,026	1,910	122	885	960	390	26,293	2,155	

## 14b Breakdown of buildings owned

The operation of the Ski Slope transferred to a community group during 2011/12 but the property is still owned by the Council and therefore still included here.

A summary of Council Assets	31 <sup>st</sup> March 2017 No.	31 <sup>st</sup> March 2018 No.
Administrative Buildings	2	2
Depots and Workshops	5	5
Off-Street Car Parks	46	51
Off-Street Car Parking spaces	1,068	1,086
Sports Centres	1	1
Public Halls	1	1
Swimming Pools	2	2
Museums	1	1
Cemetries	4	4
Parks and recreation grounds	58 hectares	58 hectares
Amenity open spaces	36 hectares	36 hectares
Ski Slope	1	1
Public Conveniences	8	13
Industrial Units	28	28
Markets	3	3
Community & Youth Centres	3	3
Sheltered accommodation	1	1
Surplus Assets	12	12
Surplus Assets Held for Sale	2	2

# Notes to Core Financial Statements

## 14c Revaluation Programme

The authority operates a five-year rolling programme of revaluation on its General Fund properties. During 2017/18 the valuations were carried out by external RICS-qualified officers from Capita Symonds Ltd, PO BOX 212, Faverdale Industrial Estate, Darlington, DL1 9HN. For details of the basis of valuation please refer to the Accounting Policies. The Net Book Value of assets which underwent a revaluation during 2017/18 was £3,388k and this resulted in a net revaluation loss of £438k in the Revaluation Reserve (Note 33a) and £608k in the Capital Adjustment Account (Note 33b). Assets valued in previous years have not undergone any material changes which would alter their valuations.

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	Historic Cost £000s	Assets revalued in the year ending					Total Net Book Value £000s	Planned Next Valuation
		March 2014 £000s	March 2015 £000s	March 2016 £000s	March 2017 £000s	March 2018 £000s		
Land	126	498	124	-	103	-	851	2018/19
Administrative Buildings	-	2,150	-	-	-	10	2,160	2018/19
Depots and Workshops	51	-	-	-	62	2,862	2,975	2022/23
Garages	-	-	-	307	42	-	349	2020/21
Car Parks	15	-	1,057	-	-	-	1,072	2019/20
Cemeteries	-	-	-	-	462	138	600	2021/22
Culture & Heritage Assets	86	2,074	-	-	-	-	2,160	2018/19
Sports & Leisure Facilities	-	8,372	-	158	4	-	8,534	2018/19
Parks, & Recreation Grounds	151	35	268	3	434	445	1,336	2019/20
Woodlands & Open Spaces	38	96	110	138	553	205	1,140	2019/20
Industrial Units	-	-	-	-	983	-	983	2021/22
Domestic Housing	-	-	94	115	-	80	289	2019/20
Business Offices	-	-	568	-	-	-	568	2019/20
Public Conveniences	8	-	11	-	49	50	118	2020/21
Markets	-	-	-	-	-	98	98	2022/23
Sheltered Accommodation	-	322	-	-	-	-	322	2018/19
Plant, Vehicles & Equipment	1,503	-	-	-	-	-	1,503	n/a
Other Assets	90	21	357	86	332	-	886	various
Assets under construction	-	2,361	245	1,380	89	-	4,075	2019/20
<b>Net Book Value 31<sup>st</sup> March 2016</b>	<b>2,068</b>	<b>15,929</b>	<b>2,834</b>	<b>2,187</b>	<b>3,113</b>	<b>3,888</b>	<b>30,019</b>	

## Note 15 Investment Properties

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

Investment Properties	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s
Cost or Valuation 1st April	550	550
<b>Cost or Valuation 31st March</b>	<b>550</b>	<b>550</b>
Accum Depreciation and impairments 1st April	(11)	(11)
<b>Accum Depreciation and Impairments 31st March</b>	<b>(11)</b>	<b>(11)</b>
Net Book Value at 31st March	539	539
<b>Rental income within the year</b>	<b>25</b>	<b>25</b>

## Notes to Core Financial Statements

### Note 16 Intangible Assets

Intangible Assets	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
Cost or Valuation 1st April	966	1,050	
Additions	84	6	20a
<b>Cost or Valuation 31st March</b>	<b>1,050</b>	<b>1,056</b>	
Accum Depreciation 1st April	(857)	(896)	
Amortisation for the period	(39)	(72)	15, 36b
<b>Accum Depreciation and Impairments 31st March</b>	<b>(896)</b>	<b>(968)</b>	
Net Book Value at 31st March	154	88	

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 Rossendale 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.



# Notes to Core Financial Statements

## 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. The Council has not acquired any assets under finance leases or PFI schemes which would have been included below).

### 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 years through Minimum Revenue Provision (MRP) as assets are used by the Council. Rossendale 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	2016/17 £000s	2017/18 £000s	Note
<b>Opening Capital Financing Requirement</b>	<b>8,694</b>	<b>9,069</b>	
<b>Non-Empty Homes Opening Capital Financing Requirement</b>	<b>7,013</b>	<b>7,698</b>	
Capital investments			
Property, Plant & Equipment	1,709	3,845	14
Intangible Assets	84	6	16
Revenue Expenditure funded from Capital under Statute	747	1,297	13, 33b
	2,540	5,148	
Sources of Finance			
Capital Receipts	(213)	(2,473)	13, 32b
Government Grants and other contributions	(181)	(1,351)	13, 33b
Sums set aside from Revenue:-			
Direct revenue contributions	(908)	(410)	13, 33b
Minimum Revenue Provision (MRP)	(553)	(604)	13, 33b
<b>Non Empty Homes Closing Capital Financing Requirement</b>	<b>7,698</b>	<b>8,008</b>	36b
<b>Empty Homes Opening Capital Financing Requirement</b>	<b>1,371</b>	<b>1,371</b>	
Empty Homes			
Revenue Expenditure funded from Capital under Statute	2,015	158	15, 36b
Sources of Finance			
Capital Receipts	(482)	(375)	
Government Grants and other contributions	(185)	(411)	15, 36b
Sums set aside from Revenue:-			
Direct revenue contributions	(1,348)	-	15, 36b
<b>Empty Homes Closing Capital Financing Requirement</b>	<b>1,371</b>	<b>743</b>	36b
<b>Closing Capital Financing Requirement</b>	<b>9,069</b>	<b>8,751</b>	
Explanation of movements in the year -			
Increase in underlying borrowing (net of direct grants and contributions)	1,238	286	
Repayments (MRP)	(553)	(604)	
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>685</b>	<b>(318)</b>	

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' (REffCuS) and funding from grants and other receipts and contributions, not from MRP.

# Notes to Core Financial Statements

## 17b - Capital Expenditure on Council Assets

The main items of capital expenditure on the Council's own assets during the year were:-

Capital expenditure on Council assets	2016/17 £000s	2017/18 £000s
IT Strategy & Software	84	6
Sports & Leisure Facilities	1,133	73
Playing fields, playgrounds & parks	186	429
Rawtenstall Valley Centre/Spinning Point	147	906
Transfer of Knowsley Park Road depot	-	2,300
Solar Panels	66	-
Others	177	170
	<b>1,793</b>	<b>3,884</b>

## 17c - Capital Commitments

The Council operates a rolling 3-year capital programme and in addition to the £3,851k spent in 2017/18 above, approved capital works of £4,545k were carried forward into 2018/19 onwards, known as slippage.

Contract commitments relating to Council assets	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s
Parks & Play Areas - finalising ongoing projects	87	103
IT Software upgrades	61	-
Building Maintenance Projects	18	-
Infrastructure, including car parks and signage	5,285	4,442
	<b>5,451</b>	<b>4,545</b>

## 17d - Capitalisation of Borrowing Costs

The Council has one 25-year loan from the PWLB which was taken out in March 2010 in order to support the impact upon the Council's need to borrow which resulted from investment recommended by the 2009/2010 Leisure Review and regeneration projects. Borrowing costs were capitalized up to the Marl Pits facility opening in autumn 2012.

There have been no capitalised payments or receipts in either 2016/17 or 2017/18.

## 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. In October 2016 the Council entered into a contract with Calico Housing Ltd to manage these properties on behalf of the Council. Calico now arranges the contracts with tenants, collects the rent and pays 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	2016/17 £000s	2017/18 £000s
<b>Lease Payments within the year</b>	<b>828</b>	<b>438</b>
Future minimum lease commitments		
Amounts falling due within 1 year	88	84
Amounts falling due within 2-5 years	279	456
Amounts falling due within 6-10 years	142	78
<b>Total Minimum Lease Payments</b>	<b>509</b>	<b>618</b>

# Notes to Core Financial Statements

## 18b - Disclosure by Lessor

The Council has a number of premises that it makes available on an operating lease basis, for lease terms substantially less than the expected lives of the assets. Asset values included within the Balance Sheet and minimum lease income receivable during the year were as follows:

Authority as a Lessor	2016/17	2017/18			Total £000s	Note
	Total £000s	Industrial Properties £000s	Leisure Premises £000s	Other Properties £000s		
Gross Value at 31st March	11,848	1,163	10,437	50	11,650	
Accumulated Depreciation	(2,388)	(180)	(2,264)	(35)	(2,479)	
<b>Net Book Value at 31st March</b>	<b>9,460</b>	<b>983</b>	<b>8,173</b>	<b>15</b>	<b>9,171</b>	
<b>Lease Income within the year</b>	<b>(113)</b>	<b>(134)</b>	<b>-</b>	<b>-</b>	<b>(134)</b>	5

The rental incomes above show a nil return for leisure properties. These are now managed and operated by partners such as Rossendale Leisure Trust and Community Leisure Association Whitworth on a rent-free basis and the Council makes a grant contribution each year to the provision of leisure services across the borough. Details of this grant can be found in Note 11 on Related Party Transactions.

The assets shown as 'other properties' above have similarly been leased to third parties at peppercorn rents, including the Cherry Crescent Community Centre and the Aged Blind and Disabled Centre.

## Note 19 Long Term Investments

The long term investments consist of:-

Long Term Investments	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
Rossendale Transport Ltd	645	-	21a,21c,32a
Marketable Securities	2	2	
<b>Balance at 31st March</b>	<b>647</b>	<b>2</b>	

The investment in Rossendale Transport Ltd, a company which provides public bus services principally within the Rossendale area, consists of £645k share capital, being 100% of the shares issued. Due to the specialized nature of the business any current market value of the company would be a purely subjective estimate and so this investment has been held in the Balance Sheet at historic cost.

In 2016/17 the council looked at ways it could improve the return on its investments whilst at the same time assisting its partners. One action resulting from this review was the investment of just over £1,082k in the mortgage for Rossendale Transport's main depot site. This was being repaid in equal instalments of principal over 15 years, starting on the 15th April 2017 with an interest rate of 2.8%, equivalent to that available to the Council from the PWLB. For more details see Notes 11 and 20.

Rossendale Borough Council sold the shares in the Transport company in January 2018 for a net consideration of £3,640k, including the transfer of the Knowsley Road depot at an estimated value of £2,300k and the extinguishing of the mortgage on the property (£1,010k) and the cash flow loan (£400k), see Note 20 below.

Rossendale Transport Ltd.	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s
Profit/(Loss) on ordinary activities before taxation	131	-
Tax on profit on ordinary activities	(8)	-
<b>Retained profit/(loss) for the financial year</b>	<b>123</b>	<b>-</b>
<b>Net Assets of the company (excluding Share Capital)</b>	<b>791</b>	<b>-</b>

# Notes to Core Financial Statements

## Note 20 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	Rossendale Transport Cash Loan £000s	Mortgage £000s	Empty Homes Loans £000s	Other loans & mortgages £000s	Total £000s	Note
Debt Outstanding 1st April 2016	774	-	-	2,465	32	3,271	21a & 21c
Advances	41	350	1,082	92	92	1,657	
Receipts	(780)	(250)	-	(482)	(10)	(1,522)	
Provision for Doubtful Debts	35	100	1,082	2,075	114	3,406	26
	-	-	-	(889)	-	(889)	26
<b>Balance at 31st March 2017</b>	<b>35</b>	<b>100</b>	<b>1,082</b>	<b>1,186</b>	<b>114</b>	<b>2,517</b>	21a & 21c
Debt Outstanding 1st April 2017	35	100	1,082	2,075	114	3,406	21a & 21c
Advances	-	570	-	70	-	640	
Receipts	-	(670)	(1,082)	(376)	(10)	(2,138)	
Provision for Doubtful Debts	35	-	-	1,769	104	1,908	26
	-	-	-	(941)	-	(941)	26
<b>Balance at 31st March 2018</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>828</b>	<b>104</b>	<b>967</b>	21a & 21c

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.

The Narrative Report, and Notes 11 and 19 provide further details on the sale of the Council's shares in Rossendale Transport Ltd in January 2018, at which point the balances on the cash flow loan and the mortgage were extinguished. Other than this there have been no debts written off during 2016/17 or 2017/18.



## Note 21 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument on another.

The term 'financial instruments' covers both financial assets and financial liabilities and includes both straight forward trade receivables and trade payables as well as complex money-market assets.

Typical financial instruments and their basis of measurement are shown in the table below:

# Notes to Core Financial Statements

Financial Instruments	Measurement	Rossendale Note
<b>Liabilities</b>		
Trade and other payables (Creditors)	Held at invoice value	Trade payables excluding government and other non-contract creditors
Borrowings	Included at the face value of the loan or bank account	Borrowing can include fixed term loans and bank overdrafts. Rossendale Borough Council has loan from the PWLB over a period of 25 years commencing March 2010
Financial guarantees	Measurement balances guarantee value with the risk of the guarantee being called	The Council has given one financial guarantee, but considers the risk to be so minimal as to render the liability as not material (Note 11)
<b>Assets</b>		
Bank deposits	Any deposit with 365 days or less to run is held at carrying value of the account	The Council's 'Cash at Bank' figure includes a minimal value of cash in hands of officers as well as bank accounts with instant access.
Trade receivables (Debtors)	Held at invoiced amount less an impairment for uncollectable debts	Trade receivables exclude government and other non-contract debts
Loans receivable	Included at the face value of the loan or bank account	<p>Loan deposits can include investments which have fixed terms and fixed interest rates. The Council has issued two loans to Rossendale Leisure Trust (see Note 9). These are considered soft loans because no interest has been charged to the Trust.</p> <p>In 2013/14 a new loan arrangement was agreed with Rossendale Transport Ltd, which attracts interest income at market rate. (Note 20)</p> <p>In October 2016 the Council purchased the mortgage on the main premises of Rossendale Transport Ltd, with an applicable interest of 1.4%. Repayments began April 2017 but ended January 2018 when the company was sold (Note 20)</p>
Soft Loans	Where material, soft loans are measured using an effective market rate of interest	The Council has only one minor soft loan to facilitate business relocation, which has been fully repaid during 2017/18.
Other receivables and advances	Held at the carrying value on the basis on materiality	These are predominantly arrangements made under the Empty Homes Strategy, being repaid from future rental incomes.
Investments	Held at historic cost value (Note 19)	The Council's investment in Rossendale Transport Ltd was held at the historic value of the shares because there was no reliable estimate of market value available. These were sold in January 2018.

