



## **Statement of Accounts 2021/22**

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## Introduction

2021/22 was in many ways challenging, the Covid pandemic was unprecedented in terms of the disruption to everyday life in the Borough. Throughout the year the Council continued to support local businesses and residents impacted by the pandemic. The focus has now switched to economic recovery and responding to the Cost of Living crisis, which has seen the cost of energy, fuel and food rise far in excess of rises in wage levels.

Events of the last two years have had a significant impact on the Council itself, in terms of flexible working arrangements and the more customer focused approach which has been adopted. The pandemic has changed the world we operate in and its impact will continue to influence our lives for many years to come.

For a number of years the Council has continued to reduce its net revenue expenditure in line with its own efficiency agenda and diminishing Government funding.

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

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

This Statement of Accounts for the year ended 31st March 2022 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2021/22, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2021. There have been no major changes in the Council's statutory functions during the year.



# Audit Report

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

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Rossendale Borough Council ("the Council") for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the financial statements and auditor's opinion for the year ended 31 March 2022, by 13 December 2024 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

In addition

- We identified several material differences in balances as at 31 March 2021, as presented in the financial statements for the year ended 31 March 2021, and the comparative balances presented as at that date in the financial statements for the year ended 31 March 2022.
- In accordance with International Standard on Auditing (UK) 580, we requested that management provide written representations relating to our audit of the financial statements. Management has been unable to provide the written representations we requested.

Both matters would have required a modification to our opinion on the financial statements in the absence of the backstop arrangements that have led to a disclaimer of opinion as described above.

#### Responsibilities of the Director of Resources for the financial statements

As explained more fully in the Statement of the Director of Resources Responsibilities, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view. The Director of Resources is also responsible for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

# Audit Report

## Auditor’s responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council’s financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor’s report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Report on the Council’s arrangements for securing economy, efficiency and effectiveness in the use of resources

### Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

In December 2024 we identified significant weaknesses in relation to financial sustainability, governance and improving economy, efficiency and effectiveness for the 2020/21 financial year. In our view these significant weaknesses remain for the year ended 31 March 2022:

Significant weaknesses in arrangements	Recommendations
<b>Financial plans</b> The Council’s Medium Term Financial Strategy projects funding gaps which will exhaust the General Fund reserve. This is evidence of a significant weakness in the Council’s arrangements for financial sustainability.	The Council should develop sustainable financial plans to ensure services can be provided within available resources.
<b>Financial Reporting</b> The Council did not publish draft accounts within a reasonable period of time after the year-end as the accounts preparation team was not sufficiently resourced. This is evidence of a significant weakness in the Council’s arrangements for governance.	The Council should improve its finance capacity and capability and adhere to its closedown plan to meet its financial reporting responsibilities.
<b>Partnership with Rossendale Leisure Trust</b> During 2020/21 the Council paid for pay and non-pay expenditure incurred by Rossendale Leisure Trust and a significant balance was owed to the Council by the Trust. We have seen no evidence that there is an overarching agreement or contract between the Council and the Trust. This is evidence of a significant weakness in the Council’s arrangements for governance and improving economy, efficiency and effectiveness.	The Council should ensure that there is a comprehensive signed agreement in place between the Council and the Trust. Arrangements should be made to recover the debt owed and a detailed impairment review should be carried out.

# Audit Report

Significant weaknesses in arrangements	Recommendations
<p><b>Key financial controls</b> Monthly fully reconciled bank reconciliations were not carried out through the year. This is evidence of a significant weakness in the Council's arrangements for governance.</p>	<p>The Council should reconcile its bank balance on a monthly basis.</p>

## Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

## Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021.

## Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

# Audit Report

## Use of the audit report

This report is made solely to the members of Rossendale Borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## Certificate

We certify that we have completed the audit of Rossendale Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Alastair Newall, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE

6 December 2024



# Narrative Report

## Introduction by the Head of Finance

The accounts for 2021/22 reflect the ongoing impact the pandemic has had on the activities the Council has undertaken during the year and the impact on its finances. The financial pressures of the increased and new activity were again supported by additional Government grant funding and this has had an impact on the outturn for the year. In its wide ranging response to the pandemic in 2021/22 the Council continued the delivery of Government initiatives such as the administration of:

- Business Rate Reliefs and the payment of grants to support businesses impacted by COVID-19
- Test and Trace support payments to provide financial assistance to those force to self-isolate

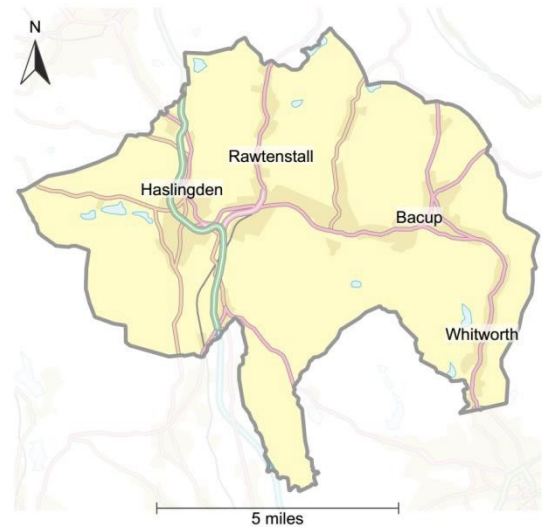
## Rosendale – geography, economy and our priorities for 2021/22

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

Rosendale is a proud valley area with a rich industrial heritage, filled with friendly and welcoming communities in a number of vibrant market towns and villages.

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

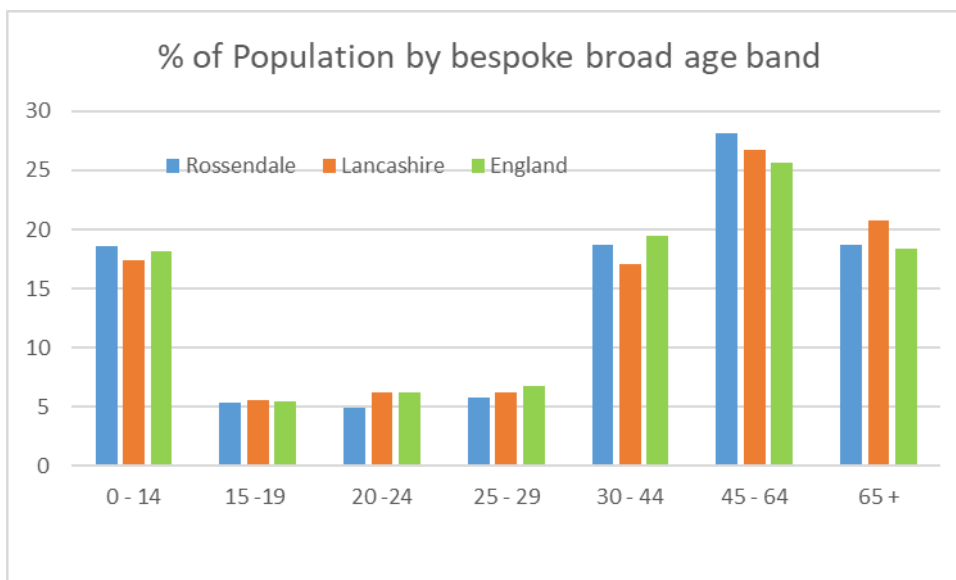
Sitting on the western slopes of the Pennines Rosendale is well connected to Lancashire, Greater Manchester and West Yorkshire.



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

### Our people:

The latest population estimate for the Rosendale area is c71,000. The age demographic make-up of the population compared with Lancashire and England is shown in the table below:-



The population of Rosendale is growing and it is estimated that between 2018 and 2043 the population will increase by 12.6%, being the fourth highest increase in the Lancashire area.

# Narrative Report

## Housing:

There are c32,200 dwellings in the borough, 85% of which were owner occupied or private rented. In common with other East Lancashire authorities, Rossendale has a high proportion of its housing stock in the lowest category 'A' council tax band, almost 51% and in 2021 around 3.3% of dwellings were vacant.

A total of 14.6% of Rossendale households were in fuel poverty in 2020 compared to the England average of 13.2%. The main factors that determine this are the energy efficiency status of the property, the cost of energy, and household income. The 2019 national indices of deprivation revealed that Rossendale was the 91<sup>st</sup> most deprived area out of the 317 districts and unitary authorities in England.

## Our businesses:

As in most places, the manufacturing sector has shed jobs over the years whilst the service sector has grown to become a far greater source of employee jobs. However there still continues to be a bias towards a larger proportion of employees in the manufacturing sector in Lancashire and Rossendale, than is the national norm and a lower proportion of jobs in the service sector. Rossendale does, however, maintain a relatively high percentage of private-sector jobs. In 2022 there were 2,650 active enterprises in Rossendale, slightly fewer than in 2021, the reason for this is unrecorded. The most recent local companies to win a Queen's Award for Enterprise, namely Slingco Ltd in Bacup and Orthoplastics Ltd in Bacup.

## Our area:

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

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

## Priority A: Thriving Local Economy

The nature of the local economy continues to change and we will be playing an active role in creating the right conditions for local businesses to thrive. We will continue to grow the local economy, attracting businesses to our employment sites

### Key Outcomes:

- To support Bacup, Haslingden and Rawtenstall town centres as better places to provide their own unique offers and a destination for local shoppers and visitors
- To have secured new inward investment in the borough creating a sustainable economy, matching local skills provision with future job and career opportunities
- Having a thriving visitor economy which is more widely known with enhanced attractions and a much improved accommodation offer

The Bacup HAZ project completed the refurbishment of 8 properties

Continuing to progress the Haslingden 2040 NLHF project.

Completed redevelopment of Rawtenstall Town Square

# Narrative Report

## Priority B: High Quality Environment

The high quality of our natural environment is something local people love and take pride in. The council recognises the value of our physical and built environment and the particular importance of our Pennine uplands and villages.

### Key Outcomes:

- A high quality 'clean and green' local environment where people feel proud to live
- Reduce our carbon footprint
- Improve the waste recycling rate across the borough

8,250 trees planted as part of 'Rossendale Forest' project
Stubbylee Park received green flag status
Operation Trident commenced May 2021, cracking down on fly tipping and other environmental crime

## Priority C: Healthy and Proud Communities

Having access to a good quality home to either rent or buy plays a fundamental part in our residents' quality of life. We want people to live long lives and take pride in their communities.

### Key Outcomes:

- To have delivered more new homes and a good mix of housing tenures
- Improved the health of residents through access to better leisure facilities and health services
- A more joined up approach to physical and mental well-being which is more rapidly reducing health inequalities
- Residents share a sense of pride in their immediate community and the wider borough

61 new homes completed in 2021/22
81 disabled facilities grants given out during the year
The Health and Wellbeing strategy launched
Provided covid support to residents and businesses

## Priority D: Effective and Efficient Council

It is important that we are an effective and efficient council - one with ambition, clear direction, which delivers good quality services and which provides good value for money to our residents.

### Key Outcomes:

- Provide good quality and responsive services embracing new technology
- Be a financially sustainable council with a commercial outlook whilst always considering social value
- Provide sound governance to enable key decisions and major projects to be progressed, in an efficient and professional way
- Have a skilled and happy workforce, where we are able to retain and attract good staff

Commenced the strategic asset reviews
Digital Strategy and action plan approved July 2021
Organisational Development Strategy adopted November 2021

# Narrative Report

## Rosendale folk - the people behind the borough

### Our councillors

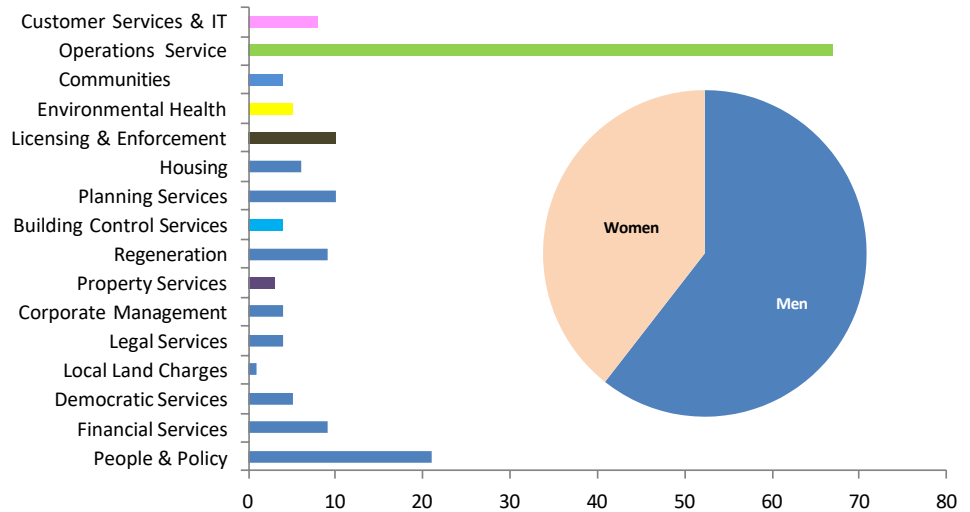
We have 36 councillors in Rosendale serving 14 wards across the borough. Following the elections in May 2022 the political balance was:

- 19 Labour
- 11 Conservative
- 2 Community First
- 3 Independent
- 1 Green

### Our staff

During 2021/22 the Council employed 170 people across its services, this still included additional staff engaged to assist with combating the Covid pandemic. 49% 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 170 employees 39% are women and 44% are over 50.