The Council has assessed the materiality of all its financial instruments and those considered too small to make an adjustment to the carrying value of the original asset or liability included soft loans and other minor investments. (A soft loan is where the Council has lent money at a lower than market rate). The Council issued one soft loan back in 2011 in order to facilitate a business relocation which met the Council's regeneration priorities. The Rossendale Leisure Trust loans were also treated as soft loans because no interest was paid in either 2016/17 or 2017/18. The value of interest forgone in relation to these loans was not material.



# Notes to Core Financial Statements

## 21a - Categories of Financial Instruments

The categories of financial instruments included within the Balance Sheet and Notes are:-

Categories of Financial Instrument	Long Term		Current		Note
	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	
<b>Cash and cash equivalents</b>					
Receivables	-	-	3,556	2,089	21c, 25
<b>Investments</b>					
Loans and receivables	-	-	3,000	5,250	21c, 25
Unquoted equity investment at cost	647	2	-	-	19
<b>Trade Debtors</b>					
Loans and receivables	2,517	967	1,034	1,238	20, 21c, 24
<b>Borrowings</b>					
Financial liabilities at amortised cost	(3,128)	(2,944)	(184)	(184)	21c, 29
<b>Trade Creditors</b>					
Financial liabilities at amortised cost	-	-	(2,927)	(2,177)	21c, 31

Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council provided a financial guarantee in respect of Rossendale Leisure Trust and a gym extension at Haslingden Sports Centre.(see Notes 11 & 35), which has been initially recognised at fair value of nil and noted in the Contingent Assets and Liabilities at Note 35.

As explained in Note 19 above, the Council bought out the balance on the lease in November 2016 at a cost of £1,010k and this has been treated as an investment in the asset already owned by the Council (see Notes 14 and 17a). The Trust will now pay a rental charge for using the asset of £60k per annum (+VAT) for its remaining 16 year life (see Note 11) which will offset the MRP charge.

## 21b - Financial Instrument Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Income & Expenses	2016/17	2017/18		
	Total £000s	Financial Liabilities at amortised cost £000s	Loans & Receivables £000s	Total £000s
Interest payable - revenue	154	146	-	146
Interest income - revenue	(72)	-	(94)	(94)
<b>Net (Gain)/Loss for the year</b>	<b>82</b>	<b>146</b>	<b>(94)</b>	<b>52</b>

## 21c - Fair value of assets and liabilities carried at amortised cost

Financial liabilities and assets represented by loans and receivables are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions.

- For loans from the PWLB the fair value was calculated by reference to the premature repayment set of rates in force on 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018 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 or billed amount.

# Notes to Core Financial Statements

The fair values are calculated as follows:

	31st March 2017		31st March 2018		Note
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s	
Borrowings	(3,312)	(4,045)	(3,128)	(3,698)	21a & 29
Short Term Creditors	(2,927)	(2,927)	(2,177)	(2,177)	21a & 31
<b>Total Financial Liabilities</b>	<b>(6,239)</b>	<b>(6,972)</b>	<b>(5,305)</b>	<b>(5,875)</b>	
Investments <1 year	3,000	3,000	5,250	5,250	21a & 25
Long Term Debtors	2,517	2,517	967	967	20 & 21a
Short Term Debtors	1,034	1,034	1,238	1,238	21a & 24
Cash and Cash Equivalents	3,556	3,556	2,089	2,089	21a & 25
<b>Total Financial Assets</b>	<b>10,107</b>	<b>10,107</b>	<b>9,544</b>	<b>9,544</b>	

At March 2018 Rossendale Borough Council has one outstanding PWLB loan taken out in March 2010 for 25 years at a fixed rate of 4.49%. The premature repayment rate applicable on 31<sup>st</sup> March 2018 was 1.21% and the figures for fair value above have been supplied by the Council's treasury management advisor, Link Asset Services. For a sensitivity analysis, Link Asset Services have confirmed that a similar new loan on the 31<sup>st</sup> March 2018 at the discount rate available of 2.15% would have reduced the fair value of the loan at the end of 2017/18 to £3,697k.

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 22 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.

### 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.

## Notes to Core Financial Statements

- 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. However, the Council has supported Rossendale Leisure Trust through a cash flow loan of around £740k (repaid in full at the end of March 2017) and with a building loan with a current value of £35k over a maximum of five years. The Council has also supported Rossendale Transport Ltd with loans totaling £1,182k at the end of March 2017 but these were extinguished upon the sale of the shares in the Transport Company in January 2018, as shown in the Long-term Debtors at Note 20.

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.

Credit Risk	Actual Amount March 2018 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure March 2018 £000s	Estimated maximum exposure March 2017 £000s	Note
Cash and Cash Equivalents	2,089	0.00%	0.00%	-	-	21a,21c,25
Investments - Bank Deposits	5,250	0.00%	0.00%	-	-	21a,21c,25
Investments - Others	2	0.00%	0.00%	-	-	19,21a,21c
Long Term Debtors	967	0.00%	0.00%	-	-	20,21a,21c
Short Term Trade Debtors	1,238	6.60%	7.00%	87	117	21a,21c,24
<b>Total Financial Assets</b>	<b>9,546</b>			<b>87</b>	<b>117</b>	

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 31<sup>st</sup> March 2018 stood at £2,889k (£2,310k at March 2017), of which £1,353k was overdue (£1,252k at March 2017). Against this the Council held a doubtful debt provision of £1,651k (£1,276k at March 2017), as shown in the table below.

# Notes to Core Financial Statements

Short Term Trade Debtors by age	31st March 2017	31st March 2018	Note
	£000s	£000s	
Not yet past due	1,058	1,536	
Less than one month	12	23	
One to Two months	-	88	
Two to three months	2	2	
Three to six months	5	32	
Six months to one year	385	204	
Over one year	848	1,004	
Doubtful debts provision	(1,276)	(1,651)	
<b>Total Net Trade Debtors</b>	<b>1,034</b>	<b>1,238</b>	21a,21c,24

## 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.

## 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 2017/18, which were approved along with the Council's annual budget on 1<sup>st</sup> March 2017, are shown below.

## Notes to Core Financial Statements

Limits in interest rate exposure	2015/16	2016/17	2017/18	2018/19
Max principal sums borrowed > 364 days	£4.7m	£4.5m	£4.5m	£9.5m
Borrowing limits on Fixed Interest Rates	100%	100%	100%	100%
Borrowing limits on Variable Interest Rates	0%	0%	0%	0%
Max sums invested > 364 days	£0m	£0m	£0m	£0m
Max sums invested with single body	£5m/50%	£5m/50%	£5m/50%	£5m/50%
Max sums invested with any group	£10m	£10m	£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 £95k. All other interest payable and receivable is fixed.

### Price Risk

The Council, excluding the pension fund, does not generally invest in instruments with this type of risk.

### Foreign exchange risk

Local custom and practice is not to engage in foreign currency trade or deal with foreign financial institutions. The Council, therefore, has no financial assets or liabilities denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

### Note 23 Inventories

The total value of stocks at 31 March 2017 was £31k (£24k at 31<sup>st</sup> March 2017), representing fuel, vehicle maintenance spares, trade waste bins and refuse sacks. These are valued at cost due to the high turnover nature of the items concerned providing a very close approximation to the current value at the Balance Sheet date.

### Note 24 Debtors

The short-term debtors here are net of provisions for bad and doubtful debts - see Note 26 below.

Debtors (net of any provisions for bad or doubtful debts)		31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
Central Government Bodies		(189)	113	2
Other Local Authorities		653	1,501	
Other entities and individuals	Council Tax	875	300	CF6, CF5
	Retained Business Rates	139	98	
	Advance Payments	640	524	24, 26
	Sundry Trade Debtors	664	1,227	
		2,318	2,149	
<b>Net Balance at 31st March</b>		<b>2,782</b>	<b>3,763</b>	

### Note 25 Short-term Investments, Cash and Cash Equivalents

Short Term Investments and Cash & Cash Equivalents		31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
Bank Deposits - access under 3 months		1,000	3,750	21a, 21c
Bank Deposits - access 3 to 6 months		-	-	
Bank Deposits - access 6 to 12 months		2,000	1,500	
Other Local Authorities - access less than 3 months		-	-	
<b>Short-term Investments at 31st March</b>		<b>3,000</b>	<b>5,250</b>	
Bank Deposits - instant access		3,555	2,088	21a, 21c, 36b
Cash in Hands of Officers		1	1	
<b>Cash and cash equivalents at 31st March</b>		<b>3,556</b>	<b>2,089</b>	

## Notes to Core Financial Statements

### Note 26 Impairment Losses

Impairment losses/(reversals) on property, plant and equipment, investment properties and intangible assets are disclosed in Note 17, 18 and 19 respectively.

The Council also makes provision for impairment of long-term and short-term debtors, as shown in Notes 20 and 24, based on historical default experience adjusted for the current market conditions as disclosed in Note 21.

The table below shows a large provision for doubtful long-term debts. This is in relation to the East Lancs Empty Homes Scheme and represents the balance of the renovation loans at 31<sup>st</sup> March 2018 on properties which are expected to be returned to owners early.

Impairment Losses (see Notes 23 & 27)	Long Term Debts	Council Tax	Business Rates	Sundry Debts	Total Current Debts	Note
	£000s	£000s	£000s	£000s	£000s	
Balance at 1st April 2016	-	(433)	(427)	(1,288)	(2,148)	
Provisions Made	(889)	(89)	(66)	(317)	(472)	
Provisions Utilised	-	24	37	114	175	
<b>Balance at 31st March 2017</b>	<b>(889)</b>	<b>(498)</b>	<b>(456)</b>	<b>(1,491)</b>	<b>(2,445)</b>	20 & 24
Balance at 1st April 2017	(889)	(498)	(456)	(1,491)	(2,445)	
Provisions Made	(52)	19	-	(483)	(464)	
Provisions Utilised	-	2	55	25	82	
<b>Balance at 31st March 2018</b>	<b>(941)</b>	<b>(477)</b>	<b>(401)</b>	<b>(1,949)</b>	<b>(2,827)</b>	20 & 24
Debt outstanding 31st March 2018	1,908	777	499	3,176	4,452	20 & 24
Debt outstanding 31st March 2017	3,406	1,373	596	2,154	4,123	20 & 24

### Note 27 Assets Held for Sale

Current Assets held for sale	2016/17 £000s	2017/18 £000s	Note
Balance at 1st April	60	48	
Assets reclassified to/(from) PPE	120	-	14
Revaluation gains/(losses) to the Revaluation Reserve	(12)	-	33b
Depreciation for the year- to Provision of Services	-	(1)	
Write out NBV of Assets sold - from Revaluation Reserve	(120)	-	33a
<b>Balance at 31st March</b>	<b>48</b>	<b>47</b>	

### Note 28 Creditors

Creditors	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
Central Government Bodies	1,311	942	
Other Local Authorities	87	101	21a, 21c
Bodies external to government			
Advance Receipts: Council Tax	167	87	
Advance Receipts: Retained Business Rates	63	59	
Advance Receipts: Others	50	305	21a, 21c
Employee Benefit Expenses	25	43	21a, 21c
Sundry Trade Creditors	2,815	2,033	21a, 21c
<b>Balance at 31st March</b>	<b>4,518</b>	<b>3,570</b>	

## Notes to Core Financial Statements

### Note 29 Borrowing

Following the budget setting in February 2010, a loan of £4.6m was taken out from the PWLB over a life of 25 years at 4.49% to support the costs of the Council's capital spending, including the planned investment resulting from the Leisure Services Review. Repayment of this loan is based on equal instalments of principal at £184k per annum. Further information can be found in the Financial Instruments Note 21.

PWLB Borrowing	31 <sup>st</sup> March	31 <sup>st</sup> March	Note
	2017	2018	
	£000s	£000s	
Repayable in less than 12 months	184	184	
Repayable between 1 and 2 years	184	184	
between 2 and 5 years	552	552	
between 5 and 10 years	920	920	
in 10 years or more	1,472	1,288	
<b>Balance at 31st March</b>	<b>3,312</b>	<b>3,128</b>	21a & 21c

### Note 30 Provisions

Provisions relate to known liabilities where there is uncertainty about the exact amount or the dates on which they will arise insurance claims through the former Municipal Mutual Insurance company.

During the audit of the 2015/16 accounts, the true costs of Empty Homes renovations became more apparent. This resulted in a restatement of the 2014/15 accounts to create an Empty Homes Renovation Provision of £1,850k. Of this £1,650k was utilized in 2016/17 and £200k in 2017/18 to support the capital renovation costs. During 2017/18 a further provision of £345k was set aside for compensation payments to property owners.

In the final quarter of 2017/18 a number of large business rates appeal cases were determined by the Valuation Office. This had two effects on the Business Rates Appeals Provision. In 2017/18 £178k of the provision was utilized to support the refunds awarded, which covered multiple years in some cases. Following the Valuation Office decisions, the current balance, of which Rossendale's share is £823k, was deemed sufficient to cover the potential appeals waiting to be decided, so no further provision was required in 2017/18. The full value of the Appeal Provision can be seen in Note 4 to the Collection Fund.

Provisions	31 <sup>st</sup> March	Provisions		31 <sup>st</sup> March	Note
	2017	Made	Utilised	2018	
	£000s	£000s	£000s	£000s	
Stubbylee Park Provision	20	-	(10)	10	
Facilities Provisions	12	7	-	19	
Empty Homes Renovation Provision	200	345	(200)	345	38
Corporate Services	277	114	-	391	
<b>Short Term Provisions</b>	<b>509</b>	<b>466</b>	<b>(210)</b>	<b>765</b>	
Business Rate Appeals Provision	1,001		(178)	823	CF4
Other Provisions	14	3	(5)	12	
<b>Long Term Provisions</b>	<b>1,015</b>	<b>3</b>	<b>(183)</b>	<b>835</b>	
<b>Total Provisions</b>	<b>1,524</b>	<b>469</b>	<b>(393)</b>	<b>1,600</b>	

## Note 31 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.

During 2017/18 a new 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. The demolition phase has now concluded and renovation of the old Town Hall has commenced. Construction of the new bus station will begin in 2018/19, at which point this grant will be released.

Short-term Capital Grant Receipts in Advance	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
<b>HCA East Lancs Empty Homes Grant</b>			
Balance Brought forward	956	279	
Grant received/(repaid) in the year	(492)	127	38
Amounts recognised into the CIES (conditions met)	(185)	(206)	33b
	279	200	
<b>LCC Grant for Spinning Point Phase 1</b>			
Balance Brought forward	-	-	
Grant received/(repaid) in the year	-	3,421	38
Amounts recognised into the CIES (conditions met)	-	-	33b
	-	3,421	
<b>Balance at 31st March</b>	<b>279</b>	<b>3,621</b>	

## Note 32 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 32a - Earmarked Reserves

Transport Reserve – Historic valuation of the Council's shares in Rossendale Transport Ltd. This reserve was extinguished as part of the sale of the Transport Company shares in January 2018.

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

Pension Fund Reserve – To meet future pension fund liabilities in respect of former housing services.

Economic Regeneration Reserve – Funds such as Local Authority Business Growth Incentive Scheme (LABGIS) grants held for future investment in specific regeneration schemes.

Leisure Reserve – This reserve had been held to meet any potential requirement to underwrite the Balance Sheet of Rossendale Leisure Trust, and the majority was used for this purpose in 2016/17 (see Note 11)

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. Contributions were withheld in 2016/17 and 2017/18 when delays in replacing older vehicles meant higher maintenance costs. (see the Narrative Report page 16)

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



## Notes to Core Financial Statements

Refuse Cost Share Reserve – The Cost Share agreement with Lancashire County Council came to an end in March 2018 and this reserve was established in 2013/14 to hold funds required to explore options for operations in the future, which were utilized during 2017/18.

Bacup Townscape Heritage Initiative Reserve – This reserve was established in 2013/14 to hold the Council's £400k matched funding resources for this £2.5m scheme which should end during 2018/19.

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. A further £23k was received in 2017/18.

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.

Empty Homes Strategy Reserve – In a prior period adjustment to the 2014/15 accounts, £2m of other revenue reserves were transferred to create an Empty Homes Strategy Reserve, followed by the application of £1,233k through the CIES to help to create the Empty Homes Renovation Provision of £1,850k (see Note 30.) the final balance of £179k was used to support costs in 2017/18.

Earmarked Reserves	Balance 31 <sup>st</sup> March 2017	Income & Transfer to Reserves	Transfers between Reserves	Utilised from Reserves	Balance 31 <sup>st</sup> March 2018	Note
	£000s	£000s	£000s	£000s	£000s	
Rossendale Transport (Shares)	645	-	-	(645)	-	19, 21a
Employment & Transport	1,223	-	-	(66)	1,157	
Pension Fund	166	-	(166)	-	-	
Leisure Reserve	64	-	-	-	64	
Directorate Investment	(14)	-	20	(1)	5	
Directorate Operational	258	43	-	(25)	276	
Homelessness	51	54	-	-	105	
TCA - Living Well, Living Better	191	-	-	(116)	75	
Vehicle Repairs & Replacement	230	-	-	-	230	
Transitional Reserve	2,459	1,196	146	(1,034)	2,767	
Refuse Cost Share	24	-	-	(24)	-	
Bacup THI	229	-	-	(157)	72	
Individual Registration	8	23	-	-	31	
Business Rates Retention	847	935	-	(700)	1,082	
Planning Strategy	186	80	-	(72)	194	
Tourism Strategy	50	-	-	(5)	45	
Haslingden Regeneration	78	-	-	(15)	63	
Empty Homes Strategy	179	-	-	(179)	-	
	<b>6,874</b>	<b>2,331</b>	<b>-</b>	<b>(3,039)</b>	<b>6,166</b>	

# Notes to Core Financial Statements

## Note 32b - 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	2016/2017	2017/2018	Note
	£000s	£000s	
Balance at 1st April	1,800	1,762	
Capital receipts in year			
Sale of Assets	178	2,815	13
Other Income	136	572	13
Capital receipts used to fund capital expend	(352)	(2,669)	13,17a,33b
<b>Non Empty Homes sub-total</b>	<b>1,762</b>	<b>2,480</b>	
<b>Empty Homes</b>			
Balance at 1st April	-	-	
Capital receipts in year			
Other income	482	375	13
Capital receipts used to fund capital expend	(482)	(375)	13,17a,33b
<b>Empty Homes sub-total</b>	<b>-</b>	<b>-</b>	
<b>Balance at 31st March</b>	<b>1,762</b>	<b>2,480</b>	

## Note 32c - Government Grants Unapplied

Government 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. This account holds the balance of grants unapplied at year-end. The Regional Housing Grant was used to support renovation costs of the Empty Homes Scheme during 2017/18.

Grants Unapplied	Balance	Grants Received	Grants Applied	Balance	Note
	31 <sup>st</sup> March 2017			31 <sup>st</sup> March 2018	
	£000s	£000s	£000s	£000s	
Regional Housing Grant	339	-	(339)	-	7,33b
Communities for Habitats	25	-	-	25	7
Disabled Facilities Grants	392	872	(556)	708	7
Homelessness Grants	82	-	(13)	69	
Domestic Abuse Grant	-	50	(14)	36	7
Transforming Lives Grant	73	-	(32)	41	7
Hoarding Project Grant	18	-	(7)	11	7
	<b>929</b>	<b>922</b>	<b>(961)</b>	<b>890</b>	MiR



# Notes to Core Financial Statements

## Note 33 Unusable Reserves

### 33a Revaluation Reserve

In accordance with the Statement of Recommended Practice, from 1st April 2007 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. Accumulated gains arising before the 1<sup>st</sup> April 2007 were consolidated into the balance on the Capital Adjustment Account.

Revaluation Reserve	2016/2017 £000s	2017/2018 £000s	Note
Balance at 1st April	12,137	11,856	
Surplus/(Deficit) on revaluation of assets in the year			
Property, Plant & Equipment	1,068	(438)	17
Value of assets disposed of in the year	(115)	-	15, 29, 36b
Depreciation in the year	(121)	(105)	15,17,18,36b
Impairments in the year	(1,113)	(80)	15 & 17
<b>Balance at 31st March</b>	<b>11,856</b>	<b>11,233</b>	

### 33b Capital Adjustment Account

In accordance with the CIPFA Code of Practice 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	2016/2017 £000s	2017/2018 £000s	Note
Balance at 1st April	9,566	9,199	
Revenue and Capital Receipts used to finance capital			
Revenue Contributions	239	410	13 & 17
Useable Capital Receipts	352	2,592	13, 17, 32b
Capital Grants and Contributions	711	1,155	13 & 17
Losses on Revaluation of assets			
Property, Plant & Equipment	(343)	(608)	13, 14a
Write off NBV of disposals (net of Revaluation Reserve)	(10)	(33)	13,14,27,33a
Minimum Revenue Provision for repayment of debt	552	604	13 & 17
Depreciation of Property, Plant and Equipment	(1,001)	(808)	13,14,15,33a
Amortisation of Intangible Assets	(39)	(70)	13 & 16
Impairment of Property, Plant & Equipment assets	(81)	(234)	13 & 14
Revenue Expenditure funded from Capital under statute	(747)	(1,298)	13 & 17
<b>Non Empty Homes sub-total</b>	<b>9,199</b>	<b>10,909</b>	
<b>Empty Homes</b>			
Balance at 1st April	(1,371)	(1,371)	
Revenue and Capital Receipts used to finance capital			
Revenue Contributions	1,348	575	13 & 17
Useable Capital Receipts	482	-	13, 17, 32b
Capital Grants and Contributions	185	212	31
Revenue Expenditure funded from Capital under statute	(2,015)	(159)	13 & 17
<b>Empty Homes sub-total</b>	<b>(1,371)</b>	<b>(743)</b>	
<b>Balance at 31st March</b>	<b>7,828</b>	<b>10,166</b>	

# Notes to Core Financial Statements

## 33c Deferred Capital Receipts Account

In the past Deferred Capital Receipts held the amounts of mortgages for former council house tenants falling due in future years. The last such mortgage ended in November 2013.

The balance of £1,770k at 31<sup>st</sup> March 2018 (£2,076k at March 2017) pertains solely to the value of renovation loans on the East Lancs Empty Homes properties and as such it mirrors the loan values shown in the Long Term Debtors at Note 20.

Deferred Capital Receipts Account	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Note
<b>East Lancs Empty Homes Loans</b>			
Balance at 1st April	2,465	2,076	20
New Deferred Receipts	92	69	20
Amounts received	(481)	(375)	20, 32b
Amounts written off	-	-	20, 32b
<b>Balance at 31st March</b>	<b>2,076</b>	<b>1,770</b>	20

## Note 34 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 Narrative Statement explained that, the scheme underwent a full valuation in March 2016 which was reported in December 2016 and first impacted upon the Council's Pension Scheme Liabilities and Pension Reserve in the Consolidated Balance Sheet as at the 31st March 2017.

As explained in the Narrative Report on page 18, following the valuation the Council also decided to consolidate the Rossendale Transport Ltd element of the LCC Pension Fund with its own. This can be seen in the notes below referred to as 'Business Consolidations'.

### Changes to Scheme Valuation and Presentation

In December 2006 the Accounting Standards Board (ASB) made a number of changes to the FRS 17 accounting standard. In the main these related to the presentation of the figures and disclosures below rather than the underlying calculations themselves. However, they did also include a requirement for most assets to be valued at "realisable values" (i.e. bid values), as opposed to the previous requirement of "fair values" (in effect, mid-market values).

### 34a - Present Net Value of Scheme

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

Scheme History	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	Note
Scheme Liabilities at 31 <sup>st</sup> March	(73,369)	(84,178)	(80,607)	(100,932)	(98,446)	34b
Scheme Assets at 31 <sup>st</sup> March	45,771	50,127	50,854	67,318	68,271	34c
<b>Net Scheme Assets/(Liabilities)</b>	<b>(27,598)</b>	<b>(34,051)</b>	<b>(29,753)</b>	<b>(33,614)</b>	<b>(30,175)</b>	

## Notes to Core Financial Statements

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £30.2m 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.

In his budget statement on 22 June 2010, the Chancellor announced that the government would start to increase public service pensions in line with the consumer price index (CPI) rather than the retail price index (RPI), which had been the practice in the past. As a result, future pension increases under the Lancashire County Pension Fund are expected to be slightly lower, on average, than would have been the case if this change had not been made. The precise financial effect has been taken into account in the IAS19 figures shown in note 37f.

### 34b - Present Value of Scheme Liabilities

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

Scheme Liabilities	2016/17 £000s	2017/18 £000s	Note
Scheme Liabilities as at 1 <sup>st</sup> April	80,607	100,932	
Current Service Cost	848	1,319	34f
Interest on Pension Liabilities	3,072	2,484	34f
Member Contributions	237	256	
Remeasurement of liabilities	11,006	(3,084)	34f
Curtailments	48	-	34f
Business combinations	9,440	-	
Benefits/transfers paid	(4,326)	(3,461)	
<b>Scheme Liabilities as at 31<sup>st</sup> March</b>	<b>100,932</b>	<b>98,446</b>	34a

Of the above liabilities there is an unfunded element, for which the value at 31<sup>st</sup> March 2018 was £2,269k (£2,420k at 31<sup>st</sup> March 2017).

### 34c - Present Value of Scheme Assets

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

Scheme Assets	2016/17 £000s	2017/18 £000s	Note
Scheme Assets as at 1 <sup>st</sup> April	50,854	67,318	
Interest on plan assets	2,007	1,726	34f
Remeasurement of assets	8,924	753	34g
Administration expenses	(18)	(19)	34f
Employer contributions	1,755	1,698	34f
Member contributions	237	256	
Business combinations	7,885	-	
Benefits/transfers paid	(4,326)	(3,461)	
<b>Scheme Assets as at 31<sup>st</sup> March</b>	<b>67,318</b>	<b>68,271</b>	34a & 34d

# Notes to Core Financial Statements

## 34d - Major Categories of Scheme Assets

Scheme Assets	31st March 2017		31 <sup>st</sup> March 2018		Note
	£000s	%	£000s	%	
Equities	-	0.0%	-	0.0%	
Bonds	2,437	3.6%	2,895	4.2%	
Property	5,929	8.8%	6,421	9.4%	
Alternatives	58,253	86.5%	59,240	86.9%	
Cash & Cash equivalents	699	1.0%	(285)	-0.4%	
<b>Total Scheme Assets</b>	<b>67,318</b>		<b>68,271</b>		34c

## 34e - Scheme Membership

The membership of the scheme was as follows (though these figures exclude the Rossendale Transport Ltd members):-

Scheme Membership	31st March 2017	31 <sup>st</sup> March 2018
Active Members	150	153
Deferred Members	253	254
Pensioners	427	422
Spouses / dependents	128	125

## 34f - 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	2016/17 £000s	2017/18 £000s	Note
<b>Comprehensive Income and Expenditure Statement</b>			
Net Costs of Services - Current Service Cost	848	1,319	34b
Financing and Investment Income and Expenditure			
Interest cost	3,072	2,484	34b
Curtailments & Settlements	48	-	34b
Expected return on assets in the scheme	(2,007)	(1,726)	34c
Administration expenses	18	19	34c
Business combinations	1,555	-	34c
<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,534</b>	<b>2,096</b>	
<b>Other Comprehensive Income and Expenditure</b>			
Actuarial (gains)/losses	2,082	(3,837)	34g
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>5,616</b>	<b>(1,741)</b>	
<b>Movement in Reserves Statement</b>			
Reverse net charges for retirement benefits in accordance with the Code	(3,534)	(2,096)	13
<b>Actual charge to the General Fund Balance in the year</b>			
Employer's contributions payable to the scheme	1,755	1,698	13

# Notes to Core Financial Statements

## 34g – Re-measurement impacts in the Other Comprehensive Income & Expenditure Statement

Remeasurement Gains/(Losses)	2016/17 £000s	2017/18 £000s	Note
Experience gains/(losses)	(4,625)	-	
Gains/(losses) on financial assumptions	16,349	(3,084)	
Gains/(losses) on demographic assumptions	(718)	-	
Remeasurement of Liabilities gains/(losses)	11,006	(3,084)	34b
Remeasurement of Assets gains/(losses)	(8,924)	(753)	34c
<b>Net Actuarial gains/(losses) in current year</b>	<b>2,082</b>	<b>(3,837)</b>	

## 34h – 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)	2016/17		2017/18		Note
	£000s	%	£000s	%	
Actual Return on Plan Assets	11,181	16.6%	2,479	3.6%	

## 37i - Actuarial Assumptions

The Borough Council fund liabilities and assets have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries, and their estimates have been based on the latest full valuation of the scheme as at 31st March 2016 which was published in December 2016. The main assumptions used in their calculations at the beginning and end of the year are shown below, with an effective date of 31<sup>st</sup> March 2018.