### Staff employed across services in 2021/22



### The Senior Management Team in 2021/22



**Neil Shaw**  
Chief Executive

Since 2021/22 there have been several changes to the senior Management Team, David Smurthwaite joined in February 2023 as Director of Economic Development, Rob Huntington joined in April 2023 as Chief Executive and Adam Allen left the Council in May 2023



**Adam Allen**  
Director of Communities



**Cath Burns**  
Director of Economic Development



**Karen Spencer**  
Head of Finance



**Clare Birtwistle**  
Legal Services Manager



**Clare Law**  
HR Manager

# Narrative Report

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

**CAPITA** Capita provide our revenues, benefits and customer services.

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

**CIVIC PRIDE**  
*...Rosendale*



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.



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

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

WHITWORTH LEISURE

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

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



**East Lancashire Hospitals NHS Trust**

**Lancashire Constabulary** is the local police force.

**Lancashire Fire and Rescue** provide our fire service.

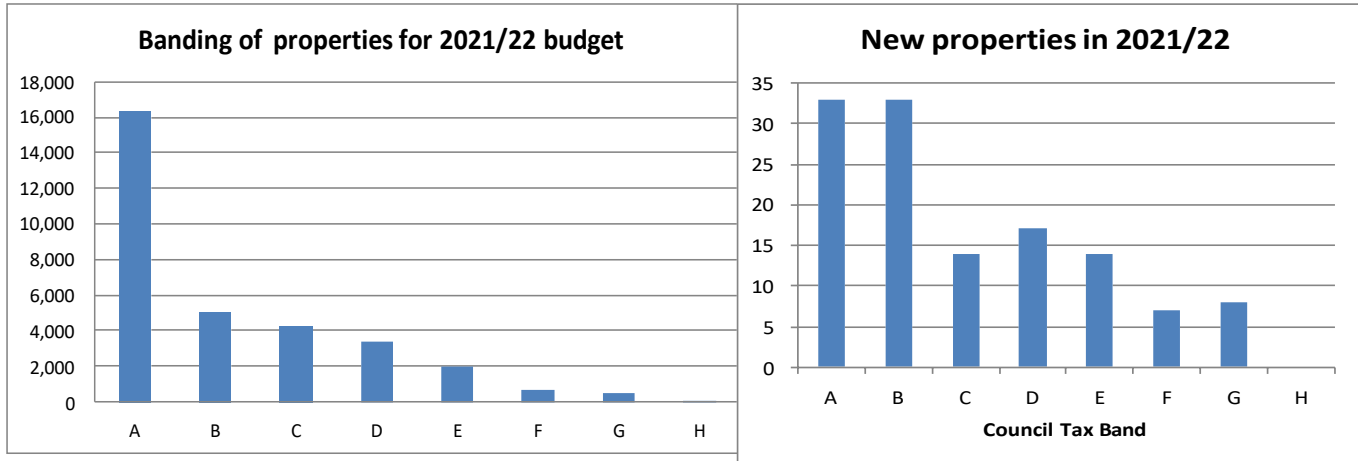
**Lancashire County Council** upper tier responsibilities



# Narrative Report

## Council Tax in Rosendale

Almost 51% of all the domestic properties in Rosendale 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 10.6% of properties in Rosendale fall into this band. The total number of properties when the 2021/22 Council Tax was set was 32,233, up by 126 from 2020/21.

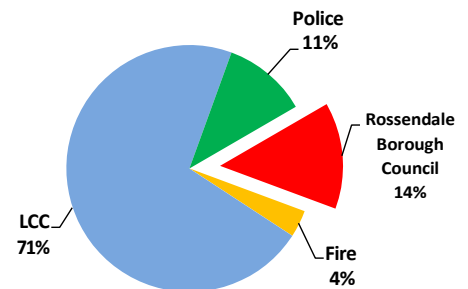


Rosendale Borough Council collects Council Tax on behalf of each of the major preceptors, Lancashire County Council, Lancashire Combined Fire Authority and Lancashire Constabulary. In 2021/22, we also collected a precept for Whitworth Town Council from 3,640 properties.

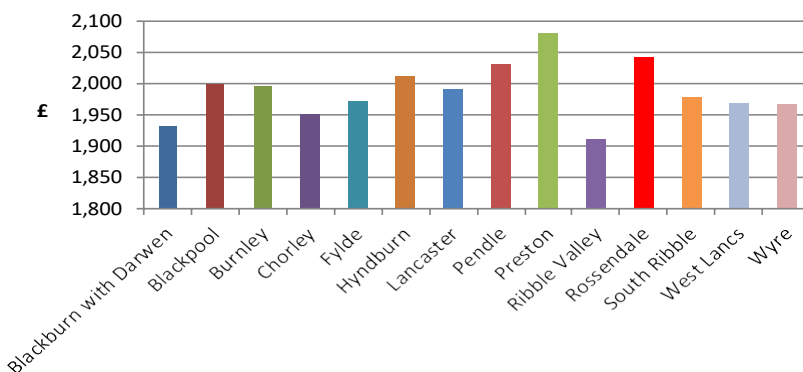
In 2021/22 Rosendale Borough Council increased its element of the Council Tax by 1.99% which made the 2020/21 charge for a band D property £285.13. The Council retained £5.811m in Council Tax in 2021/22.

Precepting Body	% Increase	2020/21	2021/22	% Share
		Band D £	Band D £	
<b>Rosendale BC</b>	1.99%	<b>279.57</b>	<b>285.13</b>	14.0%
Lancashire County Council *	1.99%	<b>1,277.69</b>	<b>1,305.55</b>	64.0%
LCC Adult Social Care *	2.00%	<b>122.63</b>	<b>150.64</b>	7.4%
Combined Fire Authority	1.99%	<b>70.86</b>	<b>72.27</b>	3.5%
Police & Crime Commissioner	7.09%	<b>211.45</b>	<b>226.45</b>	11.1%
<b>Total (Excl' Whitworth)</b>	<b>3.97%</b>	1,962.20	<b>2,040.04</b>	100.0%
Whitworth Parish Council	0.00%	25.81	<b>25.81</b>	
<b>Total Whitworth Parish</b>	<b>3.92%</b>	1,988.01	<b>2,065.85</b>	

Each £1 of Council Tax was split



### Council Tax Band D across Lancashire



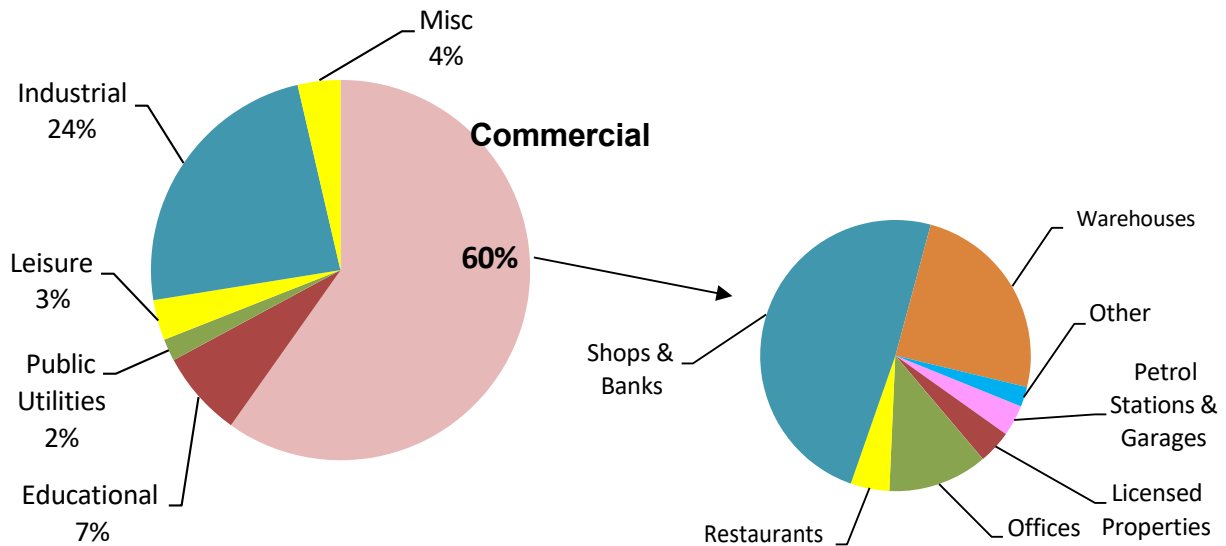
In comparison with our neighbouring authorities across Lancashire, Rosendale has the second highest total Band D charge.

# Narrative Report

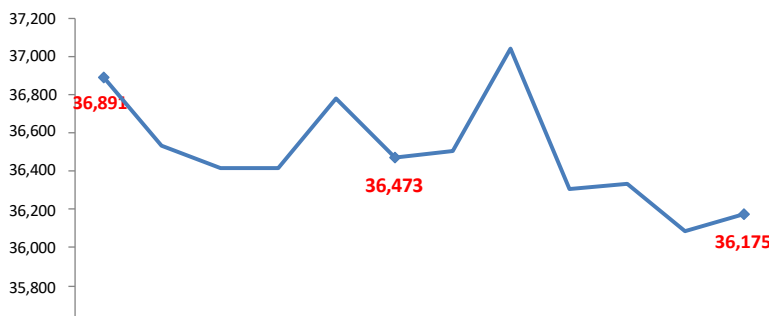
## Business Rates in Rosendale

Business Rates are payable based upon a rateable value set by the national Valuation Office. The total rateable value of business premises in Rosendale at the 31<sup>st</sup> March 2022 was £36,175k, up slightly from £36,084k in March 2021. Covid continued to have an impact on the level of business rates collected in 2021/22, this was mainly due to the level of extended rate relief awarded to help businesses survive the pandemic. The Council has received s31 grants from Central Government to cover this loss of income. Full details can be found in the Collection Fund statements.

### Rateable Values as at 31st March 2022

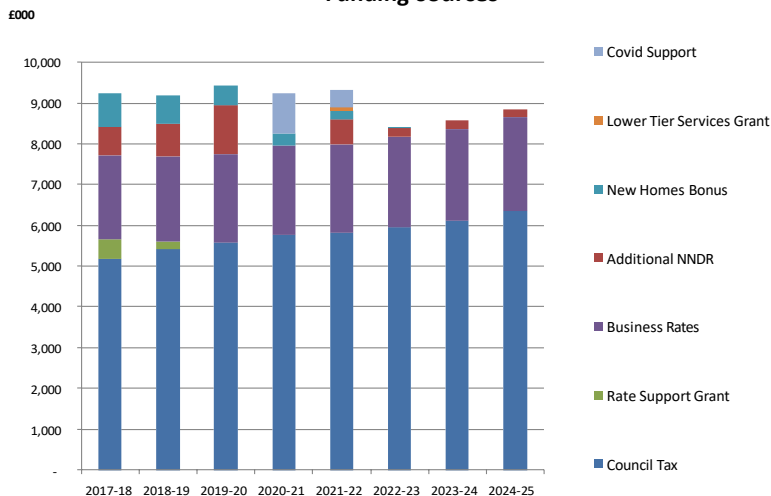


### Rateable Values in recent years



Rateable values underwent a national revaluation exercise in 2010/11, with a revision during 2015/16 and a further revaluation in 2017/18.

### Funding sources



Since 2010/11 the Council has seen significant reductions in core Government funding and an increase in reliance on Council Tax income to fund services. The sources of funding available for Council Services can be seen in the table opposite, along with future predictions over the Medium Term Financial Strategy. In 2020/21 and 2021/22 the Council received various Covid grants to support the Council's Covid related activities.

# Narrative Report

## Revenue Outturn

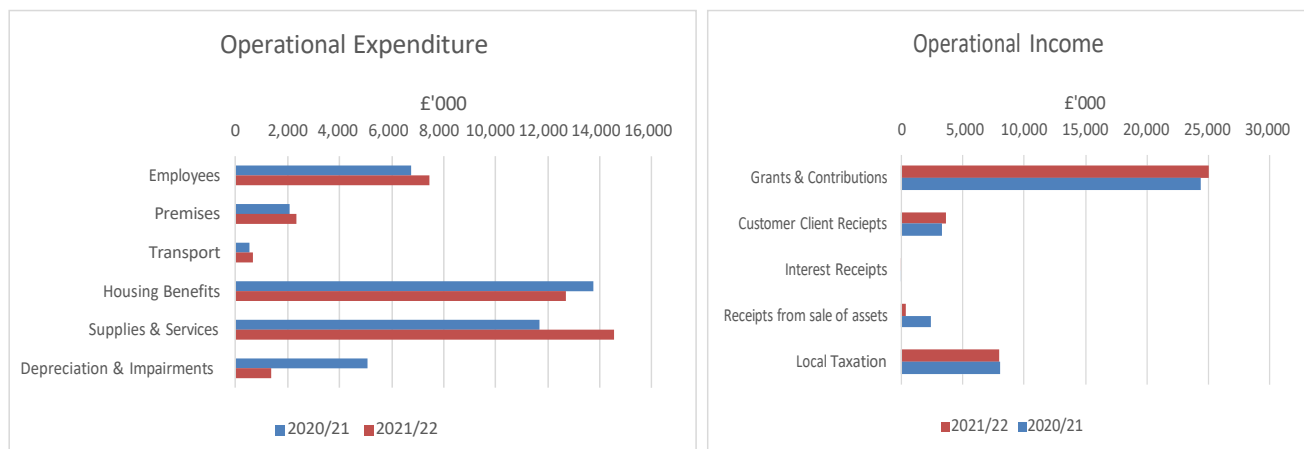
The financial year 2021/22 saw a continuation of the unprecedented global pandemic and the many challenges it brought. The Council had to adapt to evolving events as the country moved through its roadmap of recovery and the full lifting of restrictions. It required flexibility and adaptability to respond to ever changing national and local circumstances. The response to COVID-19 continued to be at the forefront of all Council activities for the whole of the financial year.

The Council received additional unringfenced COVID-19 funding (£417k) which was used to support the additional costs incurred by services during 2021/22 that were not business as usual activities. This funding has not been continued into 2022/23. In addition the Council received Covid related ringfenced grants totaling £1,023k. The Council also received c£5m for Covid related grants to businesses for which the Council acted as agent.

At the time of setting the original budget in February 2021, the medium term financial strategy (MTFS) indicated a balanced budget of £8,903m for 2021/22. The Council reviews its MTFS at regular intervals.

With the continued drop in external funding, local taxation has to contribute towards the MTFS challenge and in the 2021/22 budget, members again made the difficult decision to increase the Council Tax by the maximum allowed, 1.99%, resulting in estimated Council Tax income of £5,811k. The retained business rates baseline funding was £2,180k and the Council received £213k in New Homes Bonus. In addition the Council also received a one off lower tier services grant of £96k. Members approved the use of £686k from prior year surpluses held in the Retained Business Rates Reserve. However Covid related grants received during the year enabled the Council to reduce the call on the Retained Business Rate Reserve.

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





# Narrative Report

GENERAL FUND SERVICES	2021/22		Variance (adv)/ fav £000s
	Adjusted Budget £000s	Operational Out-turn £000s	
Communities Directorate			
Customer Services & IT	1,405	1,443	(38)
Operations	1,833	2,138	(305)
Community & Partnerships	678	543	135
Public Protection Unit	155	143	13
Environmental Health	208	181	27
Licensing & Enforcement	115	65	50
Housing	497	528	(31)
Economic Directorate			
Planning Services	290	320	(30)
Building Control	(7)	(35)	27
Regeneration	336	368	(32)
Property Services	265	372	(107)
Corporate Management			
Corporate Management	465	386	79
Legal Services	173	135	38
Local Land Charges	(20)	(13)	(6)
Democratic Services	585	539	46
Financial Services	553	488	65
People and Policy	642	595	46
Non-distributed Costs	72	251	(179)
Capital Financing & Interest	657	665	(8)
<b>Total cost of General Fund Services</b>	<b>8,903</b>	<b>9,113</b>	<b>(210)</b>
Contrib to/(from) Earmarked Reserves	(606)	(816)	210
<b>Amount to be met from government grants &amp; local tax payers</b>	<b>8,297</b>	<b>8,297</b>	<b>(0)</b>
Precept on the Collection Fund	5,811	5,811	-
Collection Fund - prior year surplus	-	-	-
Non-Domestic Rates	2,180	2,180	-
New Homes Bonus	213	213	-
Misc grants	93	93	-
<b>Amounts received from government grants &amp; local tax payers</b>	<b>8,297</b>	<b>8,297</b>	<b>-</b>

## 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 Rosendale retains more of its local business rates. The Council retains 40% of the business rates it collects, less the Governments tariff.

The Council continues to be the accountable body for the East Lancs Empty Homes Scheme, which has brought back into use almost 200 long-term empty domestic properties across East Lancashire, funded through a combination of Homes and Communities Grant, owner contributions, local housing associations and contributions from the other neighbouring local councils. The properties are managed by management agents with the majority of the properties being managed by Calico homes Ltd, under a self-financing contract. The scheme cost the Council c£371k revenue and £164k capital in the 2021/22 financial year.

There are c60 properties remaining on the scheme at the date of publication of these accounts. These properties will continue to be let for the remainder of their leases.

# Narrative Report

## Capital Strategy and the Capital Programme 2021/22 to 2024/25

In February 2021 the Council set an affordable capital budget for 2021/22 of £6,239k including new projects of £750k, funded from £2,587k of grants, £2,398k of internal borrowing, £45k from revenue resources and £1,210k from capital receipts. The programme included £1,344k for new vehicles, £100k on maintaining the Council's operational assets and £1,000k on Disabled Facilities Grants (DFGs) for domestic properties across the borough.

This was added to capital works slippage at the end of 2020/21 of £3,765k. Giving a revised opening capital programme of £10,004k.

Capital projects added during 2021/22 included £225k Marl Pits running track funded from a combination of internal borrowing and running club contributions, and electric charging points funded by external grant. This brought the final capital programme for 2021/22 to £9,852k.

More information on the capital costs and funding sources can be found in Note 18.

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

At the end of 2021/22 slippage of £3,939k was carried forward into 2022/23. The majority of this was disabled facility grants of £2,211k, £547k for Futures Park infrastructure works, £500k Haslingden National Lottery Heritage Funded scheme and £250k carbon reduction fund.

## The Collection Fund

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

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

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

Since the collection of council tax and business rates income is in substance an agency arrangement, cash collected by the billing authority from council tax and business rates debtors belongs proportionately to the billing authority and the major preceptors. There is therefore a debtor/creditor position between the billing authority and each major preceptor which is recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from taxpayers.

The deficit on the Collection Fund for Council tax as at 31<sup>st</sup> March 2022 was £132k and will be shared between the Council (billing authority), the County Council, the Police Authority and the Fire Authority in following years. The Council's share of the deficit is £18k. The actual rate of in year collection of Council Tax for 2021/22 was 95.59% (95.72% for 2020/21).

## Narrative Report

In the year ended 31<sup>st</sup> March 2022 the collection fund position for NNDR was a deficit of £4,451k which will be carried forward and recovered in subsequent years' budgets. Rossendale Borough Council's share of this is £1,824k with the balance due to the Government and major preceptors.

It must be noted that most of the NNDR Collection Fund deficit is due to the Governments Covid related rate reliefs. To help businesses through the pandemic the Government expanded the retail, leisure, hospitality and nursery business rate reliefs. Instead of collecting Business Rates, the Council received compensating Government grant. In total during 2021/22 the Council received £2.238m for business rate reliefs.

In 2021/22 the council was a member of the Lancashire Business Rates Pool on a 50% business rates retention basis and this has continued in to 2022/23. In 2021/22 the Council made a pooling gain of £519k.

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

### Treasury Management

Treasury Management is conducted in-house with advice provided by an external organisation, Link Asset Services. Investment performance has struggled to meet the budget target as interest rates on the Council's bank accounts continued to be below bank base rates during the year. By the end of the year the council was earning 0.07% on balances, this matched the rate earned in 2020/21. Whilst the level of balances held during 2021/22 was above that predicted when setting the original budget, due to the low interest rates the interest income earned was £8.6k below budget.

Treasury management during the year was conducted within the borrowing limits and investment criteria approved in the Treasury Management Strategy and Treasury Management Practices approved at Full Council in February 2021.

The Council is able to borrow money from PWLB (an agency of HM Treasury), banks and building societies, or from other public bodies. The Council's borrowing need as at 31 March 2022 was met by a combination of long term actual debt of £4.142m and internal cash balances. The use of internal cash balances in lieu of borrowing has continued to be the most cost effective means of funding capital expenditure. These amounts are analysed in the notes to the Balance Sheet. The interest payable in relation to the Council's borrowing totalled £138k in 2021/22. As the value of useable reserves drops over the life of the Council's MTFs, greater consideration will need to be made of the need for additional PWLB borrowing to fund future capital investments.

The **Capital Financing Requirement (CFR)**, a key Prudential Indicator, determines the amount that the Council needs to borrow for a capital purpose and is the total of the Council's capital assets less all of the Council's capital reserves. The CFR for the year ending 31 March 2022 was £14.3m.

The **Authorised Limit for External Debt** is a key Prudential Indicator that controls the overall level of borrowing and is a statutory limit set by the Council that must not be breached. The Council's Authorised Limit for external debt for 2021/22 was £22.9m. The Council's actual total long term debt of £4.142m is well below the Authorised Limit.

### Pensions Fund Liabilities

The Council has net pension liabilities of £20.537m in the Balance Sheet as at 31 March 2022 (£28.384m as at 31 March 2021). This reflects the value of pension liabilities which the Council is required to pay in the future (as they fall due), offset by the value of assets invested in the Pension Fund. The Pension Fund has to be reviewed every three years as part of the comprehensive actuarial review of the pension fund. A triennial review was carried out at 31 March 2019 with changes to the

## Narrative Report

pension fund being effective from 1 April 2020. The next review is due to be carried out on 31 March 2023.

In April 2020 the Council paid £2.6m to the Lancashire County Pension Fund as an advance payment of three years employer's future service contributions and deficit contributions for the period 2020/21 to 2022/23. For 2021/22 there is a difference between the net Pensions Liability on the Balance Sheet and the Pensions Reserve. The difference reflects the early payment of employer's future service contributions and deficit contributions for 2021/22 and 2022/23 of £1.76m paid by the Council to the Lancashire County Pension Fund in April 2020. The net Pensions Liability is £900k lower than the value reported in the Pensions Reserve reflecting the accounting requirement to account for the value of the advance payment in 2021/22. By paying in advance monies to the Pension Fund the Council has reduced the overall cost of repaying the employer's future service contributions and deficit contributions to the Pension Fund by £151k over three years. This saving has been reflected in the Council's revenue budget and financial forecast.

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

to account for the value of the advance payment in 2021/22. By paying in advance monies to the Pension Fund the Council has reduced the overall cost of repaying the employer's future service contributions and deficit contributions to the Pension Fund by £151k over three years. This saving has been reflected in the Council's revenue budget and financial forecast.

### Principal Risk & Uncertainties

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

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

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

# Narrative Report

Key Financial Risks
Impact on the economy – pandemic recovery and cost of living crisis
Resources – Inc future Government funding, any change to the Business Rate retention scheme and level of reserves
Bridging the funding gap
Council Tax – Housing Levels not in line with forecast projections
Pay inflation
The Empty Homes Scheme
Rosendale Leisure Trust

## The Economic Climate and Financial Outlook for the Future

The latest MTFS reported to Budget Council in February 2022 sets out the Council’s spending plans and available capital and revenue resources for the period 2021/22 to 2025/26. The MTFS set out the funds required to deliver the Council’s essential services and the objectives in our priority areas. It also highlighted the key areas/issues facing the Council in the current year and future years. For 2021/22 onwards a major concern is the ongoing impact of Covid-19, the cost of living crisis and future levels of Government funding.

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

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

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

# Narrative Report

## Explanation of the Statement of Accounts

The Statement of Accounts for the year ended 31st March 2022 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2021/22 (the Code), issued by the Chartered Institute of Public Finance and Accountancy and the Service Reporting Code of Practice 2021/22 (SeRCOP).

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

### Introductory Statements

- Narrative Report - provides information about Rosendale, including key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31 March 2022. It should be fair, balanced and understandable for the users of the financial statements, containing a commentary on the major influences affecting the authority's income and expenditure and cash flow, as well as information on the financial needs and resources of the authority.
- Annual Governance Statement – explains the way the Council ensures responsible stewardship of its assets.
- Statement of Responsibilities - explains the responsibilities of the Council and its Chief Financial Officer in relation to the Council's financial affairs and the Statement of Accounts.

### Core Statements

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

### Notes to the core financial statements

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

### Other Statements

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

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

# Annual Governance Statement

## Annual Governance Statement: Year Ended 31<sup>st</sup> March 2022

### 1) Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility, the Council has put in place arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

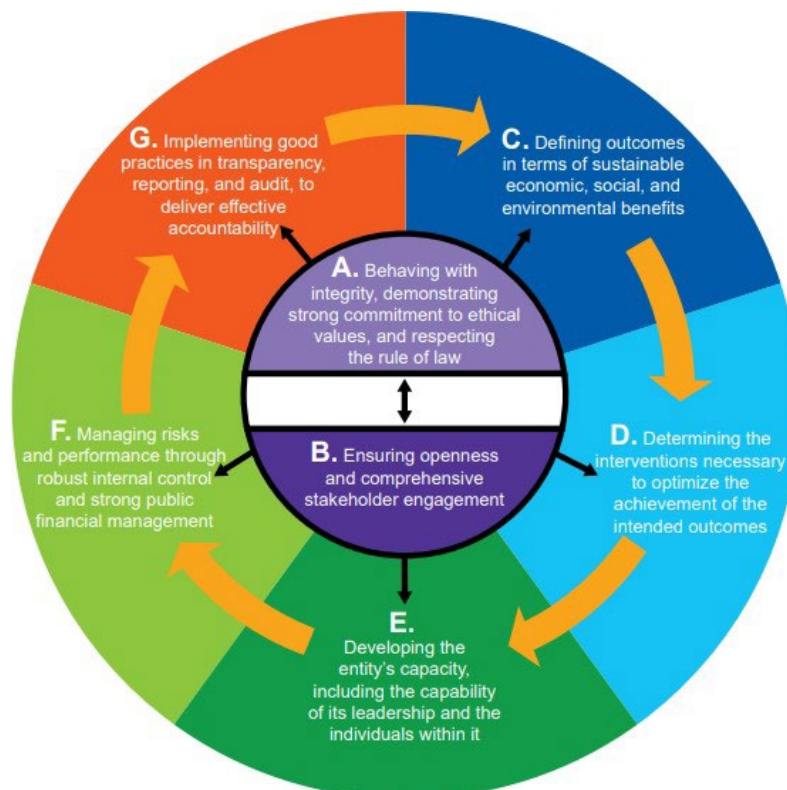
This Annual Governance Statement provides an overview of the Council's key governance systems and explains how they are tested and the assurance that can be relied upon to show that those systems are working effectively. The statement comprises an overview of the key elements of its governance framework and what evidence has been received in order to determine the effectiveness of the Council's governance arrangements. In addition the statement contains an update on areas for improvement which were identified last year together with proposed areas for improvement for the coming year.

### What is Corporate Governance?

Corporate governance refers to the processes by which organisations are directed, controlled, led and held to account.

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

CIPFA's framework for Good Governance in the Public Sector defines the principles against which the Annual Governance Statement reports:



# Annual Governance Statement

Pre pandemic, the Council planned to work to address any issues required to support full implementation of the CIPFA Financial Management Code which outlines the principles of good financial management. This work was not progressed in the financial year 2020/21 due to extra pressure on the Finance Service as it supported the corporate response to the pandemic. This was recognised nationally as an issue and the expected implementation date was deferred by a year. The compliance was reviewed in 2021/22.