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 County Council 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 %
<b>Duration information as at the end of the accounting period</b>		
Estimated Macaulay duration of liabilities	14 yrs	14 yrs
Duration profile used to determine assumptions	Very Mature	Very Mature
<b>Financial Assumptions</b>		
Rate of CPI inflation	2.30%	2.30%
Rate of increase in salaries	3.80%	3.80%
Rate of increase in pensions	2.30%	2.30%
Discount rate	2.50%	2.50%
<b>Post retirement mortality assumptions</b>		
Non-retired members (retiring in the future in normal health)	S2PA CMI_2015_1.5% (98% M, 89% F)	S2PA CMI_2015_1.5% (98% M, 89% F)
Current pensioners (retired in normal health)	S2PA CMI_2015_1.5% (99% M, 93% F)	S2PA CMI_2015_1.5% (99% M, 93% F)
<b>Life expectancy</b>		
of a male (female) future pensioner aged 65 in 20 yrs	24.9 (27.9) yrs	25 (28) yrs
of a male (female) current pensioner aged 65	22.6 (25.2) yrs	22.7 (25.4) yrs
<b>Takeup of option to convert annual pension into lump sum at retirement</b>	50% take maximum cash, 50% take 3/80ths cash	
<b>Market value of total fund assets</b>		
£6,036m	£7,209m	£7,458m
Last actuarial valuation 31st March 2016	bid value at 31st March 2017	bid value at 28th February 2018

### 34j – 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.

Sensitivity analysis based on assumptions as at 31st March 2018	Central Estimates for 2018/19 £000s	Sensitivity 1 + 0.1% p.a. discount rate £000s	Sensitivity 2 + 0.1% p.a. inflation £000s	Sensitivity 3 + 0.1% p.a. salary inflation £000s	Sensitivity 4 + 1 yr to member's life expect £000s	Note
Liabilities	98,446	97,045	99,867	98,580	100,461	
Assets	(68,271)	(68,271)	(68,271)	(68,271)	(68,271)	
Deficit/(Surplus)	30,175	28,774	31,596	30,309	32,190	
Projected current service cost	1,230	1,196	1,265	1,230	1,256	34k
Projected net interest cost	762	753	801	767	816	34k
Projected Employer contributions	(1,752)	(1,752)	(1,752)	(1,764)	(1,764)	34k



## 34k – Budgeting figures used in the Assumptions

Budgets used in assumptions for following year	2016/17 £000s	2017/18 £000s	Note
<b>Projected Pension cost next year</b>			
Estimated Pay	3,599	3,879	
Service Cost (% of pay)	33.6%	31.3%	
Implied Service Cost including interest	1,224	1,230	34j
Net Interest Cost	819	762	34j
Administration Expenses	18	19	
	<b>2,061</b>	<b>2,011</b>	
<b>Projected employer contributions next year</b>			
Normal contributions	(1,558)	(1,595)	
£ for £ recharges	(183)	(157)	
	<b>(1,741)</b>	<b>(1,752)</b>	34j
<b>Projected deficit/(surplus) for operations next year</b>	320	259	
<b>Projected deficit/(surplus)</b>	33,614	30,175	
<b>Projected deficit/(surplus) at end of next year</b>	<b>33,934</b>	<b>30,434</b>	

## Note 35 Contingent Assets & Liabilities

### Contingent Assets

There are no known contingent assets.

### Contingent Liabilities

During 2016/17 the Council bought out the Rossendale Leisure Trust's lease for the extension of Haslingden Sports Centre, as explained in Note 11. Therefore, from March 2017 this no longer presents a contingent liability for the Council.



## Notes to Core Financial Statements

### Note 36 Cash Flow notes

#### Note 36a Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC		Group		Note
	31st March 2017 £000s	31st March 2018 £000s	31st March 2017 £000s	31st March 2018 £000s	
<b>Adjustments for non-cash movements</b>					
Depreciation and Impairments	1,203	1,227	1,803	1,227	13
Amortisation of Intangible Assets	39	70	39	70	13
Revaluation losses charged to Revenue	343	528	343	528	
Carrying amount of non-current assets sold	125	(732)	125	(732)	13,14,27
Taxation	-	-	(26)	-	21b
Pension Fund Adjustment	1,779	349	1,779	349	13 & 34f
<b>Adjustments between accruals and cash accounting</b>					
(Incr)/Decr in Inventories	22	(7)	(12)	(7)	23
(Incr)/Decr in Debtors	(27)	(981)	18	(981)	24
Adjusted for Cash (Outflows)/Inflows - agency operations	(1,248)	606	(1,248)	606	
Incr/(Decr) in Creditors	644	(948)	577	(948)	28
Incr/(Decr) in Grant Receipts in Advance	(676)	3,341	(676)	3,341	31
Incr/(Decr) in Short-term Provisions	(1,036)	254	(1,003)	254	30
Incr/(Decr) in Long-term Provisions	(610)	(178)	(610)	(178)	30
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>558</b>	<b>3,529</b>	<b>1,109</b>	<b>3,529</b>	
<b>Adjustments for investing and financing activities</b>					
Additions to PPE & intangible assets	-	-	110	-	13 & 33b
Proceeds from the sale of PPE	(179)	(6,136)	(185)	(6,136)	13 & 32b
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>(179)</b>	<b>(6,136)</b>	<b>(75)</b>	<b>(6,136)</b>	

Following the sale of the shares in Rossendale Transport Ltd in January 2018, the Council has not included the company in the Group Accounts for 2017/18.

#### Note 36b Net Change in Liquid Resources

Net change in liquid resources	31 <sup>st</sup> March 2017 £000s	31 <sup>st</sup> March 2018 £000s	Movement £000s	Note
Cash in Hand	1	1	-	
Cash at Bank	3,555	2,088	(1,467)	21a,21c,25
<b>Net Book Value at 31st March</b>	<b>3,556</b>	<b>2,089</b>	<b>(1,467)</b>	25

# Notes to Core Financial Statements

## Note 37 Accounting Policies

### Accounting Concepts & Principles

This Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the end of the year of 31 March 2018. 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 2017/18 (the Code) and the Service Reporting Code of Practice for Local Authorities 2016/17 (SeRCOP), 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.

### Revenue Recognition

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchase and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.

### Accruals of Expenditure & Income

Under the accruals principle the Comprehensive Income & Expenditure Statements matches expenditure relating to the production of goods or delivery of services during the financial period with the income to finance those goods and services, regardless of whether the cash transactions have taken place. Income due at the year-end pertaining to services provided are shown in the Balance Sheet as debtors and payments due for goods and services received but not paid for are shown as creditors. The Cash Flow Statement and its Notes reconcile the expenditure and income on an accruals basis with the true cash inflows and outflows during the financial period.

Further details of the Council's expenditure and income on provision of services for the year can be found in the segmental reporting analysis in the Explanatory Foreword.

### Employee Benefit Expenses – Notes 9, 13 and Note 34

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

Short-term benefits to be accrued for include:

- wages, salaries and social security contributions
- short-term compensated absences
- bonuses and similar payments
- non-monetary benefits

Full details of Employee Benefits, including exit packages, paid during employment are shown at Notes 9 & 10. Accruals for short-term compensated absences, calculated per employee at each year-end, are also shown as a separate item within the Creditors at Note 28.

## Pensions – Note 34

The requirements of IAS 19 in relation to post-employment benefits, ie pensions, have been fully incorporated into the Comprehensive Income & Expenditure Statement with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as Note 34 explains in detail.

Under local government finance legislation local authorities in England are required not to charge to revenue expenditure amounts in respect of liabilities for retirement benefits, but instead to maintain a Pension Reserve to which the pension liabilities are charged.

The amount charged to the General Fund for providing pensions for employees is the amount payable in the year. Where this amount does not match the amount charged to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement, the Code stipulates that the difference is taken to the Pension Reserve.

Rossendale Borough Council participates in the Local Government Pension Scheme administered by Lancashire County Council. More details about this scheme and its valuations can be found in Note 34 and the Explanatory Foreword.

## Interest – Note 21b

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.

## Operations acquired or discontinued - Note 4

Note 4 explains the sale of the Council's shares in Rossendale Transport Ltd during 2017/18.

## Value Added Tax

VAT incurred by the Council on goods and service it procures is fully recoverable from HM Customs & Revenue, except in certain exceptional cases. Consequently, all expenditure shown in the Comprehensive Income & Expenditure Statement excludes VAT.

Where the Council charges for goods and services which are subject to VAT, the income included in the Comprehensive Income & Expenditure Statement is shown excluding the VAT element which must be passed on to HM Customs and Revenue.

Due to the nature of local government services the net position of VAT payable and recoverable generally results in a debtor in the Balance Sheet.

## Cost of Support Services (Overheads)

Since the amendments in the 2016/17 Code in relation to the presentation of the CIES in a format comparable to the operational management structure, the allocation of central support services have been removed. Note 1 provides a reconciliation for the removal of such internal market charges from the original budgets and the monitoring reports throughout the year.

## 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.

## Notes to Core Financial Statements

### Non-domestic Rates - Notes 6 and the Collection Fund

The localisation of non-domestic rates was introduced in April 2013, under which this council collects business rates on behalf of itself, central government and other major preceptors on an agency basis.

Top-up income receivable and tariff expenditure payable, as well as safety net income and levy expenditure payable are recognised by the authority in the Comprehensive Income and Expenditure Statement on an accruals basis in the line item Taxation and Non-Specific Grant income and Expenditure. On 1st April 2016 Rossendale became a part of the Lancashire-wide Business Rates Pool and so no safety net or levy will be applicable from this date. More information is within Notes 24, 28 and 30 and the Collection Fund.

### Landfill Allowances Scheme and Carbon Reduction Commitment

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste disposed of into landfill sites. Rossendale Borough Council, as waste collection authority for the borough, was a partner in a cost-share agreement until 31<sup>st</sup> March 2018 with Lancashire County Council, who are the disposal authority for this area.



Rossendale Borough Council operated within its allocated landfill allowances under the cost-share agreement during the reporting periods covered by these statements. As a result, confirmation was received from Lancashire County Council that no charges would be incurred in the 2017/18 financial year.

Whilst this authority is too small to be subject to the Carbon Reduction Commitment Scheme, members have taken the view that investing in solar panels will reduce both annual energy costs and environmental impacts in the future.

### Property, Plant and Equipment – Note 14

Local authorities now account for tangible fixed assets in accordance with IAS 16 *Property, Plant and Equipment*. Property, plant and equipment are tangible assets (ie assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one accounting period. 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.
- Surplus assets – held for future regeneration opportunities

### Recognition and Measurement

Under IAS 16 property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. However, for the public sector the following adaptations have been applied:

- Infrastructure, community assets and assets under construction (excluding investment properties) are measured at historical cost. Historical cost is deemed to be the carrying amount of an asset at 1<sup>st</sup> April 2007 or at the date of acquisition, whichever is the later, and adjusted for subsequent depreciation or impairment (if applicable).
- All other classes of assets are measured at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value for land and buildings is interpreted as the amount that would be paid for the asset in its existing use, in accordance with UK Policy Statement (UKPS) 1.3 of the valuation standards issued by The Royal Institution of Chartered Surveyors (RICS)

## Notes to Core Financial Statements

- Where there is no market-based evidence of fair value because of the specialist nature of an asset, or such assets are rarely sold, the Council may need to estimate fair value using a depreciated replacement cost approach, accounting for all physical deterioration and all relevant forms of obsolescence and optimisation.

Cost is defined as the cash or cash equivalents paid in relation to:-

- the acquisition, reclamation, enhancement or laying out of land;
- the acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures, including insulation works and disabled adaptations;
- the acquisition, installation or replacement of movable or immovable plant, machinery, vehicles, apparatus or vessels;

All expenditure on the acquisition, creation or enhancement of assets is capitalised on an accruals basis in the accounts, provided that the asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets, which is charged direct to provision of services within the Comprehensive Income and Expenditure Statement.

### 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. In accordance with the updated Code the revaluation programme has reviewed £3,888k of the Council's assets during 2017/18 and Note 14c provides an analysis of the current valuation basis for each type of asset held by the Council.

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

In accordance with IAS 36 *Impairment of Assets*, 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, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 13).

### Depreciation

Depreciation is provided for on all operational assets with a finite useful life (which can be determined at the time of acquisition or revaluation over the useful life of the asset) using the straight-line method calculated on a daily basis.

Charges for depreciation cover buildings, vehicles, plant, furniture and equipment. Infrastructure, community assets and surplus non-operational assets are not depreciated each year but measured at historical cost.

Depreciation is charged to the Comprehensive Income and Expenditure Statement as a cost of the provision of services. As with impairments, the Code stipulates that depreciation does not impact on the council tax, hence an adjusting transaction can be found in the Movement in Reserves Statement (see workings at Note 13).

### 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 was introduced officially from 1<sup>st</sup> April

## Notes to Core Financial Statements

2010 without retrospective applications, therefore component elements have been considered as assets are professionally revalued within the 5-year rolling programme. However, the major components of land and buildings have already been separated for many years, with no depreciation being applied to the land element.

### Community Assets – Included within Note 14

The Code defines Community Assets are those which an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. At Rossendale classification of Community Assets includes the 4 cemeteries, the Whitaker Park Museum and some parks and recreation areas which have been gifted to the Council with restrictions on their disposal.

### Heritage Assets – Included within Note 14

Authorities account for heritage assets under the requirements of FRS30 *Heritage Assets*.

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. An intangible heritage asset is an intangible asset with cultural, environmental or historical significance, including such items as recordings of significant historical events. For ease of presentation, details are alongside Property, Plant and Equipment at Note 14.

#### Recognition and Measurement

For Rossendale 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 items of civic regalia and the exhibits at Whittaker Park Museum the latest insurance values have been used as an approximation for the asset value.

#### Amortisation

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.

### Investment Properties – Note 15

Authorities now account for investment properties in accordance with IAS 40 *Investment Property*, except where the Code has provided definition interpretation for the public sector. Under this definition, an investment property is one that is 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.

### Intangible Assets – Note 16

IAS 38 *Intangible assets* defines intangible assets as 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, which are expected to provide future service benefits or be used in the provision of services over several years to come.

#### Recognition and Measurement

This Council does not have any internally-generated intangible assets.

Other intangible assets are capitalised at cost incurred to acquire and bring to use, eg the implementation costs of specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

An intangible asset may be acquired by way of government grant or other contribution, either in full or in part. In such instances both the asset and the grant or contribution are recognised initially at fair value.

## Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income and Expenditure as a cost of using the asset in the provision of services. The useful lives and associated amortisation rates of computer software have been estimated at 5 years.

## Surplus Assets and Assets Held for Sale – Note 14 and 27

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Assets held for sale are now separated into two categories. Those with specific intentions to be sold in the following accounting period are classified under Current Assets as 'Assets held for sale within one year' – see Note 27. Those held for inclusion in longer-term regeneration plans are classified as Surplus Assets under Property, Plant and Equipment at Note 14.

## Recognition and Measurement

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, where fair value is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Surplus Assets are re-valued at the point of their transfer to the surplus category, but based upon their existing use value which is an estimate of the asset's remaining useful service potential.

## Amortisation

Depreciation or amortization is not required on surplus assets or those held for sale. 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.

## Leases – Note 18

This Council has not entered into any Finance Leases, either as lessee or as lessor.

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Where assets are acquired under operating leases the leasing rentals payable are recognised in the Comprehensive Income and Expenditure Statement on a straight line basis over the term of the lease. The value of the assets subject to leasing agreements are not shown in the Balance Sheet, but are disclosed in Note 18.

Assets held by the Council for use in operating leases (acting as a lessor) are not recorded in the Balance Sheet as fixed assets. Rental incomes from such assets are recognised on a straight line basis and matched against costs of insurance and maintenance in the Comprehensive Income and Expenditure Statement. The value of such assets and the incomes receivable are disclosed in Note 18.

## Revenue Expenditure funded from Capital under Statute - Notes 13, 17 and 33b

Legislation allows some items of expenditure to be funded from capital resources which under IFRS and normal accounting practice would be charged to Surplus or Deficit on the Provision of Services. Such expenditure termed 'Revenue Expenditure funded from Capital under Statute' within the Code and is written off to the Comprehensive Income and Expenditure Statement in the year incurred and matched by the grants received.

The types of expenditure to which this usually refers are disabled access grants and decent homes assistance where the local authority does not receive the economic benefits arising from the



## Notes to Core Financial Statements

expenditure. A reversing entry in the Movement in Reserves Statement ensures there is no impact on the Council Tax or General Fund Balance, see workings at Note 13 and the Capital Adjustment Account at Note 33b.

### Government Grants and Other Contributions – Note 7, 31 and 32c

In line with the Code's adaptation of IAS 20 *Accounting for Government Grants*, grants and contributions for capital purposes should be recognised immediately, unless any conditions have not been met; an authority shall not include grants and contributions deferred on the Balance Sheet. Retrospective application of the change in policy has resulted in all remaining Government Grants Deferred being incorporated into the Capital Adjustment Account as if they had been recognised when the asset was first created.

Government 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 and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Short-term Capital Grant Receipts in Advance until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Notes 7, 31 and 32c).

### Capital Receipts – Note 32b

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'.

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 (see workings at Note 13).

### Long-term Investments – Note 19

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.

The largest long-term investment consists of 100% of the share capital in Rossendale Transport Ltd., a company set up under the Transport Act 1985. The Narrative Report and Note 19 explain how Rossendale Borough Council sold the shares in Rossendale Transport Ltd in January 2018.

### Short-term Investments – Note 25

Short-term investments are those with a life of between 30 days and 1 year at the Balance Sheet date and are shown in the Balance Sheet at fair value. These investments follow policies laid down in the Council's Treasury Management Strategy and Treasury Management Practices. Note 25 details the short-term investments held by the Council at the Balance Sheet date, alongside cash and cash equivalents.

### Inventories – Note 23

Stocks of materials or supplies to be consumed in the provision of future services are accounted for under IAS 2 *Inventories*, except for financial instruments and work in progress under construction contracts. Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the course of operations, less the estimated costs of completion and any estimated costs necessary to make the sale, exchange or distribution.

Work in progress under construction contracts is subject to *IAS 11 Construction Contracts* and an interim valuation is obtained covering the cost of works completed at the end of the reporting period plus any overheads reasonably attributable to those works. This value is then included in the Balance Sheet within property, plant and equipment rather than listed within current inventory assets.

## Short-term Debtors – Note 24

Authorities account for debtors in accordance with *IAS 18 Revenue* and *IAS 39 Financial Instruments: recognition and Measurement*, except where interpretations or adaptations to fit the public sector have been detailed in the Code.

The revenue accounts of the Council are maintained on an accruals, therefore sums due to the Council for services delivered or rendered during the financial year are included whether or not the cash has actually been received. Debtors are then recognised in the Balance Sheet as the full value of the consideration receivable, in most cases in cash or cash equivalents. Note 24 shows the value of outstanding debts net of any provision for impairment losses on doubtful debts. More details of the impairment Provisions can be seen at Note 26.

Debtors also arise where the Council has made payment in advance of receipt of goods or services from suppliers, shown in the analysis in Note 24 as 'Payments in Advance'.

## Cash and Cash Equivalents – Note 25

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

## Provision for Impairment Losses– Note 26

The Council prepares its accounts in a prudent manner and as such the value of debtors receivable is subject to a degree of risk. The Council assesses the risk attributable to each individual class of debtors in order to arrive at a realisable value and more information on Financial Instrument Risks can be found in Notes 21 and 22.

The difference between the full value and the realisable value of Financial Instruments is called a Provision for Impairment. Debts written off are charged to this provision and any requirement to make new provisions is charged as an expense to the cost of provision of services within the Comprehensive Income & Expenditure Statement.

## Short-term Creditors – Note 28

Under *IAS 18 Revenue*, the annual provision of services by the Council are accounted for on an accruals basis. That is, sums due from the Council pertaining to the acquisition of goods or services used in the provision of services within the year are included whether or not the cash has actually been paid in the year. An exception to this principle relates to electricity and similar payments which are charged at the date of meter reading rather than being apportioned between financial years. Most of these payments are now monthly and this policy is consistently applied each year, therefore any discrepancy is deemed to be immaterial to the year's accounts.

Creditors also arise where the Council receives income from customers ahead of the provision of goods or services. Such payments are shown separately in the detailed analysis at Note 28 as 'Receipts in Advance'.

## Notes to Core Financial Statements

### Provisions – Note 30

Under the Code local authorities now apply IPSAS 19, which interprets IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* for the public sector. Proper provisions are required for any liabilities or losses of uncertain timing or amount. Provisions expected to be called upon within 12 months from the end of the financial period are classed as Short-Term Provisions, while those of a more extended nature are classed as Long-Term Provisions.

Provisions are charged to the (Surplus)/Deficit on Provision of Service in the Comprehensive Income & Expenditure Statement. Provisions are utilised only for the purpose for which they were established, except where a regular review to determine the appropriateness of the level of the charge and the balance of the provision properly requires a change. The provisions held and any change in their use are disclosed in Note 30 along with activity on the provision in the accounting period.

Provision for Impairment has also been made for doubtful debts and known uncollectable debts have been written off during the year. The balance of the Provision for Impairment, used to reduce the overall level of Current Assets outstanding, is disclosed in Note 26.

### Short-term Capital Grants Receipts in Advance – Note 31

When capital grants are received in advance with conditions attached to the application of those grant, they are held in the Short-term Capital Grants Receipts in Advance account and only recognised in the Comprehensive Income and Expenditure Statement when the grant conditions have been met.

### Contingent Liabilities and Contingent Assets– Note 35

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, disclosed in a note unless the possibility of a transfer of economic benefits in settlement is remote.

A contingent asset is a possible asset that may arise 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. Contingent assets are not recognised in the revenue account or the balance sheet because prudence cautions that the gain might never be realised, instead they are disclosed in the Notes to the Core Statements.

When realisation of the gain is virtually certain, then the item ceases to be a contingent asset and can be accounted for as revenue or capital income as appropriate.

### Reserves - Notes 32 and 33

The Council maintains certain reserves for the purpose of meeting liabilities other than those covered by provisions. A distinction is made in the Balance Sheet between usable reserves, which are cash-backed reserves available for use by the Council in the future provision of services and unusable reserves which are used for statutory accounting purposes and cannot be used directly to finance future service costs.

#### Usable Reserves – Note 32

- The General Fund Balance is the accumulation of surplus or deficit on operational services attributable to council tax payers. Such funds are not held for any specific purpose, but are available to assist with the management of financial risks and to deal with any emergencies which might arise. The Medium Term Financial Strategy sets out the Council's policy for the recommended value of the General Fund Balance in order to provide assurance against the estimates and assumptions used in the annual budgeting process.

- Earmarked Reserves are resources set aside to meet specific future running costs and investments. The Medium Term Financial Strategy sets out the Council's policy for Earmarked Reserves, including their nature and suggested requirements. Full details of the movements on each reserve can be found at Note 32a.
- The Capital Receipts Reserve holds the proceeds of fixed asset sales available to meet future capital investment (see Note 32b).
- Capital Grants Unapplied – holds the balance of grants received where the conditions of grant entitlement have not yet been met. Grants and other contributions are now accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Grants received in advance of these conditions being met are held as Grants Unapplied until released into the Comprehensive Income & Expenditure Statement as entitlement allows (see Note 32c).

## Unusable Reserves – Note 33

- Revaluation Reserve records unrealised revaluation gains, net of depreciation and disposals on that revaluation amount, on a strict per-asset basis (see Note 33a)
- Capital Adjustment Account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and financed through the capital controls mechanism (see Note 33b).
- Available-for-sale Financial Instruments Reserve stores any gains on revaluation of investments not yet realised through sales. The investment in Rossendale Transport Ltd was not revalued due to the specialised nature of the company and the subjectivity of any such valuation. Instead the investment was carried at the historic value of the shares, shown in the Transport Earmarked Reserve at Note 32a and the value of the investment asset at Note 19. Both of these have been extinguished following the sale of the shares in the company during 2017/18.
- Collection Fund Adjustment Account holds the surplus/(deficit) on the Collection Fund which is directly attributable to Rossendale Borough Council (details can be found in the Collection Fund at Section 3).
- Deferred Capital Receipts Account (Note 33c) holds the value of long term debts not receivable until future years under the terms of the debt. In the past this related to mortgages for Council House tenants prior to 1991, but the last of these mortgages ended in November 2013. From 2013/14 the balance relates to the repayment loans due on the Empty Homes Strategy and the corresponding debt can be seen within Long Term Debtors on the Balance Sheet at Note 20.
- Pensions Reserve is a balancing account to allow the inclusion of Pensions Liability in the Balance Sheet. Details of Pension Fund assets/liabilities can be found in Note 34b and 34c.

## Repurchase of Borrowing

The Code requires gains or losses on the repurchase of borrowing to be recognised in the Comprehensive Income and Expenditure Statement in the year in which they are realised. Where, however, the repurchase is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect, gains or losses are to be recognised over the life of the replacement borrowing. No such gains or losses were experienced in the current accounting period.

# Notes to Core Financial Statements

## Minimum Revenue Provision - Notes 13, 17 and 33b

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, details of which can be found in Notes 13, 17a, and 33b. In line with Government guidance, the Council calculates MRP to match the life of the asset.

## Financial Instruments – Notes 21 and 22

### Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income & Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest.

Any gains or losses on the repurchase or early settlement of borrowing are charged to the Comprehensive Income & Expenditure Statement. However, where repurchase takes place as part of a restructure the premium or discount is added to the amortised cost and charged over the life of the new or modified loan. Where premiums and discounts are charged directly to the Comprehensive Income & Expenditure Statement regulations permit the impact on the General Fund Balance to be spread over future years. This is achieved by transfer to/from the Financial Instruments Adjustment Account. No such gains or losses arose in the current accounting period.

### Financial Assets

These are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market. These are measured at fair value and carried at amortised cost. Annual credits to the Comprehensive Income & Expenditure Statement are based on the carrying amount multiplied by the effective rate of interest. In all cases where the Council has made loans cost has been used as a proxy for fair value.
- Available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. These are initially measured, and carried, at fair value. Credits to the Comprehensive Income & Expenditure Statement for interest are based on the amortised cost multiplied by the effective rate of interest. Gains or losses are posted to the Available for sale Reserve. On de-recognition gains/losses are charged to the Comprehensive Income & Expenditure Statement.

## Prior Period Adjustments Note 38

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, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and 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.

This Statement of Accounts includes at Note 2 to the Core Financial Statements an explanation of any adjustments made to comply with changes in the Code.

## Events after the Balance Sheet date – Note 38

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:

## Notes to Core Financial Statements

- 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.

The date on which the financial statements are authorised for issue is shown in the Statement of Responsibilities.

### Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Council and its 100% shareholding in Rossendale Transport Ltd. Following the sale of the shares in the company in January 2017/18 there are no figures included in these statements for the company's 2017/18 financial year which ended 31<sup>st</sup> March 2018.

### Other Accounting Policies

Foreign currency transactions do not play a material part in the Council's financial transactions. Rossendale Borough Council has not entered into any PFI schemes.



## Notes to Core Financial Statements

### Note 38 Restatement of Prior Year Accounts

The Council's accounts for 2017/18 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), which is based on the International Financial Reporting Standards (IFRSs). No adjustments to prior year comparative accounts have been required due to changes in the Code.

At the point of writing these draft accounts for 2017/18 the Council's external auditors have not yet signed off the 2014/15 accounts or any subsequent year. Following confirmation of the amended grant position from the Homes and Communities Agency it is the current expectation that the outstanding accounts will be signed off as follows:

- Revised 2014/15 Accounts to be presented to Audit & Accounts Committee 31<sup>st</sup> July 2018
- Revised 2015/16 Accounts to be presented to Audit & Accounts Committee 31<sup>st</sup> July 2018
- 2016/17 Accounts to be presented to Audit & Accounts Committee 4<sup>th</sup> December 2018
- 2017/18 Accounts to be presented to Audit & Accounts Committee 4<sup>th</sup> December 2018



## Note 39 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 37, 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. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired. In line with the Council's Medium Term Financial Strategy, where services are at potential risk the intention would be to realise the value of any assets deemed surplus to requirements before any impairment occurred.
- In order to facilitate the speedy closure of the Council's accounts an estimate of the outstanding housing and council tax benefit grant has been included in the Comprehensive Income and Expenditure Statement. The estimated balance of the grant claim included in the Balance Sheet as a Short-term Debtor of £218k (a creditor of £369k at March 2017).
- 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. Depreciation charges in 2017/2018 amounted to £910k, an increase of £144k on 2016/2017. Depreciation of intangible assets totalled £72k in 2017/18, up from £39k in 2016/17 (see Notes 13, 14 & 16).
- Estimates for impairment of assets are performed by the Council's qualified Property Services Manager 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. The total value of impairments charged to 2017/2018 was £923k (£81k charged to 2016/2017) (Note 13 & 14).
- Provision for the potential cost of Non-Domestic Rating appeal refunds has been based upon appeals lodged with the Valuation Office at the 31<sup>st</sup> March and an assumed level of successful appeals based upon historical data. In quarter 4 of 2017/18 a number of those appeals were settled by the Valuation Office, which resulted in £178k of the Rossendale share of the Provision being utilized to support the costs of prior year refunds. Following the decisions, officers deemed that the balance on the Provision at the 31<sup>st</sup> March 2018 was sufficient to cover the reduced value of outstanding appeals. The Rossendale Borough Council share of that Provision now stands at £823k and more details can be found in Note 30 and Note 4 to the Collection Fund.