## 2) The purpose of the governance framework

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

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

The governance framework has been in place at Rosendale Borough Council for the year ended 31 March 2022 and up to the date of approval of the annual report and statement of accounts.

During this period the Council has continued to deal with the on-going COVID-19 pandemic. The pandemic continued to impact both operationally and strategically and the Council sought to meet the challenges presented by the pandemic whilst continuing to implement Government policy changes.

## 3) The Governance Framework

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

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

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

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

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

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



# Annual Governance Statement

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

- Pride - We take pride in the way we help our residents and are proud to work for the council
- Passion - We are ambitious for Rossendale, enthusiastic and want to improve resident's lives
- People - We work together, treat everyone with respect and take ownership of problems

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

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

There have been no standard complaints in year that have raised any serious concerns in respect of Member behaviour.

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

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

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

## **Principle B: *Ensure openness and comprehensive stakeholder engagement***

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

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

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

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

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

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

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

# Annual Governance Statement

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

Councillors must:

- Impartially exercise their responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence
- ensure that public resources are used prudently in accordance with the Councils requirements and in the public interest.

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

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

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

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

The Council's strategic vision for the Borough is set out in our Corporate Plan. Our vision is *To have a thriving economy, built around our changing town centres, creating a quality environment for all and improving the life chances of all those living and working in our borough*. We aim to achieve this by working on our four priority areas:

- Thriving Local Economy
- High Quality Environment
- Healthy and Proud Communities
- Effective and Efficient Council

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

In December 2021 the Council adopted its Local Plan, this was a major milestone in setting out the spatial policy for the Borough. By adopting the Local Plan the Council is able to bring forward its strategic aims, ensure it has greater control over the development that takes place in the Borough and that it is accompanied by appropriate infrastructure improvements as well as other local facilities and is of a design suitable for Rossendale. It will also assist in addressing the Council's climate change priorities as well as meeting the needs of the Borough's residents. Linked to this the Council has gone on to develop and publish a series of development management policies against which to measure planning applications.

# Annual Governance Statement

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

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

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

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

At the heart of this principle is the Council's commitment to *'Have a skilled and happy workforce, where we are able to retain and attract good staff'*. The aim is to ensure that, as an organisation, we are suitably placed to deliver the priorities identified for Rosendale and its residents. To do this we will employ the right people with the right skills in the right job. We will maintain robust financial processes, standards and systems optimising the technology and resources we have available to us, making us more efficient and effective in our service delivery and becoming digital by default.

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

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

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

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

# Annual Governance Statement

The Council is committed to a culture of continuous improvement and has a focus on service delivery and effective performance management. Peer learning is encouraged and in November 2021 the Council undertook a Peer Challenge review led by the Local Government Association to provide an assessment and feedback on:

- Corporate and placed-based prioritization
- Climate Change
- Governance/Commercialisation.

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

Sustaining organisational resilience is increasingly challenging at a time when headcount is reducing in response to ongoing resource constraints. Set against this, the importance of supporting staff health and well-being is acknowledged and a suite of policies and procedures are in place to help staff maintain their own physical and mental well-being. Examples include the work/life balance policy and the operation of flexible working for most staff. In addition the Council has invested in an Employee Assistance Programme to provide staff with access to a variety of support and guidance to aid their wellbeing.

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

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

- Risk Management Strategy
- Arrangements for the Strategic Risk Register comprising corporate risks assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk
- frequent review of risks in-year with reports to the Council's Management Team, Cabinet and the Audit and Accounts Committee
- the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan
- the requirement for Officers of the Council to consider risk management issues when submitting reports to Committee for consideration by Councillors
- a suite of policies and procedures in relation to Whistleblowing, Anti-Fraud and Corruption, and Anti-Money Laundering
- a suite of Business Continuity Plans are in place, i.e. Rosendale Emergency Plan, Service Area Business Plans and a Business Recovery Plan for critical services
- Councillors and officers have previously been trained in risk management and the Leader of the Council is briefed on the strategic risks faced by the Council. Managers have the responsibility for the effective control of risk, and all service plans have a section on risk management.
- Corporate Governance including risk management, incorporating the key strategic risks for the Council, are the subject of periodic reports to Cabinet and the Audit and Accounts Committee.
- The Corporate Management Team review the Corporate Risk Register to ensure that risks are being actively monitored and managed and risk scores are included for all identified strategic risks as a means of providing much greater focus on those areas where risk management can be effective. Details of changes are reported to the Audit and Accounts Committee.
- The Chief Executive, as the Council's Head of Paid Service, is responsible for the corporate management of the Council, taking an active role in the corporate governance arrangements,

## Annual Governance Statement

including the organisation of the Council's staff and ensuring that appropriate internal control mechanisms are in place to achieve the Council's objectives in the most economical, efficient and effective way.

- The Head of Legal is appointed the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities under the Council's Ethical Framework relating to the Members' Code of Conduct and the Standards Regime.
- The Chief Financial Officer is designated as the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with Section 151 of the Local Government Act 1972.
- The three statutory officers referred to above have unfettered access to information and to Councillors on the Council so that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Chief Financial Officer at the Council accords with the principles set out in CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

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

- Financial and Contract Procedure Rules as part of the Constitution
- Medium term financial planning using a four-year cycle, updated annually, to align resources to corporate priorities
- Service and financial planning integrated within the corporate performance management cycle
- Annual budget process involving scrutiny, challenge and consultation
- Annual review of the adequacy of the level of financial reserves
- Regular monitoring by management of revenue and capital budgets with reports to Management Team and Cabinet
- Annual reports to councillors on both the final revenue and capital out-turns compared to the approved budget
- Continuous challenge of the scope for securing efficiencies and service improvements
- Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice
- Compliance with the requirements established by CIPFA, the public sector accountancy body
- A regular review of the Council's Financial Management arrangements.

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

- A annual review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council
- Service Plans produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable
- The Council's staff appraisal system – Annual Personal Development Reviews link personal objectives directly to Service Plans
- Regular reports on the performance of key indicators which are presented to Councillors and Officers

# Annual Governance Statement

Significant projects are controlled by project management techniques and overseen by a Programme Board. The Board meets quarterly and receives updates on project performance and delivery.

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

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

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

The Council has partnered with Lancashire County Council (LCC) for the delivery of the Internal Audit function. LCC provide an independent and objective appraisal function for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit. This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. The Internal Audit plan is agreed and monitored by the Audit and Accounts Committee. The Audit Manager is required to give an opinion on the adequacy of the Council's system of internal control each year and report to the Audit and Accounts Committee. This Committee can make recommendations or highlight any matters requiring attention to the Cabinet and Council.

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

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

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

The Council reports performance against targets and financial targets on a regular basis. The Internal Audit service complies with the requirements of the Public Sector Internal Audit Standards and has direct access to Councillors and all staff in order to discharge its responsibilities.

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

# Annual Governance Statement

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

## 4) How the Council Gains Assurance/Review of Effectiveness

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

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

### *Impact of Covid 19 on the Council's Governance Arrangements*

The Government's response to the COVID-19 outbreak led to changes in our governance arrangements, these changes continued in 2021/22, but were relaxed as the year progressed. These are discussed in more detail below.

The Council's normal governance arrangements were also affected during 2021/22. Key matters arising from the impact of the Pandemic were:-

- During 2021/22 in line with Government regulation and guidance on gatherings/meetings, face-to-face Committee and Council meetings were re-introduced, however attendance in person was restricted to Council members and essential officers.
- Members of the public could attend Committee and Council meetings virtually using Zoom.
- Face-to-face meetings/visits – these were discouraged during the first few months of 2021/22 due to social distancing requirements. Microsoft Teams is now widely used across the Council and provides an effective internal means of communication as well as facilitating meetings externally and slowly some face-to-face meetings were re-instated

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

In summary, during 2021/22 the Council's COVID Response effort comprised of:-

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

Other consequences of the pandemic included the following:

- Financial impacts for the Council include:
  - additional costs for delivery of services
  - reduced income from certain sales, fees, charges, rents

## Annual Governance Statement

- reduced collection of council tax and business rates
  - increased housing benefit and council tax support payments
  - increased levels of bad debts and associated provisions.
- The Council adapted quickly to the revised ways of working necessitated by the pandemic and this has led to a re-assessment of ways of working, which resulted in the introduction of hybrid working and the increased use of technology particularly as a way of replacing some face to face meetings with the benefit of reduced travel time/costs and increased productivity.
  - Recovery of debt – Whilst the Council adopted a passive rather than an active approach to debt recovery, recognising the difficulties for both businesses and residents as a result of the crisis, the Council gradually moved back to pre-pandemic recovery procedures
  - Legal Processes – By the end of 2021/22 the courts were running at the same capacity as they were prior to the outbreak of Covid-19. However there is a backlog of cases which has led to longer waiting times for contested cases.
  - Site Visits/Visits to properties – Site visits resumed, but initially took longer due to social distancing and the need for risk assessments.

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

- The Council's Monitoring Officer and the Council in general oversee the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution was most recently reviewed in May 2022 at the Annual General Meeting of Council.
- The Council's decision making arrangements operated according to the Constitution, either through the Council, Committees or the Scheme of Delegation. Decisions arising from these arrangements have been published on the Council's website as required. As indicated above, some decisions were taken under the Exercise of Urgent Business Protocol due to the Covid-19 Pandemic and these are documented as appropriate.
- The arrangements for scrutiny operate via the Overview and Scrutiny Committee as required, allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. This committee receives reports from the Task & Finish group. During 2021/22 the committee received a report from the Task & Finish group regarding GP Practice Appointment Accessibility.
- Further scrutiny of Cabinets decisions is also provided by the Council's Call-In procedures. However where possible Overview and Scrutiny Committee are given the opportunity to input into policies and procedures prior to presentation to Cabinet.
- The Council has operated a Standards regime consistent with the requirements of the Localism Act 2011 during the year.
- The Audit and Accounts Committee met throughout the year and received various reports on the progress by External and Internal Audit against their respective work plans. The Internal Audit annual report was presented to the Committee in July 2022, in which the Council received **Moderate** Assurance overall on the adequacy of design and effectiveness in the operation of the council's framework of governance, risk management and control. The equivalent report was submitted to the Accounts and Audit Committee in July 2021, also receiving **Moderate** Assurance.
- There have been no formal reports during the year from either the Council's Monitoring Officer or Section 151 Officer on matters of legality or financial related concerns. There were also no objections from local electors in respect of the financial statements and supporting information for the previous financial year.

### 5) Dealing with Last Year's Key Improvement Areas



# Annual Governance Statement

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

Area of Concern	Progress Update
<p>A review of the Council's Financial Procedure Rules is underway, this will be led by the Chief Finance Officer and is due for completion at the end of October 2021</p>	<p>The review of the Financial Procedure Rules was concluded and signed off at full Council in June 2022.</p>
<p>The Council continues to recognise the current and future financial challenges in its strategic risk register and MTFS. The Council has implemented a savings plan however the scale of the savings required represents a significant challenge. The situation is further complicated by the currently unknown outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review. The ongoing Empty Homes scheme also continues to place additional pressure on the MTFS. There is a need to prioritise resources effectively and identify further efficiency options for the Council to consider as part of the next MTFS to achieve a balanced budget over the medium term. The Council will continue to meet these challenges as it has done in the past, taking steps to manage this by considering modernisation and rationalisation.</p>	<p>For 2022/23 the Council agreed a balanced budget. There remains uncertainty of the forward estimates of core funding within the MTFS beyond 2022/23 pending the outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review. In light of the reductions in core funding since 2010 this matter continues to represent a significant challenge for the Council. In 2021/22 the Council implemented a 4 year savings plan in an attempt to address the funding gap in future years, however further savings will be required in order to achieve a balanced budget. The Empty Homes Scheme also continues to add to the Council's financial pressures. The progress of the savings plan and the Empty Homes scheme are tightly monitored as part of the Council's embedded financial monitoring process and reported to Cabinet quarterly. The current economic crisis is placing additional strain on the MTFS. The further savings requirements will be reviewed as part of the development of the Council's next MTFS</p>
<p>In carrying out its review of the Rosendale Improvement Plan Internal Audit identified a need for improvement in the training and induction process particularly in respect of Fraud training, this is due to be implemented during 2021/22</p>	<p>The induction process was improved in 2021/22 and fraud training was carried out for Members and Officers during 2021/22 and 2022/23.</p>
<p>In order to support the procurement strategy the Council is investigating options to obtain specialist procurement support from another organisation, this is being led by the Chief Finance Officer</p>	<p>In June 2022 the Council engaged with Star Procurement to provide specialist procurement support.</p>

## 6) Key Areas for Further Improvement

# Annual Governance Statement

Building on the improvements in 2021/22 the Council has reviewed the governance arrangements and identified the following areas where it wishes to see improvements in 2022/23:

- A review of the Councils Contract Procedure Rules, this will be led by the Chief Finance Officer and is due for completion at the end of January 2022 – The review was delayed and is now due to be completed in summer 2023.
- The Council continues to recognise the current and future financial challenges in its strategic risk register and MTFs. The 2021 Autumn Spending Review set out three year Department Expenditure Limits for Government Departments but the Local Government Settlement covered just 1 year (2022/23). The situation is further complicated by the unknown outcome of the Government's Comprehensive Spending Review and the delayed Fair Funding Review, therefore there remains a high degree of funding uncertainty within the MTFs. The ongoing Empty Homes scheme also continues to place additional pressure on the MTFs. There is a need to prioritise resources effectively and identify further efficiency options for the Council to consider as part of the next MTFs to achieve a balanced budget over the medium term. The Council will continue to meet these challenges as it has done in the past, taking steps to manage this by considering modernisation and rationalisation.
- The Council is working on a digital strategy with the aim of digitally transforming our services and our approach to Customer Excellence. The strategy will underpin the delivery of our Corporate Plan, being an integral part of transforming the way in which the council delivers its services and how the Council is perceived by residents. This strategy will provide an ambitious vision and work programme which will help transform our approach to delivering services to the residents of Rosendale. - The strategy was presented to full Council in July 2021.
- During 2022/23 the Council will develop and approve a new Housing Strategy to provide a clear focus on both private sector, rented homes and increasing opportunities to work with registered providers meeting specialist housing needs. – Due to staff turnover within the housing team the strategy was delayed until July 2023.
- Development work will be undertaken with Overview and Scrutiny members to enable clearer focus on strategic issues to support strategy development. All new strategies will be considered by the Overview and Scrutiny Committee at an early stage to enable identification of strategic priorities for the strategy to be developed appropriately. – External training was carried out for all Overview and Scrutiny members in June 2023. All new strategies are considered by Overview and Scrutiny.
- Due to staff turnover there have been delays in producing the annual statement of accounts for 2020/21 and 2021/22. A plan to publish the outstanding accounts will be produced. – A plan has been implemented with the aim of publishing all outstanding draft accounts by the end of September 2023.
- The Council has a significant backlog of unaudited accounts. The Council will work with Mazars to agree a plan to bring the audits up to date.