## Note 40 Events after the Balance Sheet date

This DRAFT Statement of Accounts was authorised for release by the Head of Finance on 18<sup>th</sup> June 2018. 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 31<sup>st</sup> March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



## Notes to Core Financial Statements

### Note 41 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 31<sup>st</sup> March 2017 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	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that for every year that useful lives were reduced the annual depreciation charge would increase as follows</p> <ul style="list-style-type: none"> <li>• buildings &amp; infrastructure £7k</li> <li>• vehicles &amp; equipment £108k</li> <li>• intangible assets £40k</li> </ul>
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 34.
Arrears	Each year the Council reviews the significant balances for Council Tax and sundry debtor arrears. Officers estimate the potential impairment of those debts based on historical default experience, and the age of the debts. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, the effects of an additional 1% in the rate of in-year losses on collection would be an increase of £14k in the required provision for council tax doubtful debts, £3k for business rates doubtful debts and £5k for sundry debts

## 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	2016/17		2017/18		Note
	Council Tax £000	Business Rates £000	Council Tax £000	Business Rates £000	
<b>Income</b>					
Council Tax	33,456	-	34,856	-	
Non Domestic Rates	-	14,739	-	12,495	
	<b>33,456</b>	<b>14,739</b>	<b>34,856</b>	<b>12,495</b>	
<b>Expenditure</b>					
Precepts paid out					
Lancashire County Council	23,119	1,259	24,432	1,036	
Rossendale Borough Council	5,036	5,597	5,219	4,605	6
Rossendale Borough Council - renewable energy	-	242	-	159	
Lancashire Police Authority	3,192	-	3,309	-	
Lancashire Fire Authority	1,289	140	1,310	115	
Other costs and provisions					
Payment to Central Government	-	-	-	668	
Payment to Lancashire Business Rates Pool	-	7,000	-	5,756	
Provisions for Rating Appeals	-	198	-	(445)	CF4
Provisions for Bad Debts	581	165	169	-	CF5
Cost of Collection Allowance	-	99	-	99	
	<b>33,217</b>	<b>14,700</b>	<b>34,439</b>	<b>11,993</b>	
<b>Surplus / (deficit) Council Tax</b>	<b>239</b>	<b>39</b>	<b>417</b>	<b>502</b>	

Where Note references are preceded by CF they related to the Collection Fund Notes on this and the following pages. Other Note references relate to the Notes to the Core Statements on pages 21 to 71.

### 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		2016/17		2017/18		Note
		Council Tax £000	Business Rates £000	Council Tax £000	Business Rates £000	
<b>Preceptor</b>	Lancashire Business Rates Pool	-	19	-	251	
	Lancashire County Council	169	3	346	45	
	Rossendale Borough Council	37	16	6	201	CIES, 13
	Lancashire Police Authority	23	-	46	-	
	Lancashire Fire Authority	10	1	19	5	
	<b>Surplus/(deficit) for the year</b>	<b>239</b>	<b>39</b>	<b>417</b>	<b>502</b>	

## Collection Fund

### Collection Fund Note 2 Collection Fund Adjustment Account

The surplus/(deficit) attributable to Rossendale Borough Council now resides in the Collection Fund Adjustment Account on the Balance Sheet, as shown below.

Rossendale Borough Council - Collection Fund Adjustment Account	Council Tax		Business Rates		Note
	2016/17	2017/18	2016/17	2017/18	
	£000	£000	£000	£000	
Accumulated surplus/(deficit) at 1st April	100	(965)	82	(324)	
Prior year (surplus)/deficit transferred to/from revenue	(55)	626	(38)	249	13
Apportioned surplus/(deficit) for the year	37	15	38	201	13
<b>Accumulated Surplus/(Deficit) at 31st March</b>	<b>82</b>	<b>(324)</b>	<b>82</b>	<b>126</b>	

### Collection Fund Note 3 Council Tax Base

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities and the Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The Council Tax base for 2017/18 was 19,998 compared to 19,678 for 2016/17.

The basic amount of Council Tax for a Band D property rose in 2017/18 from £1,655.98 to £1,711.13 following increases of around 2% by all preceptors except the Lancashire Combined Fire Authority.

Rossendale Borough Council and Whitworth Town Council increased their Council Tax charges for the first time since March 2009 – see Collection Fund Note 7 for details of the Council Tax bands charges.

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2017/18 Band D Equivalent	2016/17 Band D Equivalent
Special	5/9		34.70	19.30	18.60
A	6/9	16,212	10,802.60	7,201.70	7,084.40
B	7/9	4,985	4,044.40	3,145.70	3,079.20
C	8/9	4,122	3,583.80	3,185.60	3,131.30
D	1	3,300	2,996.10	2,996.10	2,961.50
E	11/9	1,923	1,785.80	2,182.70	2,153.90
F	13/9	652	615.80	899.50	879.10
G	15/9	438	407.90	679.80	669.40
H	2	38	26.80	53.50	53.50
		<b>31,670</b>	<b>24,297.90</b>	<b>20,363.90</b>	<b>20,030.90</b>
Less adjustments for anticipated changes to the base and losses on collection				(365.90)	(352.90)
<b>Band D equivalent number of properties</b>				<b>19,998.00</b>	<b>19,678.00</b>

## Collection Fund

### Collection Fund Note 4 Provision for Rating Appeals

Provision for Rating Appeals	2016/17		2017/18		Note
	Council Tax	Business Rates	Council Tax	Business Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	-	2,305	-	2,503	
Provision made in year	-	198	-	-	
Provision utilised in year	-	-	-	(445)	
<b>Balance at 31st March</b>	-	<b>2,503</b>	-	<b>2,058</b>	
<b>Balance at 31st March - Rossendale only</b>	-	<b>1,001</b>	-	<b>823</b>	30

The Council has made provision for the anticipated impact on the Collection Fund in respect of business valuation appeals lodged with the Valuation Office. In quarter 4 of 2017/18 the Valuation Office decided several key appeals cases which led officers to utilize £445k of the provision in 2017/18. The balance of £2,058k on the provision was deemed sufficient to cover the balance of claims outstanding at the 31<sup>st</sup> of March 2018, therefore no further provision was made during 2017/18.

### Collection Fund Note 5 Provision for Bad Debts

Bad Debts Provision	2016/17		2017/18		Note
	Council Tax	Business Rates	Council Tax	Business Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	2,720	1,068	3,144	1,141	
Provision made in year	581	165	169	-	
Debts written off	(157)	(92)	16	(140)	
<b>Balance at 31st March 2016</b>	<b>3,144</b>	<b>1,141</b>	<b>3,329</b>	<b>1,001</b>	
<b>Balance at 31st March - Rossendale only</b>	<b>498</b>	<b>456</b>	<b>477</b>	<b>401</b>	26

From 1<sup>st</sup> April 2013, under the Retained Business Rates scheme, Rossendale Borough Council accounts for 40% of the arrears and the provision against those arrears. Given the level of 2017/18 collections for business rates, as noted below, no further provision for bad debts was required at the end of 2017/18.

### Collection Fund Note 6 Arrears

Arrears	2016/17		2017/18		Note
	Council Tax	Business Rates	Council Tax	Business Rates	
	£000s	£000s	£000s	£000s	
Balance as 1st April	4,510	1,060	5,174	1,499	
Change in year	664	439	248	(220)	
<b>Balance at 31st March 2016</b>	<b>5,174</b>	<b>1,499</b>	<b>5,422</b>	<b>1,279</b>	
<b>Balance at 31st March - Rossendale only</b>	<b>815</b>	<b>595</b>	<b>777</b>	<b>512</b>	24

The in-year collection rate for 2017/18 Council Tax was 96.4% compared to a target performance of 96.9%. The collection rate for NNDR in 2017/18 was 98.4% compared to a target performance of 97.9%. Note 24 to the Core Statements shows the Rossendale Borough Council portion of the Council Tax and Business Rates arrears, net of the provision for bad debts shown in Note 5 above.

Part of the Collection Fund surplus is due to the collection of prior year arrears, when the total collection rate rises to over 99%.

## Collection Fund

### Collection Fund Note 7 Non-Domestic Rates (NDR)

April 2013 saw the introduction of new system of local business rates retention. Under the new model Rossendale Borough Council retains 40% of the business rates collected locally. At the 1<sup>st</sup> April 2016 the new Lancashire Pooling arrangement came into effect and Rossendale Borough Council is a partner in that Pool. The tariff payment into the Pool for 2017/18 was £2,586k (in 2016/17 this was £3,306k) and this can be seen in Note 6 to the Core Statements.

Non-domestic rates are organized on a national basis. Central Government specifies an amount (47.9p in 2017/18 and 49.7p in 2016/17) 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 increased to £37,038k by March 2018, up from £36,506k in March 2017.

For the first time in 2016/17 Rossendale Borough Council was entitled to keep 100% of the business rates from renewable energy installations. In 2016/17 this added £242k to Rossendale's element of the business rates scheme as shown in the CIES and Note 6 to the Core Statements, but in 2017/18 this dropped to a true annual value of £159k.

The net business rates collected within Rossendale after provision for bad debts and appeals were £13,639k compared with £13,328k in 2016/17.

### Collection Fund Note 8 Council Tax for all Precepting Bodies 2017/18

Precepting Bodies	2016/17	Change	2017/18							
	Band D £		Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Rossendale	253.40	1.99%	172.29	201.01	229.72	258.44	315.87	373.30	430.73	516.88
LCC	1,152.26	1.99%	783.77	914.38	1,045.01	1,175.64	1,436.90	1,698.16	1,959.41	2,351.28
LCC - Adult Social C:	22.60	2.00%	30.72	35.86	40.98	46.10	56.34	66.58	76.82	92.20
Fire	65.50	0.00%	43.67	50.94	58.22	65.50	80.06	94.61	109.17	131.00
Police	162.22	1.99%	110.30	128.68	147.07	165.45	202.22	238.98	275.75	330.90
<b>Total (excl parish)</b>	<b>1,655.98</b>	<b>3.33%</b>	<b>1,140.75</b>	<b>1,330.87</b>	<b>1,521.00</b>	<b>1,711.13</b>	<b>2,091.39</b>	<b>2,471.63</b>	<b>2,851.88</b>	<b>3,422.26</b>
Whitworth Parish	23.01	1.69%	15.60	18.20	20.80	23.40	28.60	33.80	39.00	46.80
<b>Total (incl parish)</b>	<b>1,678.99</b>	<b>3.31%</b>	<b>1,156.35</b>	<b>1,349.07</b>	<b>1,541.80</b>	<b>1,734.53</b>	<b>2,119.99</b>	<b>2,505.43</b>	<b>2,890.88</b>	<b>3,469.06</b>

## Group Accounts

Notes are only reproduced here where the group activity has significantly changed those figures already presented for the single entity accounts. Where Note references are preceded by GR they relate to the Group Notes within this section. Other Note references relate to the Notes to the Core Statements in the earlier pages of this book. As explained throughout these statements, the shares in Rossendale Transport Ltd were sold in January 2018.

### Group Comprehensive Income and Expenditure Statement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2016/17			2017/18			Note
	Gross		Net	Gross		Net	
	Expend	Income	Expend	Expend	Income	Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
Place Directorate							
Customer Services & IT	21,961	(20,787)	1,174	20,553	(20,102)	451	
Operations	3,772	(1,063)	2,709	3,625	(1,037)	2,588	
Business Directorate							
Building Control	123	(125)	(2)	102	(158)	(56)	
Planning	867	(1,477)	(610)	662	(1,246)	(584)	
Local Land Charges	41	(83)	(42)	36	(59)	(23)	
Licensing	477	(692)	(215)	459	(290)	169	
Legal & Democratic Services	909	(169)	740	904	(212)	692	
Regeneration, Health & Housing	5,758	(3,773)	1,985	4,367	(3,121)	1,246	
Corporate Management							
Corporate Management	457	(10)	447	405	(10)	395	
Finance & Property Services	2,203	(312)	1,891	1,977	(246)	1,731	
People & Policy	298	(16)	282	474	-	474	
Non-Distributed costs	1,712	(173)	1,539	765	(58)	707	
Leisure Services	910	(71)	839	70	(111)	(41)	
Rossendale Transport Ltd	9,533	(9,893)	(360)	-	-	-	
<b>Cost of Services</b>	<b>49,021</b>	<b>(38,644)</b>	<b>10,377</b>	<b>34,399</b>	<b>(26,650)</b>	<b>7,749</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept	58	-	58	59	-	59	
(Gain)/Loss on disposal of fixed assets	125	(179)	(54)	678	(3,836)	(3,158)	
Other (Income)/Expenditure *	-	(617)	(617)	-	(572)	(572)	
<b>Financing &amp; Investment Income &amp; Expenditure</b>							
Interest payable on debt	317	-	317	146	-	146	
Interest and investment income	-	(73)	(73)	-	(94)	(94)	
Pensions - interest cost	3,072	-	3,072	2,484	-	2,484	GR9
Pensions - curtailments	48	-	48	-	-	-	GR9
Pensions - admin expenses	18	-	18	19	-	19	GR9
Pensions - interest on assets	-	(2,007)	(2,007)	-	(1,726)	(1,726)	GR9
Pensions - business combinations	9,440	(7,885)	1,555	-	-	-	
(Surplus)/Deficit on Trading Undertakings	403	(294)	109	878	(273)	605	
<b>Taxation and Non-Specific Grant Income</b>							
Taxation	-	(51)	(51)	-	-	-	
Collection Fund							
Council Tax	-	(5,036)	(5,036)	-	(5,219)	(5,219)	
Council Tax re prior year deficit	-	-	-	-	-	-	
Retained Business Rates	3,306	(5,839)	(2,533)	2,534	(4,764)	(2,230)	
Collection Fund (surplus)/deficit							
Council Tax	-	(37)	(37)	-	(38)	(38)	
Retained Business Rates	-	(15)	(15)	-	(201)	(201)	
Rate Support Grant	-	(1,016)	(1,016)	-	(503)	(503)	
Non service related Government Grants	-	(33)	(33)	-	-	-	
<b>(Surplus)/Deficit on Provision of Services</b>	<b>65,808</b>	<b>(61,726)</b>	<b>4,082</b>	<b>41,197</b>	<b>(43,876)</b>	<b>(2,679)</b>	
<b>(Surplus)/deficit on revaluations:-</b>							
Property, Plant & Equipment assets			(1,068)			438	GR1, GR3
Pension Fund Assets			2,082			(3,837)	GR1, GR9
<b>Other Comprehensive Income and Expenditure</b>			<b>1,014</b>			<b>(3,399)</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>5,096</b>			<b>(6,078)</b>	

## Group Accounts

### Group Note 1 Reconciliation of Single Entity and Group (Surplus)/Deficit

Reconciliation of Single Entity & Group (Surplus)/Deficit	2016/17			2017/18		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Provision of Services	4,331	(249)	4,082	(2,679)	-	(2,679)
Revaluation of fixed assets	(1,068)	-	(1,068)	438	-	438
Revaluation of pension fund assets	2,082	-	2,082	(3,837)	-	(3,837)
<b>Group Comprehensive (Income)/Expenditure</b>	<b>5,345</b>	<b>(249)</b>	<b>5,096</b>	<b>(6,078)</b>	<b>-</b>	<b>(6,078)</b>

For an explanation of the Comprehensive Income and Expenditure Account, the Movement in Reserves Statement, the Balance Sheet and the Cash Flow Statement please refer to the descriptions with the main Core Statements on pages 18 to 21. Following the sale of the shares in Rossendale Transport Ltd in January 2018 this Council has no interest in the Company as at 31<sup>st</sup> March 2018.