## 7) Conclusion

The governance improvements proposed for 2021/22 were delayed as a result of the pandemic, however a number of these are set to be fully implemented and reported to Members imminently. Details of progress are reported above.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for 2022/23 improvements identified and will monitor their progress, implementation and operation as part of our next annual review.

# Annual Governance Statement

## Footnote

Subsequent to the draft financial statements being published and prior to the directed adoption of these on 13<sup>th</sup> December 2024 as directed by the backstop regulations ( introduced by the Minister of State for Local Government, on July 31, 2024 in response to the national local authority audit backlog) the council's external auditors referred in March 2024, to areas of significant weakness as part of their Value for Money Reports concerning the preparation of and evidence to support the Statement of Accounts for 2020/21 through 2022/23 with implications extending to this financial year. The matters noted were the non-completion of a bank reconciliation and the draft accounts having material inconsistencies within the comparative figures. These matters were compounded by the lack of finance capacity available to produce the accounts in years 2020/21 through 2022/23.

There are no other matters arising that indicate any wider or other concerns with the governance framework which would lead to a conclusion that there wasn't an effective governance framework in place, except for these significant matters.

We are aware that the council has already made headway in resolving the weaknesses and in particularly the key financial controls and the resourcing of the finance team.

### Signed:

On behalf of Rosendale Borough Council



6 December 2024

Alyson Barnes

Leader of Council



6 December 2024

Rob Huntington

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 Director of Resources as Chief Finance Officer Responsibilities

As the Chief Finance Officer, I am responsible for the preparation of the authority's Statement of Accounts in accordance with the proper practices as set out in the CIPFA/LASAAC 2018/19 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.

I was appointed Chief Finance Office and s.151 Officer on 2 September 2024. I am aware that in March 2024 the Council's external auditor's Value for Money report identified significant systemic weaknesses in the preparation of Statements of Account for the years ending 31 March 2021 to 31 March 2023. Accordingly, I cannot certify the adequacy of the systems that were used to prepare the accounts for the year ending 31 March 2022. Nor can I provide an assurance that weaknesses in the council's financial controls and other systemic weaknesses did not have a material impact on the accounts.

The Backstop Regulations were introduced by the Secretary of State for Housing, Communities and Local Government on 31 July 2024. The object of the Regulations is to secure published audited accounts for every financial year up to and including the year ending 31 March 2023 by 13 December 2024. Unfortunately, there is neither the time nor the resources to complete and evaluate the audit work that would be required to make a full assessment of the impact of the control and other weaknesses identified by the external auditors for the year ending 31 March 2022 by the backstop.

### Certificate of Director of Resources as Chief Finance Officer

This Statement of Responsibilities is signed by me subject to the aforementioned caveat. I certify that this Statement of Accounts gives a true and fair view of the financial position of Rosendale Borough Council at 31st March 2022, and its income and expenditure for the year ended 31<sup>st</sup> March 2022, including any known post balance sheet events as at 27<sup>th</sup> September 2023.

Signed:



**Chris Warren**

Director of Resources

6 December 2024

### Approval of Accounts

These Statement of Accounts for 2021/22 were approved by the Audit and Accounts Committee on the 3 December 2024.

Signed:



**Councillor M Smith**

Chair of the Audit and Accounts Committee

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	2020/21			2021/22			Note
	Gross Expend	Income	Net Expend	Gross Expend	Income	Net Expend	
	£000s	£000s	£000s	£000s	£000s	£000s	
<b>Communities Directorate</b>	20,338	(15,595)	4,743	19,665	(16,750)	2,915	
<b>Economic Development Directorate</b>	8,832	(4,079)	4,753	5,775	(3,507)	2,268	
<b>Corporate Management</b>	4,377	(3,578)	799	10,569	(8,090)	2,479	
<b>Cost of Services</b>	<b>33,547</b>	<b>(23,252)</b>	<b>10,295</b>	<b>36,009</b>	<b>(28,347)</b>	<b>7,662</b>	
<b>Other Operating Expenditure</b>							
Whitworth Town Council Precept			61			56	
(Gain)/Loss on disposal of fixed assets			591			(323)	
Other Income			(1,508)			(1,822)	
<b>Finance and Investment Income and Expenditure</b>			1,663			1,268	3
<b>Taxation and Non-Specific Grants</b>			(8,885)			(8,545)	4
<b>(Surplus)/Deficit on Provision of Services</b>			<b>2,217</b>			<b>(1,704)</b>	
<b>(Surplus)/deficit on revaluation of non-current assets</b>			434			(4,664)	
<b>Remeasurement of the net defined pension liability</b>			4,767			(9,971)	32f
<b>Other Comprehensive (Income)/Expenditure</b>			5,201			(14,635)	
<b>Total Comprehensive (Income)/Expenditure</b>			<b>7,418</b>			<b>(16,339)</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 Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.

<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 2020</b>	1,000	5,845	3,382	1,245	11,472	(11)	11,461	
<b>Movement in Reserves in 2020/21</b>								
<b>Total Comprehensive Income/(Expenditure)</b>	(2,217)	-	-	-	(2,217)	(5,201)	(7,418)	
Adjustments between accounting basis & funding basis under regulations	5,568	-	(294)	675	5,949	(5,949)	-	13
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>3,351</b>	<b>-</b>	<b>(294)</b>	<b>675</b>	<b>3,732</b>	<b>(11,150)</b>	<b>(7,418)</b>	
Transfers to/from Earmarked Reserves	(3,351)	3,351	-	-	-	-	-	
<b>Increase/(decrease) in Year</b>	<b>-</b>	<b>3,351</b>	<b>(294)</b>	<b>675</b>	<b>3,732</b>	<b>(11,150)</b>	<b>(7,418)</b>	
<b>Balance at 31 March 2021</b>	1,000	9,196	3,088	1,920	15,204	(11,161)	4,043	
<b>Movement in Reserves in 2021/22</b>								
<b>Total Comprehensive Income/(Expenditure)</b>	1,704	-	-	-	1,704	(5,201)	(3,497)	
Adjustments between accounting basis & funding basis under regulations	(1,334)	-	(637)	302	(1,669)	1,669	-	13
<b>Net increase/(decrease) before transfers to Earmarked Reserves</b>	<b>370</b>	<b>-</b>	<b>(637)</b>	<b>302</b>	<b>35</b>	<b>(3,532)</b>	<b>(3,497)</b>	
Transfers to/from Earmarked Reserves	(370)	370	-	-	-	-	-	
<b>Increase/(decrease) in Year</b>	<b>-</b>	<b>370</b>	<b>(637)</b>	<b>302</b>	<b>35</b>	<b>(3,532)</b>	<b>(3,497)</b>	
<b>Balance at 31 March 2022</b>	1,000	9,566	2,451	2,222	15,239	(14,693)	546	
	<b>Note</b>	30a	30b	30c				

# Core Financial Statements

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>BALANCE SHEET</b>	<b>31st March 2021</b>	<b>31st March 2022</b>	<b>Note</b>
	<b>£000s</b>	<b>£000s</b>	
Property, Plant & Equipment	27,390	34,083	14
Heritage Assets	2,403	2,401	15
Investment Property	550	525	16
Intangible Assets	12	-	17
Long-term Investments	2	2	
Long-term Debtors	322	272	20
<b>Long-term Assets</b>	<b>30,679</b>	<b>37,283</b>	
Short-term Investments	5,070	5,820	24
Inventories	21	55	
Short Term Debtors	6,926	5,719	23
Cash and cash equivalents	7,950	11,235	24
Assets held for sale within one year	39	584	25
<b>Current Assets</b>	<b>20,006</b>	<b>23,413</b>	
Short-term Borrowing	(234)	(234)	27
Short-term Creditors	(11,366)	(13,248)	26
Short-term Capital Grant Receipts in Advance	(41)	(41)	29
<b>Current Liabilities</b>	<b>(11,641)</b>	<b>(13,523)</b>	
Long Term Borrowing	(4,192)	(3,908)	27
Provisions	(2,427)	(2,348)	28
Pensions Liability	(28,384)	(20,537)	32
<b>Long-term Liabilities</b>	<b>(35,003)</b>	<b>(26,793)</b>	
<b>Net Assets</b>	<b>4,041</b>	<b>20,380</b>	
<b>Represented by:</b>			
General Fund	1,000	1,000	
Earmarked Reserves	9,196	9,566	30a
Capital Receipts Reserve	3,086	2,449	30b
Capital Grants Unapplied	1,920	2,222	30c
<b>Usable Reserves</b>	<b>15,202</b>	<b>15,237</b>	
Revaluation Reserve	10,189	14,592	31a
Pension Reserve	(30,148)	(21,437)	32a
Capital Adjustment Account	10,388	12,271	31b
Deferred Capital Receipts	1,324	1,265	31c
Collection Fund Adjustment Account	(2,914)	(1,548)	31d
<b>Unusable Reserves</b>	<b>(11,161)</b>	<b>5,143</b>	
<b>Total Reserves</b>	<b>4,041</b>	<b>20,380</b>	

# 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>2020/21</b>	<b>2021/22</b>	<b>Note</b>
	<b>£000</b>	<b>£000</b>	
<b>Operating Activities</b>			
Net surplus/(deficit) on the provision of services	(2,217)	1,704	
Adjustment for noncash movements	13,025	5,002	
Adjustment for items that are investing and financing activities	(7,165)	1,775	
<b>Net cash flows from Operating Activities</b>	<b>3,643</b>	<b>8,481</b>	
<b>Investing Activities</b>			
Additions to property, plant and equipment & intangible assets	(4,011)	(6,281)	
Proceeds from the sale of property, plant and equipment	2,500	401	
(Increase)/decrease in Deferred Capital Receipts	61	59	
Increase/(decrease) in long-term debtors	(147)	(50)	
Other income	1,508	1,822	
Cash inflows - Short-term investments	70,000	5,000	
Cash outflows - Short-term investments	(72,500)	(5,750)	
<b>Net Cash Flows from Investing Activities</b>	<b>(2,589)</b>	<b>(4,799)</b>	
<b>Financing</b>			
Cash Inflows/(Outflows) - agency operations	-	-	
National non-domestic rates	2,341	(981)	
Council Tax	(1,265)	868	
Cash Inflows - New Borrowing	-	-	
Cash Outflows - Repayments of amounts borrowed	(284)	(284)	
Cash Inflows/(Outflows) - New long-term loans	-	-	
Cash Inflows/(Outflows) - New short-term loans	-	-	
<b>Net Cash Flows from Financing Activities</b>	<b>792</b>	<b>(397)</b>	
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>1,846</b>	<b>3,285</b>	
Cash and Cash Equivalents at the beginning of the year	6,104	7,950	
<b>Cash and Cash Equivalents at the end of the year</b>	<b>7,950</b>	<b>11,235</b>	34b



# Core Financial Statements

## Note 1 Accounting Policies

### 1. Accounting Concepts & Principles

This Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the end of the year of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which required the Accounts to be prepared in accordance with the proper accounting practices. These practices are primarily comprised of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) supported by International Financial Reporting Standards (IFRS).

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

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

### 2. Revenue Recognition

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

### 3. Accruals of Income & Expenditure

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

Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### 4. Employee Benefits

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

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

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

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

## Core Financial Statements

**Termination benefits** - are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant services lines in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

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

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

- the liabilities of the scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees. Liabilities are discounted to their value at current prices, using a real discount rate of 2.8% (2.1% 2020/21) determined by reference to market yields at the balance sheet date based on high quality corporate bonds
- the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value.

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

- current service cost – the increase in liabilities as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- net interest on the net defined benefit liability, i.e. net interest expense for the Council. This is the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement
- re-measurements comprising:
  - the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and,
  - actuarial gains and losses. Due to changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the pension fund. This is cash paid to the pension fund in settlement of liabilities.

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

## Core Financial Statements

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

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

### 5. Interest

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

### 6. Value Added Tax

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

### 7. Principal and Agent transactions

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

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

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

As a Billing Authority, the difference between the NNDR and Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

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

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

### 9. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.. These assets are further classified as follows:

- Operational land and buildings,
- Operational plant, furniture, equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems, and
- Community assets.
- Surplus assets – held for future regeneration opportunities

# Core Financial Statements

## Recognition

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

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

## Measurement

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

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

## Revaluation

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

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

## Impairment

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

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

When an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement up to the amount of the original impairment loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

# Core Financial Statements

## Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life. Useful life is estimated at the time of acquisition or revaluation. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset
- Infrastructure – straight-line allocation as advised by a suitable qualified officer

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

## Component Accounting

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

## 10. Heritage Assets

Heritage Assets are:

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

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

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

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

## 11. Investment Properties

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

Investment properties are initially measured at cost. After initial recognition they are measured at fair value. The fair value reflects market conditions at the Balance Sheet date. A gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

## Core Financial Statements

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

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

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

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

### 12. Intangible Assets

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

### 13. Surplus Assets and Assets Held for Sale

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

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

If these assets no longer meet the classification of assets held for sale they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale.

### 14. Leases

**Finance Leases** - Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

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

# Core Financial Statements

## Operating Leases

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

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

## 15. Revenue Expenditure funded from Capital under Statute

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

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

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

## 16. Government Grants and Other Contributions

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## 17. Capital Receipts

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

## Core Financial Statements

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.

### 18. Cash and Cash Equivalents

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

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

### 19. Short-term Investments

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

### 20. Long-term Investments

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

### 21. Inventories and Long-Term Contracts

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

### 22. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, for which a reliable estimate can be made of the amount of the obligation. Provisions are a charge to the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

### 23. Contingent Liabilities

A contingent liability is either:

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

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

### 24. Contingent Assets

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



## Core Financial Statements

Contingent assets are not recognised in the Balance Sheet, but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

### 25. Reserves

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

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

### 26. Minimum Revenue Provision (MRP)

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

### 27. Financial Instruments

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

#### *Financial Liabilities*

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

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

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

#### *Financial Assets*

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

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

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

## Core Financial Statements

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

- money market funds
- pooled bond funds

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

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

(iii) Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for debtors held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations.

### 28. Fair Value

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

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

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

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

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

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

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

# Core Financial Statements

## 29. Prior Period Adjustments

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

## 30. Events after the Balance Sheet date

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

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

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

## Note 2 Expenditure Funding Analysis

2020/21				2021/22				
Net Expenditure Chargeable to the General Fund	transfers (to)/from Earmarked Reserves	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Service Segments	Net Expenditure Chargeable to the General Fund	transfers (to)/from Earmarked Reserves	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
4,802	(79)	420	5,143	Communities Directorate	2,475	32	408	2,915
2,488	492	1,373	4,353	Economic Development Directorate	1,708	(139)	699	2,200
1,762	(1,174)	211	799	Corporate Management	2,840	(582)	221	2,453
<b>9,052</b>	<b>(761)</b>	<b>2,004</b>	<b>10,295</b>	<b>Net Cost of Services</b>	<b>7,023</b>	<b>(689)</b>	<b>1,328</b>	<b>7,568</b>
(9,052)	(2,590)	3,564	(8,044)	Other Income & Expenditure	(7,023)	319	(2,662)	(9,272)
-	(3,351)	5,568	2,251	(Surplus)/Deficit on Provision of Services	-	(370)	(1,334)	(1,704)
1,000	5,845			Opening General Fund/Earmarked Reserve Balance	1,000	9,196		
0	(3,351)			(Surplus)/Deficit on General Fund/Earmarked Reserve Balance as at 31 March	0	(370)		
<b>1,000</b>	<b>9,196</b>			<b>Closing General Fund/Earmarked Reserve Balance in Year</b>	<b>1,000</b>	<b>9,566</b>		

## Notes to the Expenditure Funding Analysis

### 2a Adjustments between Funding and Accounting Basis

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Adjustments between Funding and Accounting basis						2021/22
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes	Net change for pensions adjustments	Other statutory differences	Total Statutory adjustments	Other (non-statutory) adjustments	Total adjustments
	£000s	£000s	£000s	£000s	£000s	£000s
	Communities Directorate	16	392	-	408	-
Economic Development Directorate	550	149	-	699	-	699
Corporate Management	-	221	-	221	-	221
<b>Net cost of services</b>	<b>566</b>	<b>762</b>	<b>-</b>	<b>1,328</b>	<b>-</b>	<b>1,328</b>
Other income and expenditure from expenditure funding analysis	(1,867)	498	(1,366)	(2,735)	-	(2,735)
<b>Difference between General Fund/reserves surplus or deficit and Comprehensive Income and Expenditure</b>	<b>(1,301)</b>	<b>1,260</b>	<b>(1,366)</b>	<b>(1,407)</b>	<b>-</b>	<b>(1,407)</b>

Comparator information for 2020/21 is shown below:-

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

**1) Adjustments for capital purposes** – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

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

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

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

## Core Financial Statements

- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognized under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

### 2b Expenditure and Income Analysed by Nature

Expenditure & Income Analysed by Nature	2020/21	2021/22
<b>Expenditure</b>		
Employee benefits expenses	8,807	8,091
Other service expenses	14,912	27,103
Depreciation, amortisation, impairment	10,378	1,360
Interest payments	151	137
Precepts and levies	61	56
(Gain)/loss on disposal of assets	591	(318)
<b>Total Expenditure</b>	<b>34,900</b>	<b>36,429</b>
<b>Income</b>		
Fees, charges and other service income	(24,760)	(30,079)
Interest and investment income	962	491
Income from council tax, non-domestic rates, district rate incom	(5,089)	(7,369)
Government grants and contributions	(3,796)	(1,176)
<b>Total Income</b>	<b>(32,683)</b>	<b>(38,133)</b>
<b>(Surplus) or deficit on provision of services</b>	<b>2,217</b>	<b>(1,704)</b>

### Note 3 Finance and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2020/21 £000s	2021/22 £000s
Interest Payable on Debt	151	138
Interest and Investment Income	(17)	(8)
Pensions - Interest Cost	2,284	2,239
Pensions - Past Service Cost	-	-
Pensions - Admin Expenses	25	26
Pensions - Interest on Assets	(1,759)	(1,626)
Trading Undertakings	979	499
	<b>1,663</b>	<b>1,268</b>

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## Note 4 Taxation and Non-Specific Grant Income

Financing and Investment Income and Expenditure	2020/21 £000s	2021/22 £000s
Collection Fund		
Council Tax	(5,826)	(5,867)
Council Tax re prior year deficit	-	-
Retained Business Rates	(2,381)	(2,243)
Collection Fund (surplus)/deficit		
Council Tax	63	(24)
Retained Business Rates	3,055	765
Revenue Support Grant	-	-
Donated Assets	(34)	-
Non service related Government Grants	(3,762)	(1,176)
	<b>(8,885)</b>	<b>(8,545)</b>

## 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 36 industrial/Retail trading units, promoting economic regeneration across the borough.

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

Trading Operations	Net Expend/ (Income) 2020/21 £000s	Gross Expend 2021/22 £000s	Income 2021/22 £000s	Net Expend/ (Income) 2021/22 £000s
Markets	(3)	106	(26)	80
Industrial Units	(437)	74	(142)	(68)
Business Office Facilities	1,419	882	(52)	830
Futures Park Units	-	0	(343)	(343)
<b>Total Trading Accounts</b>	<b>979</b>	<b>1,062</b>	<b>(563)</b>	<b>499</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 to the Pool. As a result, Rossendale Borough Council retains 90% of any and all surplus or deficit arising from increases in the overall business rates. Added to this, Rossendale Borough Council benefits from 100% of the business rates from renewable energy installations.

# Core Financial Statements

<b>Business Rates Income &amp; Expenditure</b>	<b>2020/21 £000s</b>	<b>2021/22 £000s</b>
Rosendale Borough Council Share of Business Rates Income	(4,894)	(4,808)
Less Tariff Payable to Central Government	2,714	2,713
(Surplus)/Deficit Payment in Year (declared January prior to start of year)	(147)	2,048
Movement on Collection Fund (Surplus)/Deficit at Year End	1,007	(140)
Business Rates Retained on Renewable Energy Schemes	(173)	(175)
10% Retained Levy Payable to Lancashire County Council under pooling	10	58
<b>Overall Net Retained Business Rates Related Income</b>	<b>(1,483)</b>	<b>(304)</b>

## Note 7 Grant Income

The Council recognised the following significant grants, contributions and donations during 2021/22:

<b>Grants and contributions received</b>	<b>2020/21 £000s</b>	<b>2021/22 £000s</b>
Credited to Cost of Services		
<i>Grants received for Revenue Purposes</i>		
DWP - Housing Benefits - paid to claimants	13,519	12,326
DWP - Housing Benefits - re Council Tenants	76	184
DWP - Discretionary Housing Payments	85	99
DWP - Housing Benefits - administration grant	184	274
DWP - Resource Management - Service Assurance Team	102	56
DWP - Grants for Youth Works and Kickstart		150
MHCLG - Flexible Homeslessness and Prevention Grant	96	174
MHCLG - Rough Sleeping Initiative	215	10
MHCLG - Business Rates Collection Grant	97	96
MHCLG - Localising Council Tax administration subsidy	89	136
MHCLG - Flood Relief & Flood Resilience	292	47
MHCLG - Domestic Abuse New Burdens	-	31
MHCLG - Future High Street Fund - Development	-	-
Covid related grants	4,016	7,961
Cabinet Office - Individual Electoral Registration	-	-
LCC - Domestic Abuse Grant	76	34
LCC - Housing Support Fund (HSF)		260
Historic England - Heritage Action Zone	28	45
National Lottery Heritage Fund	334	164
Climate Change Funding (Lancaster Council)		101
Contributions from developers under S106 agreements	-	-
Other minor grants and contributions	97	144
	<b>19,306</b>	<b>22,292</b>
<i>Grants received for Capital Purposes</i>		
LCC Better Care Fund - Disabled Adaptations Grant	1,161	1,160
Lancashire County Council	70	150
Lancashire Environmental Fund	126	22
Historic England - Heritage Action Zone	95	525
Lancashire Enterprise Partnership	1,127	466
National Lottery Heritage Fund	1,007	588
Misc Contributions	103	463
	<b>3,689</b>	<b>3,374</b>
<b>Total in the CIES Cost of Services</b>	<b>22,995</b>	<b>25,666</b>
Credited to Taxation and Non-Specific Grant Income		
MHCLG - New Homes Bonus	302	213
MHCLG - Business Rates Reliefs	3,461	963
<b>Non-Specific Grants in the CIES</b>	<b>3,763</b>	<b>1,176</b>

# 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.

<b>Total Cost of Elected Members</b>	<b>2020/21 £000s</b>	<b>2021/22 £000s</b>
Basic Allowance	120	120
Special Responsibility Allowance	70	70
Employers National Insurance incurred	3	3
Mileage, subsistence & other reimbursements	11	11
	<b>204</b>	<b>204</b>

<b>Annual amounts payable for elected roles</b>	<b>2020/21 £s</b>	<b>2021/22 £s</b>
<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
Cabinet Members	6,684	6,684
All Committee Chairs (4)	3,342	3,342
One off Payment for Charing Meetings	150	150

## 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 2021/22, along with prior year comparators.

Cath Burns the Director of Economic Development left the authority in October 2021 and was replaced in January 2022 by Mandy Lewis.

<b>Senior Officers</b>			<b>Other</b>		<b>Election</b>	<b>Pension</b>	<b>Total</b>
			<b>Salary</b>	<b>Allowances &amp; Expenses</b>			
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive		2021/22	107,255	-	2,425	18,877	128,557
		2020/21	105,670	433	-	8,022	89,303
Director of Economic Development	01/04/21 - 15/10/21	2021/22	41,155	249	-	7,651	49,055
	04/01/22 - 31/03/22	2021/22	17,960	-	-	3,161	21,121
		2020/21	75,680	383	-	12,068	88,131
Director of Communities		2021/22	79,793	-	94	14,044	93,931
		2020/21	77,475	179	-	1,182	78,836
Head of Finance		2021/22	51,429	344	113	10,915	62,801
		2020/21	54,452	332	-	8,735	63,519
Legal Services Manager		2021/22	51,655	32	201	9,091	60,979
		2020/21	50,766	47	-	7,864	58,677
HR Manager		2021/22	51,427	382	-	9,091	60,900
		2020/21	50,538	106	-	7,864	58,508



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## 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 2020/21 and 2021/22.

Officers with remuneration above £50,000 (excl pension)	2020/21 Number	2021/22 Number
£50,000 - £54,999	3	3
£55,000 - £59,999	1	-
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	-	1
£75,000 - £79,999	2	1
£80,000 - £84,999	-	1
£85,000 - £89,999	-	-
£80,000 - £99,999	-	-
£105,000 - £109,999	1	1
	<b>7</b>	<b>7</b>

## Note 11 Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a large proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (eg council tax bills, housing benefits).

### Other local authorities and precepting bodies

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

### Other key partners

- In June 2004 the bulk of Rosendale's Leisure Facilities transferred to the management of the newly-formed independent Rosendale Leisure Trust.
  - In previous years the Council has given the Trust an operational grant. However, the Council purchased the balance of the Haslingden Gym extension loan in November 2016 at a cost of £1,010k. The Trust now pays a rental charge for using the asset of £60k per annum for its remaining 14 year life. This represents a saving for the Trust which negated the need for any grant funding from 2017/18 onwards.
  - Since 2015/16 the Council has made three loans to the Trust

## Core Financial Statements

- 2015/16 a loan of £266k was made for Grip & Go. As at 31<sup>st</sup> March 2022 that balance owed on this loan is £52k.
- 2016/17 a loan of £41k was made for Solar Panels at Marl Pits. As at 31<sup>st</sup> March 2022 the balance owed on this loan was £15.9k.
- 2019/20 an interest bearing loan of £256k was made for gym equipment refresh at the Adrenalin Centre. As at 31<sup>st</sup> March 2022 the balance owed on this loan was £234.7k.

The Council deferred payment on all the above loans for 2020/21 and 2021/22 due to the Covid Pandemic.