### Group Movement in Reserves Statement

GROUP MOVEMENT IN RESERVES STATEMENT	Total Useable Reserves	Unusable Reserves	Total Authority Reserves	Authority Share of Group Reserves	Total Reserves (Including Group)
	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31 March 2016</b>	<b>12,749</b>	<b>(2,564)</b>	<b>10,185</b>	<b>510</b>	<b>10,695</b>
<b>Movement in Reserves during 2016/17</b>					
Surplus/(deficit ) on provision of services	(4,331)	-	(4,331)	249	(4,082)
Other Comprehensive Expenditure and Income	-	(1,014)	(1,014)	-	(1,014)
<b>Total Comprehensive Expenditure and Income</b>	<b>(4,331)</b>	<b>(1,014)</b>	<b>(5,345)</b>	<b>249</b>	<b>(5,096)</b>
Adjustments between accounting basis & funding basis under regulations	2,147	(3,260)	(1,113)	-	(1,113)
<b>Net incr/(decr) before transfers to Reserves</b>	<b>(2,184)</b>	<b>(4,274)</b>	<b>(6,458)</b>	<b>249</b>	<b>(6,209)</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/(decrease) in Year</b>	<b>(2,184)</b>	<b>(4,274)</b>	<b>(6,458)</b>	<b>249</b>	<b>(6,209)</b>
<b>Balance at 31 March 2017 carried forward</b>	<b>10,565</b>	<b>(6,838)</b>	<b>3,727</b>	<b>759</b>	<b>4,486</b>
<b>Movement in Reserves during 2017/18</b>					
Surplus/(deficit ) on provision of services	2,679	-	2,679	-	2,679
Other Comprehensive Expenditure and Income	-	3,399	3,399	-	3,399
<b>Total Comprehensive Expenditure and Income</b>	<b>2,679</b>	<b>3,399</b>	<b>6,078</b>	<b>-</b>	<b>6,078</b>
Adjustments between accounting basis & funding basis under regulations	(2,708)	1,900	(808)	-	(808)
<b>Net incr/(decr) before transfers to Reserves</b>	<b>(29)</b>	<b>5,299</b>	<b>5,270</b>	<b>-</b>	<b>5,270</b>
Transfers to/from Earmarked Reserves	-	-	-	-	-
<b>Increase/(decrease) in Year</b>	<b>(29)</b>	<b>5,299</b>	<b>5,270</b>	<b>-</b>	<b>5,270</b>
<b>Balance at 31 March 2018 carried forward</b>	<b>10,536</b>	<b>(1,539)</b>	<b>8,997</b>	<b>-</b>	<b>8,997</b>

# Group Accounts

## Group Balance Sheet

BALANCE SHEET	31st March 2017 £000s	31st March 2018 £000s	Note
Property, Plant & Equipment			
Other Land and Buildings	24,621	21,173	
Vehicles, Plant, Furniture & Equipment	1,936	1,410	
Infrastructure	123	113	
Community Assets	3,629	674	
Assets under construction	960	4,075	
Surplus Assets	390	390	
	<b>31,659</b>	<b>27,835</b>	GR3
Heritage Assets	2,155	2,154	
Investment Properties	539	539	
Intangible Assets	154	91	
Long-term Investments	2	2	GR2
Long-term Debtors	153	967	GR2
<b>Long-term Assets</b>	<b>34,662</b>	<b>31,588</b>	
Short-term Investments	3,000	5,250	
Inventories	211	31	GR4
Short Term Debtors	3,390	3,763	GR5
Cash and cash equivalents	3,923	2,089	GR6
Assets held for sale within one year	48	47	
<b>Current Assets</b>	<b>10,572</b>	<b>11,180</b>	
Short-term Borrowing	(638)	(184)	GR2, GR7
Short-term Creditors	(5,366)	(3,570)	GR2, GR8
Short-term Provisions	(519)	(773)	
Short-term Capital Grant Receipts in Advance	(279)	(3,620)	
<b>Current Liabilities</b>	<b>(6,802)</b>	<b>(8,147)</b>	
Long Term Borrowing	(4,240)	(2,944)	GR2, GR7
Provisions	(1,291)	(827)	
Net Pensions Liability	(33,614)	(27,112)	GR9
<b>Long- term Liabilities</b>	<b>(39,145)</b>	<b>(30,883)</b>	
<b>Net Assets</b>	<b>(713)</b>	<b>3,738</b>	
<b>Represented by:</b>			GR2
General Fund	1,000	999	
Earmarked Reserves	6,874	6,166	
Capital Receipts Reserve	1,762	2,480	
Capital Grants Unapplied	929	890	
<b>Usable Reserves</b>	<b>10,565</b>	<b>10,535</b>	
Revaluation Reserve	11,997	11,233	
Pension Reserve	(33,614)	(30,175)	GR9
Capital Adjustment Account	7,828	10,167	
Deferred Capital Receipts	2,076	1,770	
Collection Fund Adjustment Account	(242)	208	
Reserves of Group Entities	1,859	-	
<b>Unusable Reserves</b>	<b>(10,096)</b>	<b>(6,797)</b>	
<b>Total Reserves</b>	<b>469</b>	<b>3,738</b>	

Phil Seddon, Head of Finance

18th June 2018



## Group Accounts

### Group Cash Flow Statement

CASH FLOW STATEMENT	2016/17 £000	2017/18 £000	Note
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(4,191)	2,679	
Adjustment for noncash movements	1,109	3,529	36a
Adjustment for items that are investing and financing activities	(75)	(6,136)	36a
<b>Net cash flows from Operating Activities</b>	<b>(3,157)</b>	<b>72</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(1,903)	(3,884)	36a
Proceeds from the sale of property, plant and equipment	185	3,836	36a
Increase/(decrease) in long-term debtors	754	1,550	36a
Other income	-	-	36a
<b>Net Cash Flows from Investing Activities</b>	<b>(964)</b>	<b>1,502</b>	
<b>Management of Liquid Resources</b>			
Cash inflows - Short-term investments	17,000	14,000	
Cash outflows - Short-term investments	(13,000)	(16,250)	
<b>Financing</b>			
Cash (Outflows)/Inflows - agency operations	-	-	
National non-domestic rates	362	267	
Council Tax	886	(874)	
Cash Outflows - Repayments of amounts borrowed	(1,977)	(184)	
Cash Inflows - New long-term loans	1,182	-	
Cash Inflows - New short-term loans	(49)	-	
<b>Net Cash Flows from Financing Activities</b>	<b>4,404</b>	<b>(3,041)</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>283</b>	<b>(1,467)</b>	
Cash and Cash Equivalents at the beginning of the year	3,640	3,556	GR6
<b>Cash and Cash Equivalents at the end of the year</b>	<b>3,923</b>	<b>2,089</b>	GR6

### Group Note 2 Group consolidation adjustments

Within the Council single entity accounts and the Rossendale Transport Ltd accounts there are certain inter-company balances which have been adjusted to create the Group Balance Sheet. Those adjustments for 2016/17 are shown below.

Group Balance Sheet Consolidation Adjustments	31st March 2017				31st March 2018			
	Council £000s	RT Ltd £000s	Consol £000s	Group £000s	Council £000s	RT Ltd £000s	Consol £000s	Group £000s
Long Term Investments	647	-	(645)	2	2	-	-	2
Long Term Debtors	2,517	-	(1,182)	1,335	967	-	-	967
Short-term Borrowing	(184)	(454)	-	(638)	(184)	-	-	(184)
Short-term Creditors	(4,518)	(1,020)	172	(5,366)	(7,963)	-	-	(7,963)
Long-term Borrowing	(3,128)	(2,122)	1,010	(4,240)	(2,944)	-	-	(2,944)
Called up share capital	-	(645)	645	-	-	-	-	-

## Group Accounts

### Group Note 3 Property, Plant & Equipment

The major changes between the local authority sole entity accounts and the Group Accounts lie in the Property, Plant and Equipment owned by Rossendale Transport Ltd. The note below replicates Core Statement Note 17 for the Group for 2016/17.

Property, Plant & Equipment 2016/17	Land & Buildings £000s	Vehicles, Plant, Furniture & Equip £000s	Infra- structure Assets £000s	Community Assets £000s	Assets under construction £000s	Surplus Assets £000s	Total Assets £000s
<b>Cost or Valuation 1st April 2016</b>	32,605	15,012	326	1,169	974	639	50,725
Additions	1,298	1,075	22	13	147	-	2,555
Revaluation increases/(decreases)- to Revaluation Reserve	995	-	(81)	100	53	-	1,067
to Provision of Services	(252)	-	(14)	(140)	-	-	(406)
Reclassifications- to/from Assets Held for Sale	-	-	-	-	-	(120)	(120)
others	-	-	-	-	-	-	-
Derecognition on disposal	(385)	(852)	-	-	-	-	(1,237)
<b>Cost or Valuation 31<sup>st</sup> March 2017</b>	<b>34,261</b>	<b>15,235</b>	<b>253</b>	<b>1,142</b>	<b>1,174</b>	<b>519</b>	<b>52,584</b>
<b>Accum Depreciation and Impairments 1st April 2016</b>	(8,443)	(10,162)	(137)	(244)	(209)	(130)	(19,325)
Depreciation for the year- to Revaluation Reserve	(111)	(2)	6	-	(1)	-	(108)
to Provision of Services	(265)	(987)	-	-	-	-	(1,252)
Impairment losses/(reversals) to Revaluation Reserve	(31)	-	-	(13)	-	(11)	(55)
to Provision of Services	(1,166)	-	-	-	-	-	(1,166)
Reclassifications	-	-	-	-	-	12	12
Derecognition on disposal	374	598	-	-	-	-	972
<b>Accumulated Depreciation and Impairments 31st March 2017</b>	<b>(9,642)</b>	<b>(10,553)</b>	<b>(131)</b>	<b>(257)</b>	<b>(210)</b>	<b>(129)</b>	<b>(20,922)</b>
Net Book Value at 31st March 2017	24,619	4,682	122	885	964	390	31,662

Included in the total net book value of vehicles in the above table is £1,567k at March 2017 in respect of public carrying vehicles held under finance leases by Rossendale Transport Ltd. Depreciation on those assets was £387k in 2016/17.



## Group Accounts

There are no comparator figures for the Transport Company at March 2018 due to the sale of the shares in January 2018, therefore the table below replicates the single entity asset Note 14.

Property, Plant & Equipment <b>2017/18</b>	Land & Buildings	Vehicles, Plant, Furniture & Equip	Infra-structure Assets	Community Assets	Assets under construction	Surplus Assets	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation 1st April 2017</b>	30,233	6,398	253	1,142	1,174	519	39,719
Additions	2,843	62	-	3	906	31	3,845
Revaluation increases/(decreases)- to Revaluation Reserve	198	-	-	31	-	-	229
to Provision of Services	(432)	-	-	(235)	-	-	(667)
Reclassifications- to/from Assets Held for Sale	-	-	-	-	-	-	-
others	(2,511)	-	-	-	2,511	-	-
Derecognition on disposal	-	(76)	-	-	-	(31)	(107)
<b>Cost or Valuation 31<sup>st</sup> March 2018</b>	<b>30,331</b>	<b>6,384</b>	<b>253</b>	<b>941</b>	<b>4,591</b>	<b>519</b>	<b>43,019</b>
<b>Accum Depreciation and Impairments 1st April 2017</b>	(8,207)	(4,488)	(131)	(257)	(214)	(129)	(13,426)
Depreciation for the year- to Revaluation Reserve	(103)	-	-	(1)	-	-	(104)
to Provision of Services	(232)	(560)	(9)	(2)	(2)	-	(805)
Impairment losses/(reversals) to Revaluation Reserve	(306)	-	-	(7)	-	-	(313)
to Provision of Services	(610)	-	-	-	-	-	(610)
Reclassifications	300	-	-	-	(300)	-	-
Derecognition on disposal	-	74	-	-	-	-	74
<b>Accumulated Depreciation and Impairments 31st March 2018</b>	<b>(9,158)</b>	<b>(4,974)</b>	<b>(140)</b>	<b>(267)</b>	<b>(516)</b>	<b>(129)</b>	<b>(15,184)</b>
Net Book Value at 31st March 2018	21,173	1,410	113	674	4,075	390	27,835
Net Book Value at 31st March 2017	24,619	4,682	122	885	964	390	31,662

### Group Note 4 Inventories

This note corresponds to the single entity Note 23.

Inventories	31st March 2017			31st March 2018		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Raw Materials & Consumables	24	187	211	31	-	31
<b>Net Balance at 31st March</b>	<b>24</b>	<b>187</b>	<b>211</b>	<b>31</b>	<b>-</b>	<b>31</b>

### Group Note 5 Debtors

This note corresponds to the single entity Note 24.

Debtors	31st March 2017			31st March 2018		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Central Government Bodies	(189)	-	(189)	113	-	113
Other Local Authorities	653	-	653	1,501	-	1,501
Other entities and individuals						
Council Tax	875	-	875	300	-	300
Retained Business Rates	139	-	139	98	-	98
Advance Payments	640	410	1,050	524	-	524
Sundry Trade Debtors	664	198	862	1,227	-	1,227
<b>Net Balance at 31st March</b>	<b>2,782</b>	<b>608</b>	<b>3,390</b>	<b>3,763</b>	<b>-</b>	<b>3,763</b>

## Group Accounts

### Group Note 6 Net Change in Liquid Resources

This note corresponds to the single entity Note 25.

Short-term Investments, Cash and Cash Equivalents	31st March 2017			31st March 2018		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Bank Deposits - access <3 months	1,000	-	1,000	3,750	-	3,750
Bank Deposits - access 3 - 6 months	-	-	-	-	-	-
Bank Deposits - access 6 -12 months	2,000	-	2,000	1,500	-	1,500
<b>Total Short-term Investments</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>	<b>5,250</b>	<b>-</b>	<b>5,250</b>
Cash in Hand	1	4	5	1	-	1
Cash at Bank	3,555	363	3,918	2,088	-	2,088
Bank Overdraft	-	(58)	(58)	-	-	-
<b>Cash and Cash Equivalents</b>	<b>3,556</b>	<b>309</b>	<b>3,865</b>	<b>2,089</b>	<b>-</b>	<b>2,089</b>

### Group Note 7 Borrowing

This note corresponds to the single entity Note 29.

Borrowing	31st March 2017			31st March 2018		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Repayable in less than 12 months	184	454	638	184	-	184
Repayable between 1 & 2 years	184	316	499	184	-	184
between 2 & 5 years	552	390	942	552	-	552
between 5 & 10 years	920	406	1,326	920	-	920
in 10 years or more	1,472	-	1,472	1,288	-	1,288
<b>Balance at 31st March</b>	<b>3,312</b>	<b>1,566</b>	<b>4,877</b>	<b>3,128</b>	<b>-</b>	<b>3,128</b>

### Group Note 8 Creditors

This note corresponds to the single entity Note 28.

Creditors	31st March 2017			31st March 2018		
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s
Central Government Bodies	1,311	99	1,410	942	-	942
Other Local Authorities	87	-	87	101	-	101
Bodies external to government						
Business Rates	167	-	167	87	-	87
Advance Receipts: Council Tax	63	-	63	59	-	59
Advance Receipts: Others	50	198	248	305	-	305
Employee Benefit Expenses	25	-	25	43	-	43
Sundry Trade Creditors	2,815	551	3,366	2,033	-	2,033
<b>Balance at 31st March</b>	<b>4,518</b>	<b>848</b>	<b>5,366</b>	<b>3,570</b>	<b>-</b>	<b>3,570</b>

## Group Accounts

### Group Note 9 Local Government Pension Scheme – a defined benefit scheme

Rossendale Transport Ltd is a party to the same Local Government Pension Scheme, operated by Lancashire County Council, as Rossendale Borough Council. Therefore, the following tables should be read in conjunction with Note 37 to the single entity and the reference to the March 2013 scheme revaluation in the Explanatory foreword on page 10.

#### 9a – Net Present Value of Scheme

Scheme History	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	Note
Council	(73,369)	(84,178)	(80,607)	(100,932)	(98,446)	
Rossendale Transport Ltd	(8,905)	(9,909)	(9,131)	-	-	
<b>Scheme Liabilities at 31<sup>st</sup> March</b>	<b>(82,274)</b>	<b>(94,087)</b>	<b>(89,738)</b>	<b>(100,932)</b>	<b>(98,446)</b>	GR9b,9j
Council	45,771	50,127	50,854	67,318	68,271	
Rossendale Transport Ltd	7,247	7,780	7,885	-	-	
<b>Scheme Assets at 31<sup>st</sup> March</b>	<b>53,018</b>	<b>57,907</b>	<b>58,739</b>	<b>67,318</b>	<b>68,271</b>	GR9c,9d,9j
<b>Net Scheme Assets/(Liabilities)</b>	<b>(29,256)</b>	<b>(36,180)</b>	<b>(30,999)</b>	<b>(33,614)</b>	<b>(30,175)</b>	GR9j

#### 9b – Present Value of Scheme Liabilities

Scheme Liabilities	31st March 2017			31st March 2018			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Scheme Liabilities at 1 <sup>st</sup> April	80,607	9,131	89,738	100,932	-	100,932	
Current Service Cost	848	-	848	1,319	-	1,319	GR9f
Interest on Pension Liabilities	3,072	-	3,072	2,484	-	2,484	GR9f
Member Contributions	237	309	546	256	-	256	
Remeasurement of liabilities	11,006	-	11,006	(3,084)	-	(3,084)	GR9g
Curtailments	48	-	48	-	-	-	
Business Combinations	9,440	(9,440)	-	-	-	-	
Benefits/transfers paid	(4,326)	-	(4,326)	(3,461)	-	(3,461)	
Deferred Taxation	-	-	-	-	-	-	
<b>Scheme Liabilities at 31<sup>st</sup> March</b>	<b>100,932</b>	<b>-</b>	<b>100,932</b>	<b>98,446</b>	<b>-</b>	<b>98,446</b>	GR9a,9j

#### 9c – Present Value of Scheme Assets

Scheme Assets	31st March 2017			31st March 2018			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Scheme Assets at 1 <sup>st</sup> April	50,854	7,885	58,739	67,318	-	67,318	
Interest on plan assets	2,007	-	2,007	1,726	-	1,726	GR9f
Remeasurement of assets	8,924	-	8,924	753	-	753	GR9g
Administration expenses	(18)	-	(18)	(19)	-	(19)	
Employer contributions	1,755	-	1,755	1,698	-	1,698	
Member contributions	237	-	237	256	-	256	
Business Combinations	7,885	(7,885)	-	-	-	-	
Benefits/transfers paid	(4,326)	-	(4,326)	(3,461)	-	(3,461)	
<b>Scheme Assets at 31<sup>st</sup> March</b>	<b>67,318</b>	<b>-</b>	<b>67,318</b>	<b>68,271</b>	<b>-</b>	<b>68,271</b>	GR9a,9d,9j

## Group Accounts

### 9d – Major Categories of Scheme Assets

Scheme Assets	31st March 2017			31st March 2018			Note
	Council £000s	RT Ltd £000s	Group £000s	Council £000s	RT Ltd £000s	Group £000s	
Equities	-	-	-	-	-	-	
Bonds	2,437	-	2,437	2,895	-	2,895	
Property	5,929	-	5,929	6,421	-	6,421	
Alternatives	58,253	-	58,253	59,240	-	59,240	
Cash & Cash equivalents	699	-	699	(285)	-	(285)	
<b>Total Scheme Assets</b>	<b>67,318</b>	<b>-</b>	<b>67,318</b>	<b>68,271</b>	<b>-</b>	<b>68,271</b>	GR9a,9c,9j

### 9e – Scheme Membership

Scheme Membership	31st March 2017			31st March 2018		
	Council	RT Ltd	Group	Council	RT Ltd	Group
Active Members	150	13	163	153	-	153
Deferred Members	253	10	263	254	-	254
Pensioners	427	54	481	422	-	422
Widows	128	4	132	125	-	125

Following the consolidation of the Rossendale Transport pension fund with the Council's own fund at the end of 2016/17, the remaining pension fund notes will not differ from those of the single entity at Note 34.

### 9f – Comprehensive Income and Expenditure Account

### 9g – Re-measurement impacts in the Other Income and Expenditure Statement

### 9h – Actual gains and losses on plan assets

### 9i – Actuarial Assumptions

### 9j – Sensitivity Analysis of Actuarial Assumptions



## Glossary

### Accounting Standards Board

The role of the Accounting Standards Board (ASB) is to issue accounting standards. Accounting standards developed by the ASB are contained in 'Financial Reporting Standards' (FRSs). Soon after it started its activities in 1990, the ASB adopted the standards issued by the Accounting Standards Committee (ASC), so that they also fall within the legal definition of accounting standards.

These are designated 'Statements of Standard Accounting Practice' (SSAPs). Whilst some of the SSAPs have been superseded by FRSs, some remain in force. Accounting standards apply to all companies, and other kinds of entities that prepare accounts that are intended to provide a true and fair view.

### Accruals

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

### 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 1<sup>st</sup> 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.

Rossendale Borough Council now collects these rates and pays 50% direct to central government, 9% to Lancashire County Council and 1% to Lancashire Fire Authority. This means that 40% should be kept locally.

Note 9 to the core statements explains how the tariff system provides a national balancing adjustment between the 40% local share and the amount received previously from the national pool. After the tariff the actual amount kept by Rosendale Borough Council in 2013/14 was 15%.

### 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.



# Glossary

## 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)

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2010 (the Code) stipulates that the preparation of the Statement of Accounts. This Code replaces CIPFA's Statement of Recommended Practice 2009 (SORP) and is now based on the International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) adapted as interpreted for the public sector by the International Public Sector Accountancy Standards (IPSASs).

## Collection Fund

The account which shows the transactions of the Council in relation to non-domestic rates and Council Tax, and the distribution of these to other precepting bodies and to Rossendale Borough Council's General Fund for the year.

Following the SORP 2009, the Collection Fund is now operated on an agency basis. That means that the accumulated balances at the year end, including arrears and accounts in credit are apportioned over the main precepting bodies. Rossendale Borough Council's proportion of the debtors and accounts in credit can be directly on the Balance Sheet and at Note 19 and 22 to the Core Statements and the Council's proportion of the overall surplus/(deficit) on the account is now held in the Collection Fund Adjustment Account. Those amounts attributable to each of the other preceptors are included as a net position within the Other Public Bodies sections of Note 19 and Note 22 respectively.

## Collection Fund Adjustment Account

A new account created following the SORP 2009, which holds that portion of the Collection Fund cumulative balance attributable solely to Rossendale 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.





# Glossary

## The Department for Communities and Local Government (CLG)

The central government department for Communities and Local Government (CLG) has a powerful remit to promote community cohesion and equality, as well as responsibility for housing, urban regeneration, planning and local government. The CLG is responsible for national policy on local government in England, examining the future of local government and local democracy; reviewing performance and measurement through inspection and audit; driving through the modernisation agenda of efficiency and improvement of service delivery; and maintaining and developing a framework for local government finance.

## Consolidated Balance Sheet

The combined balance sheets of the Council's services.

## Contingency Sum

A sum set aside to provide for foreseen but unquantifiable future commitments or for unforeseen expenditure that may become necessary during the year.

## Cost of Management and Administration

An allocation to service accounts of the net cost of the administrative and professional departments which support all of the Council's services.

## 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.

## Current Costs Accounting (CCA)

The presentation of the accounts in a form that aims to reflect the consequences of price and value charges.

## Debt redemption

The repayment of external loans previously raised to finance capital expenditure.

## 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.

## Deferred charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. An example of a deferred charge is expenditure on items such as improvement grants.

## D.E.F.R.A.

The Department for the Environment, Food and Rural Affairs supports the Council in its recycling projects.

## Depreciation

## Glossary

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

### D.W.P.

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.

### E.R.D.F.

The European Regional Development Fund which supports regeneration projects such as Futures Park managed office units.

### Fair Value

In accounting, fair value is used as an estimate of the market value of an asset (or liability) for which a market price cannot be determined (usually because there is no established market for the asset). Where a reasonable estimation of fair value cannot be calculated assets are carried at historical cost.

### 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).

### Financial Reporting Standard 17 (FRS17)

FRS17, issued by the Accounting Standards Board in November, 2000 and amended November, 2002, set out the accounting treatment for retirement benefits such as pensions and medical care during retirement.

### General Fund

The main revenue fund of the Council. Day-to-day spending on services is met from the General Fund. Spending on the provision of housing, however, must be charged to a separate Housing Revenue Account.

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

### Housing General Fund

Strategy and support for domestic properties across the borough, as opposed to the operation of council-owned housing which is kept separate in the Housing Revenue Account, or strategy and support for commercial properties.

### Housing Revenue Account (HRA)

A separate account for the operation of the direct provision of housing by the Council, which is now closed following the LSVT to Green Vale Homes in March 2006.

# Glossary

## 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. When the Council has the revenue reserves to do this it is usually a cheaper option than external borrowing.



## Large scale voluntary transfer (LSVT)

This relates to the transfer of the housing stock, as voted by the tenants, and is generally referred to as a large scale voluntary transfer due to its size.

## 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.

## Local Authority Business Growth Incentive Scheme (LABGIS)

This is a means to reward Councils for increases in the rateable value of business properties above a certain threshold. Rossendale has received this for the first time in 2006/07 and used the extra income to create a Reserve for future Economic Development activity.

## 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.

## Glossary

### Minimum Revenue Provision (MRP)

The Minimum Revenue Provision is the minimum amount which must be charged to the Council's revenue account each year to repay the revenue reserves for amounts used to support the capital programme – known as Internal Borrowing.

### Ministry for Housing, Communities and Local Government (MHCLG)

The Ministry of Housing, Communities and Local Government's (formerly the Department for Communities and Local Government) job is to create great places to live and work, and to give more power to local people to shape what happens in their area.

### National non-domestic rates (NNDR) – see Business Rates from 1<sup>st</sup> April 2013

A national non-domestic rate poundage for commercial premises is set annually by the government and collected by all local authorities. The proceeds are redistributed between local authorities in proportion to their adult populations.

### 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.

### Non-operational assets

Assets held by the Council, but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

### 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. Details of these charges made and the amounts collected and owing are kept separate from the day-to-day running of Rossendale Borough Council in the Collection Fund.

### 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.

### Post Balance Sheet Events

Events arising after the balance sheet date which provide additional evidence of conditions that existed at the balance sheet date and are of a material nature.

### Primacy of Legislative Requirements

The non-cash effects of transactions and other events should be reflected, as far as is possible, in the financial statements for the accounting period in which they occur and not in the period in which any cash involved is received or paid. (This replaces the principle of matching that underlays the accruals concept.)

## Glossary

### Provision

An amount set aside in the accounts for liabilities that are certain to be incurred in the future, but which cannot be quantified accurately at the balance sheet date.

### Public Works Loan Board (PWLB)

A Government agency that provides longer term loans to local authorities.

### Reserve

Amounts included in one financial year's accounts to provide for payment for goods or services, whether revenue or capital, in a future financial year.

### Revenue Account

The Revenue Account records the authority's day-to-day expenditure and income on such items as salaries and wages and other running costs of services. The is sometimes also referred to as the General Fund.

### Service Reporting Code of Practice for Local Authorities (SeRCOP)

Local authorities in England prepare their Comprehensive Income & Expenditure Statement in accordance with the Service Reporting Code of Practice for Local Authorities (SeRCOP). The SeRCOP stipulates the service divisions to be used in the Comprehensive Income & Expenditure Statement, including the collection of central managerial costs under 'Other Central Services'.

### SOLACE

The Society of Local Authority Chief Executives and Senior Managers was formed in 1974. SOLACE is the representative body for senior strategic managers working in the public sector. Its aim is to promote excellence in public service.

### Tangible Assets

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

### Useable and Unuseable Reserves

The Reserves in the Balance Sheet are reported in two categories:-

**Useable Reserves** are those that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt).

**Unuseable reserves**, are those that the authority is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.'



আপনি যদি এসব তথ্যের সার সংক্ষেপ বড় হরফের ছাপায়, অডিও ক্যাসেটে অথবা ইংরেজী ছাড়া অন্য কোন ভাষায় পেতে চান তাহলে অনুগ্রহ করে আমাদেরকে জানালে আমরা অত্যন্ত খুশী মনে তার ব্যবস্থা করব।

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اگر آپ کو ان معلومات کا خلاصہ بڑے حروف میں، آڈیو کیسٹ پر، یا انگریزی کے علاوہ کسی اور زبان میں درکار ہے تو براۓ مہربانی ہمیں بتائیں، ہم بخوشی آپ کے لیے اس کا انتظام کریں گے۔

برائے مہربانی 01706 217777 پر ٹیلیفون کریں یا پھر کمیونٹی کیشن سیکشن سے اس پتہ پر رابطہ قائم کریں:

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ارو বাংলা

A  
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