- During 2021/22 the Trust transferred monies at the end of each month to reduce the intercompany balance. The agreement was to pay the salary costs and creditor payments within the month plus £50k to reduce the outstanding debt brought forward from previous years. This was on the understanding that £200k would be retained in the RLT bank account. The balance brought forward from 2020/21 was £383k due to a slow recovery after the Pandemic. The balance at the end of March 2022 was £46.1k
- The £46.1k debt is included within Council's Sundry Debtors.
- The grip and go loan and the solar panel loans to the Trust are considered soft loans because interest payments have not been charged and are not material in 2021/22.
- 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) was a separate charitable organisation operating Whitworth Leisure Centre and Whitworth Civic Hall (The Ashcroft), where the council provided the payroll service which was reimbursed each month. The council also provided the accountancy service at nil charge. The intercompany balance at the end of 2021/22 was £nil (£73.9k in 2020/21)
- From April 2021 RLT took over the responsibilities for the CLAW sites. These were fully integrated by December 2021. The CLAW grant of £50k was still honoured in 2021/22 and paid to RLT
  - Since 2016/17 the council has made a loan to CLAW of £24.6k for Solar Panels at The Ashcroft. As at 31<sup>st</sup> March 2022 the balanced owed on this loan was £13.6k. RLT are now responsible for this loan
- The RTB Partnership Ltd was incorporated on the 4<sup>th</sup> February 2013, with equal partners being Rosendale Borough Council, Together Housing and Barnfield Construction Ltd. The Partnership is a vehicle to facilitate a variety of development projects across the borough. During 2021/22 no contributions have been made by the council (£74k contributed in 2020/21)

### Members and Chief Officers

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

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

# Core Financial Statements

## Note 12 External Audit Costs

The sums due from Rosendale Borough Council to the external auditors for works carried out relating to the year of account 2021/22 were:-

Audit costs	2020/21 £000s	2021/22 £000s
Fees payable in respect of external audit of accounts	35	35
Share of redistribution of surplus funds on national PSAA Account	(4)	(4)
Fees payable for non-audit assurance work	21	-
	<b>52</b>	<b>31</b>

# 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 2021/22 while the financial year 2020/21 can be found on the opposite page.

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2021/22			Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	
	£000s	£000s	£000s	
<b>Capital Adjustment Account adjustments</b>				
Depreciation of Property, Plant & Equipment (PPE)	869	-	-	(869)
Impairment of Property, Plant & Equipment (PPE)	77	-	-	(77)
Revaluation gain/loss on Property, Plant and Equipment (PPE)	432	-	-	(432)
Deferred Capital Receipts	69	-	-	(69)
Amortisation of Intangible Assets	16	-	-	(16)
Revenue Expend funded from Capital under Statute (REFCUS)	1,330	-	-	(1,330)
REFCUS for Empty Homes Scheme	153	-	-	(153)
Net book value of assets sold	73	-	-	(73)
Donated Assets	-	-	-	-
Statutory provisions for financing of capital investment (MRP)	(483)	-	-	483
Capital Expend charged to General Fund	(26)	-	-	26
Capital Expend charged to General Fund Empty Homes	-	-	-	-
<b>Capital Receipts Reserve adjustments</b>				
Transfer of cash proceeds of assets sold	(396)	396	-	-
Other Income	-	-	-	-
Use of Capital Receipts Reserve to fund capital spend	-	(1,033)	-	1,033
<b>Capital Grants Unapplied Account adjustments</b>				
Capital grants and contributions credited to the CIES	(302)	-	302	-
Application of grants to the Capital Adjustment Account (CAA)	(3,040)	-	-	3,040
Application of grants to the CAA Empty Homes Scheme	-	-	-	-
<b>Pensions Reserve adjustments</b>				
Employer contributions paid to the Pension Fund	(1,073)	-	-	1,073
Net IAS19 charges made for retirement benefits	2,333	-	-	(2,333)
<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	(1,366)	-	-	1,366
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(1,334)</b>	<b>(637)</b>	<b>302</b>	<b>1,669</b>

# Core Financial Statements

Adjustments to the Comprehensive Income and Expenditure Statement in the Movement in Reserves Statement	2020/21			
	General Fund Balance	Capital Receipts Reserve	Govt Grants Unapplied	Unuseable Reserves
	£000s	£000s	£000s	£000s
<b>Capital Adjustment Account adjustments</b>				
Depreciation of Property, Plant & Equipment (PPE)	751	-	-	(751)
Impairment of Property, Plant & Equipment (PPE)	559	-	-	(559)
Revaluation gain/loss on Property, Plant and Equipment (PPE)	3,302	-	-	(3,302)
Deferred Capital Receipts	67	-	-	(67)
Amortisation of Intangible Assets	16	-	-	(16)
Revenue Expend funded from Capital under Statute (REFCUS)	1,148	-	-	(1,148)
REFCUS for Empty Homes Scheme	(73)	-	-	73
Net book value of assets sold	3,073	-	-	(3,073)
	(34)	-	-	34
Statutory provisions for financing of capital investment (MRP)	(465)	-	-	465
Capital Expend charged to General Fund	(241)	-	-	241
Capital Expend charged to General Fund Empty Homes	553	-	-	(553)
<b>Capital Receipts Reserve adjustments</b>				
Transfer of cash proceeds of assets sold	(2,482)	2,482	-	-
Other Income	(1,508)	1,508	-	-
Use of Capital Receipts to fund capital spend	-	(4,284)	-	4,284
<b>Capital Grants Unapplied Account adjustments</b>				
Capital grants and contributions credited to the CIES	(675)	-	675	-
Application of grants to the Capital Adjustment Account	(2,606)	-	-	2,606
Application of grants to the Capital Adjustment Account	-	-	-	-
<b>Pensions Reserve adjustments</b>				
Employer contributions to the Pension Fund	(1,005)	-	-	1,005
Net IAS19 charges made for retirement benefits	1,853	-	-	(1,853)
<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	3,335	-	-	(3,335)
<b>Adjustments between accounting basis &amp; funding basis under regulations</b>	<b>5,568</b>	<b>(294)</b>	<b>675</b>	<b>(5,949)</b>

# Core Financial Statements

## Note 14 Property, Plant and Equipment

### 14a Movements during the year

Movements on property, plant & equipment assets in 2021/22 were as follows:-

Property, Plant & Equipment 2021/22	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
<b>Cost or Valuation 1st April 2021</b>	<b>29,586</b>	<b>7,455</b>	<b>310</b>	<b>2,340</b>	<b>4,252</b>	<b>796</b>	<b>44,739</b>
Additions	<b>1,085</b>	<b>1,067</b>	75	668	1,103	-	<b>3,998</b>
Donated Assets	-	-	-	-	-	-	-
Revaluation increases/(decreases)							
to Revaluation Reserve	211	-	-	(34)	-	1	178
to Provision of Services	3,535	-	-	-	-	-	3,535
Reclassifications-							
to/from Assets Held for Sale	-	-	-	-	-	-	-
others	(261)	(22)	(4)	-	287	-	0
Derecognition-							
on disposal	(5)	(791)	-	-	-	(66)	(862)
<b>Cost or Valuation 31<sup>st</sup> March 2022</b>	<b>34,151</b>	<b>7,709</b>	<b>381</b>	<b>2,974</b>	<b>5,642</b>	<b>731</b>	<b>51,588</b>
<b>Accum Depreciation and Impairments 1st April 2021</b>	<b>(10,388)</b>	<b>(5,742)</b>	<b>(224)</b>	<b>(410)</b>	<b>(455)</b>	<b>(130)</b>	<b>(17,349)</b>
Depreciation for the year-							
to Revaluation Reserve	(220)	-	-	(2)	-	-	(222)
to Provision of Services	(272)	(319)	(9)	(33)	(11)	-	(645)
Impairment (losses)/reversals							
to Revaluation Reserve	(14)	-	-	(19)	-	-	(33)
to Provision of Services	(22)	(6)	(2)	(13)	-	(1)	(44)
Reclassifications	-	-	-	-	-	-	-
Derecognition-							
on disposal	-	790	-	-	-	-	790
<b>Accumulated Depreciation and Impairments 31<sup>st</sup> March 2022</b>	<b>(10,917)</b>	<b>(5,277)</b>	<b>(235)</b>	<b>(477)</b>	<b>(466)</b>	<b>(131)</b>	<b>(17,503)</b>
Net Book Value at 31 <sup>st</sup> March 2022	23,234	2,432	146	2,497	5,176	600	34,085
Net Book Value at 31 <sup>st</sup> March 2021	19,198	1,713	86	1,930	3,797	666	27,390

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

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

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

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

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## Fair Value Hierarchy – Surplus Assets

- Surplus assets comprise land from which the Council does not provide services. The Council has determined all of its surplus assets are valued at level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at 31 March 2021 and 2022. There were no transfers between levels during 2021/22.

Comparator movements in 2020/21 were as follows:

<b>Property, Plant &amp; Equipment 2020/21</b>	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
<b>Cost or Valuation 1st April 2020</b>	29,216	7,158	266	1,179	6,354	784	44,957
Additions	1,026	263	44	1,161	1,517	-	4,011
Donated Assets	-	34	-	-	-	-	34
Revaluation increases/(decreases)							
to Revaluation Reserve	182	-	-	-	-	12	194
to Provision of Services	(4,223)	-	-	-	-	-	(4,223)
Reclassifications-							
to/from Assets Held for Sale	-	-	-	-	-	-	-
others	3,396	-	-	-	(3,396)	-	-
Derecognition-							
on disposal	(11)	-	-	-	(223)	-	(234)
<b>Cost or Valuation 31<sup>st</sup> March 2021</b>	<b>29,586</b>	<b>7,455</b>	<b>310</b>	<b>2,340</b>	<b>4,252</b>	<b>796</b>	<b>44,739</b>
<b>Accum Depreciation and Impairments 1st April 2020</b>	(9,383)	(5,396)	(171)	(386)	(463)	(130)	(15,929)
Depreciation for the year-							
to Revaluation Reserve	(144)	-	-	(2)	(147)	-	(293)
to Provision of Services	(235)	(346)	(9)	(5)	(6)	-	(601)
Impairment (losses)/reversals							
to Revaluation Reserve	(124)	-	-	-	-	-	(124)
to Provision of Services	(502)	-	(44)	(17)	-	-	(563)
Reclassifications	-	-	-	-	-	-	-
Derecognition-							
on disposal	-	-	-	-	161	-	161
<b>Accumulated Depreciation and Impairments 31st March 2021</b>	<b>(10,388)</b>	<b>(5,742)</b>	<b>(224)</b>	<b>(410)</b>	<b>(455)</b>	<b>(130)</b>	<b>(17,349)</b>
<b>Net Book Value at 31st March 2021</b>	<b>19,198</b>	<b>1,713</b>	<b>86</b>	<b>1,930</b>	<b>3,797</b>	<b>666</b>	<b>27,390</b>

## 14b Revaluation Programme

During 2021/22 the Council's property portfolio was valued by external RICS-qualified officers from Capita Symonds Ltd, PO BOX 212, Faverdale Industrial Estate, Darlington, DL1 9HN, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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

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

## Core Financial Statements

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

Revaluation Programme for assets under Property, Plant & Equipment	Carried at Historic Cost £000s	Assets valued at Fair Value in the year ending					Total Net Book Value £000s
		March 2018	March 2019	March 2020	March 2021	March 2022	
		£000s	£000s	£000s	£000s	£000s	
Land	97	3	29	75	-	2,150	2,354
Administrative Buildings	-	10	1,410	-	-	-	1,420
Depots and Workshops	-	837	-	-	-	31	868
Garages	-	58	-	-	195	-	253
Car Parks	-	28	-	1,086	8	-	1,122
Cemeteries	-	10	-	-	-	722	732
Sports & Leisure Facilities	188	2,005	7,332	2	-	148	9,675
Parks, & Recreation Grounds	82	746	-	254	4	710	1,796
Woodlands & Open Spaces	22	311	39	186	153	1,495	2,206
Agricultural Land	-	37	-	316	-	255	608
Industrial Units	-	-	-	-	-	1,236	1,236
Domestic Housing	-	80	-	106	394	-	580
Business Offices/Premises	-	-	-	697	727	587	2,011
Public Conveniences	-	87	-	10	-	37	134
Bus Shelters	180	-	6	-	-	349	535
Markets	-	97	-	-	-	-	97
Sheltered Accommodation	-	-	-	-	-	352	352
Plant, Vehicles & Equipment	2,325	-	-	-	-	-	2,325
Other Assets	65	70	8	177	281	5	606
Assets under construction	5,176	-	-	-	-	-	5,176
<b>Net Book Value 31<sup>st</sup> March 2021</b>	<b>8,135</b>	<b>4,379</b>	<b>8,824</b>	<b>2,909</b>	<b>1,762</b>	<b>8,077</b>	<b>34,086</b>

### Note 15 Heritage Assets

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

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

Heritage Assets	Whitaker Museum Collection	War Memorials	Panoptican	Civic Regalia	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation 1st April 2020</b>	1,507	102	24	800	2,433
Additions	-	-	-	-	-
Revaluation Gains	-	-	-	-	-
Revaluation Losses recognised in the Revaluation Reserve	-	(27)	(3)	-	(30)
<b>Cost or Valuation 31<sup>st</sup> March 2021</b>	<b>1,507</b>	<b>75</b>	<b>21</b>	<b>800</b>	<b>2,403</b>
Additions	-	-	-	-	-
Revaluation Gains	-	-	-	-	-
Revaluation Losses recognised in the Revaluation Reserve	-	(2)	-	-	(2)
<b>Cost or Valuation 31st March 2022</b>	<b>1,507</b>	<b>73</b>	<b>21</b>	<b>800</b>	<b>2,401</b>



# Core Financial Statements

## Note 16 Investment Properties

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

### Fair Value Hierarchy – Investment Properties.

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

Investment Properties	2020/21 £000s	2021/22 £000s
Fair Value 1st April	550	550
Revaluations	-	(25)
<b>Cost or Valuation 31st March</b>	<b>550</b>	<b>525</b>
Gains/Losses in Fair Value	-	-
<b>Accum Depreciation and Impairments 31st March</b>	<b>-</b>	<b>-</b>
Fair Value at 31st March	550	525
<b>Rental income within the year</b>	<b>25</b>	<b>25</b>

## Note 17 Intangible Assets

Intangible Assets	2020/21 £000s	2021/22 £000s
Cost or Valuation 1st April	1050	1,050
Assets reclassified to/(from) PPE	-	-
<b>Cost or Valuation 31st March</b>	<b>1,050</b>	<b>1,050</b>
Accum Depreciation 1st April	(1,022)	(1,038)
Amortisation for the period	(16)	(12)
<b>Accum Depreciation and Impairments 31st March</b>	<b>(1,038)</b>	<b>(1,050)</b>
Net Book Value at 31st March	12	-

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

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

## Note 18 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.

### 18a - 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. Rosendale Borough Council now splits the CFR into two distinct elements; those costs pertaining to the East Lancs Empty Homes Scheme and other capital expenditure. The movement in the CFR during the year is analysed in the second part of this note.

# Core Financial Statements

Capital Financing Requirement	2020/21 £000s	2021/22 £000s
<b>Opening Capital Financing Requirement</b>	<b>14,063</b>	<b>14,272</b>
<b>Non-Empty Homes Opening Capital Financing Requirement</b>	<b>13,716</b>	<b>13,375</b>
Capital investments		
Property, Plant & Equipment	4,011	4,000
Intangible Assets	-	-
Revenue Expenditure funded from Capital under Statute	656	1,434
	<b>4,667</b>	<b>5,434</b>
Sources of Finance		
Capital Receipts	(2,703)	(1,034)
Government Grants and other contributions	(1,603)	(3,144)
Sums set aside from Revenue:-		
Direct revenue contributions	(237)	(26)
Minimum Revenue Provision (MRP)	(465)	-
<b>Non Empty Homes Closing Capital Financing Requirement</b>	<b>13,375</b>	<b>14,605</b>
<b>Empty Homes Opening Capital Financing Requirement</b>	<b>347</b>	<b>897</b>
Empty Homes		
Revenue Expenditure funded from Capital under Statute	550	164
Sources of Finance		
Capital Receipts	-	-
Sums set aside from Revenue:-		
Direct revenue contributions	-	(164)
<b>Empty Homes Closing Capital Financing Requirement</b>	<b>897</b>	<b>897</b>
<b>Closing Capital Financing Requirement</b>	<b>14,272</b>	<b>15,502</b>
Explanation of movements in the year -		
Increase in underlying borrowing (net of direct grants and contributions)	674	1,230
Repayments (MRP)	(465)	-
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>209</b>	<b>1,230</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 Heritage Action Zone and the East Lancs Empty Homes Scheme. The distinction is an important one because capital expenditure on assets not owned by the Council is permitted by Statute, but is accounted for as revenue expenditure, along with its respective funding. Hence, in the table above there are details of 'Revenue Expenditure funded from Capital under Statute' (REFCUS) and funding from grants and other receipts and contributions, not from MRP.

## 18b – Capital Commitments

As at 31st March 2022, the Council was contractually committed to a total of £3.587m (£3.587m 2020/21). The individual capital schemes are listed below:-

Contractual commitments	31 <sup>st</sup> March 2021 £000s	31 <sup>st</sup> March 2022 £000s
Rising Bridge Play Area	40	40
Futures Park Plot 1	228	228
Futures Park Plot 2	191	191
Whitaker Museum Refurbishment	381	381
Town Square Public Realm	500	500
Bacup Historic England	2,220	2,220
Varius small projects	27	27
	<b>3,587</b>	<b>3,587</b>

# Core Financial Statements

## Note 19 Leases

### 19a - Authority as Lessee

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

Authority as a Lessee	2020/21 £000s	2021/22 £000s
<b>Lease Payments within the year</b>	<b>333</b>	<b>211</b>
Future minimum lease commitments		
Amounts falling due within 1 year	212	212
Amounts falling due within 2-5 years	230	309
Amounts falling due within 6-10 years	-	-
<b>Total Minimum Lease Payments</b>	<b>442</b>	<b>521</b>

### 19b – Authority as Lessor

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

Authority as a Lessor	2020/21 £000s	2021/22 £000s
Not later than one year	452	465
Later than one year and not later than five years	1,622	1,630
Later than five years	6,398	6,087
	<b>8,472</b>	<b>8,182</b>

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

# Core Financial Statements

## Note 20 Long-term Debtors

Long Term Debtors	Ross'dale Leisure Trust £000s	Empty Homes Loans £000s	Other loans & mortgages £000s	Total £000s
Debt Outstanding 1st April 2020	33	1,374	72	1,479
Advances	-	6	-	6
Receipts	(1)	(67)	-	(68)
Write-offs	-	-	(72)	(72)
	32	1,313	-	1,345
Expected Credit Loss Impairment	-	(1,023)	-	(1,023)
<b>Balance at 31st March 2021</b>	<b>32</b>	<b>290</b>	<b>-</b>	<b>322</b>
Debt Outstanding 1st April 2021	32	1,313	-	1,345
Advances	-	10	10	20
Receipts	(2)	(68)	-	(70)
Write-offs	-	-	-	-
	30	1,255	10	1,295
Expected Credit Loss Impairment	-	(1,023)	-	(1,023)
<b>Balance at 31st March 2022</b>	<b>30</b>	<b>232</b>	<b>10</b>	<b>272</b>

The East Lancs Empty Homes Strategy moved into full operations 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 these leases these properties revert to their owners.

## Note 21 Nature and extent of risks arising from Financial Instruments

### 21a - Categories of Financial Instruments

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

Financial Assets - Balances at Amortised Cost	2020/21		2021/22	
	Long Term £000	Short term £000	Long Term £000	Short Term £000
<b>Investments</b>	2	5,070	2	5,820
<b>Cash and Cash Equivalents</b>	-	7,950	-	11,235
<b>Debtors</b>	322	1,741	272	1,554
<i>Debtors that are not financial Instruments</i>		5,185		4,129
<i>Total Debtors</i>	322	6,926	272	5,683
<b>Total Financial Assets</b>	<b>324</b>	<b>14,761</b>	<b>274</b>	<b>18,609</b>

## Core Financial Statements

Financial Liabilities - Balances at Amortised Cost	2020/21		2021/22	
	Long Term £000	Short term £000	Long Term £000	Short Term £000
<b>Borrowing</b>	(4,192)	(234)	(3,908)	(234)
<b>Creditors</b>	-	(2,321)	-	(3,280)
<i>Creditors that are not financial Instruments</i>		(9,045)		(9,967)
<i>Total Creditors</i>		(11,366)		(13,247)
<b>Total Financial Liabilities</b>	<b>(4,192)</b>	<b>(2,555)</b>	<b>(3,908)</b>	<b>(3,514)</b>

The Financial Instruments categorised above represent:

### Financial Assets

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

Fair Value Hierarchy of Investments - The investments above were assessed as level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at 31 March 2021 and 2022.

### Financial Liabilities

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

## 21b - Financial Instrument Gains/Losses

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

Income & Expenses Gains and Losses	2020/21 £000	2021/22 £000
<b>Financial Liabilities</b>		
Interest Expenses	151	138
<b>Financial Assets</b>		
Interest Income	(17)	(8)
<b>Net (Gain)/Loss charged to Surplus or Deficit on Provision of Services</b>	<b>134</b>	<b>130</b>

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

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

## Core Financial Statements

- 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 2021 and 31<sup>st</sup> March 2022 respectively.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced amount.

The fair values are calculated as follows:

	31st March 2021		31st March 2022	
	Carrying amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Borrowings	(4,426)	(5,262)	(4,142)	(4,642)
Short Term Creditors	(2,321)	(2,321)	(3,280)	(3,280)
<b>Total Financial Liabilities</b>	<b>(6,747)</b>	<b>(7,583)</b>	<b>(7,422)</b>	<b>(7,922)</b>
Long Term Investments	2	2	2	2
Investments <1 year	5,070	5,070	5,820	5,820
Long Term Debtors	322	322	272	272
Short Term Trade Debtors	1,741	1,741	1,554	1,554
Cash and Cash Equivalents	7,950	7,950	11,235	11,235
<b>Total Financial Assets</b>	<b>15,085</b>	<b>15,085</b>	<b>18,883</b>	<b>18,883</b>

At March 2022 Rosendale Borough Council had two outstanding PWLB Loans. One was taken out in March 2010 for 25 Years at a fixed rate of 4.49%, the other was taken out in August 2019 for £2m over 20 years at a fixed interest rate of 1.34%. The premature repayment rates applicable on 31<sup>st</sup> March 2022 were 2.19% and -1.06% respectively. The figures for fair value above were £2,908k and £1,734k, as supplied by the Council's treasury management advisor, Link Asset Services. For a sensitivity analysis, Link Asset Services have confirmed that similar new loans on the 31<sup>st</sup> March 2022 at the discount rates above would have reduced the fair value of the loan at the end of 2021/22 by £295k to £4,347k.

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.

# Core Financial Statements

## Overall procedures for Managing Risks

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

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

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

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

These policies are implemented by the Council's Financial Services staff. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed annually.

## Credit Risk

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

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

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

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

# Core Financial Statements

## 22a Credit Risk

Credit Risk	Actual Amount March 2022 £000s	Historical default £000s	Adjusted for market conditions %	Estimated maximum exposure March 2022 £000s	Estimated maximum exposure March 2021 £000s
Cash and Cash Equivalents	11,235	0.00%	0.00%	-	-
Investments - Bank Deposits	5,820	0.00%	0.00%	-	-
Investments - Others	-	0.00%	0.00%	-	-
Long Term Debtors	272	0.00%	0.00%	-	-
Short Term Trade Debtors	1,554	6.60%	7.00%	450	427
<b>Total Financial Assets</b>	<b>18,881</b>			<b>450</b>	<b>427</b>

## 22b Trade Debtors

The Council does not generally allow credit for its trade debtors. The Council reports the level of trade debts outstanding each quarter in the financial monitoring report to Cabinet, which is available on the website. The balance of Trade Debtors at 31<sup>st</sup> March 2022 stood at £2,805k (£2,870k at March 2021). Against this the Council held an Expected Credit Loss Impairment of £1,275k (£1,129k at March 2021), as shown in the table below.

Short Term Trade Debtors by age	31st March 2021 £000s	31st March 2022 £000s
Less than 3 months	1,322	1,180
Three to six months	62	32
Six months to one year	70	243
Over one year	1,416	1,374
Expected Credit Loss Impairment	(1,129)	(1,275)
<b>Total Net Trade Debtors</b>	<b>1,741</b>	<b>1,554</b>

## 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.



# Core Financial Statements

## 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 2021/22, which were approved along with the Council's annual budget in February 2021, are shown below.

Limits in interest rate exposure	2020/21	2021/22
Max principal sums borrowed > 364 days	£20.75m	£20.75m
Borrowing limits on Fixed Interest Rates	100%	100%
Borrowing limits on Variable Interest Rates	0%	0%
Max sums invested > 364 days	£0m	£0m
Max sums invested with single body	£8m/50%	£8m/50%
Max sums invested with any group	£10m	£10m

If all lending interest rates had been 1% higher, with all other variables held constant, the financial effect would only impact on the interest receivable on variable rate investments by an extra £114k at 31<sup>st</sup> March 2022. All other interest payable and receivable is fixed.

### *Price Risk*

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

### *Foreign exchange risk*

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

## Note 23 Debtors

The short-term debtors are shown below.

## Core Financial Statements

Debtors	31 <sup>st</sup> March	31 <sup>st</sup> March
	2021	2022
	£000s	£000s
Central Government Bodies	1,271	2,087
Other Local Authorities	2,848	1,651
Other entities and individuals		
Council Tax	326	679
Retained Business Rates	462	(650)
Housing Benefits	-	94
Advance Payments	278	304
Sundry Trade Debtors	2,870	2,829
Credit Loss Impairment	(1,129)	(1,275)
	2,807	1,981
<b>Net Balance at 31st March</b>	<b>6,926</b>	<b>5,719</b>

### Note 24 Short Term Investments and Cash and Cash Equivalents

Short Term Investments and Cash & Cash Equivalents	31 <sup>st</sup> March	31 <sup>st</sup> March
	2021	2022
	£000s	£000s
Short Term Investments	5,070	5,820
<b>Short-term Investments at 31st March</b>	<b>5,070</b>	<b>5,820</b>
Bank Deposits - Current Accounts	7,949	11,234
Petty Cash Accounts	1	1
<b>Cash and cash equivalents at 31st March</b>	<b>7,950</b>	<b>11,235</b>

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

### Note 25 Assets Held for Sale

Current Assets held for sale	2020/21	2021/22
	£000s	£000s
Balance at 1st April	2,796	39
Assets reclassified to/(from) PPE	-	-
Revaluation gains/(losses) to the Revaluation Reserve	(7)	545
Depreciation for the year charged to Provision of Services		
Write out NBV of Assets sold - from Revaluation Reserve	(2,750)	
<b>Balance at 31st March</b>	<b>39</b>	<b>584</b>

### Note 26 Creditors

Creditors	31 <sup>st</sup> March	31 <sup>st</sup> March
	2021	2022
	£000s	£000s
Central Government Bodies	8,288	8,835
Other Local Authorities	61	257
Bodies external to government		
Advance Receipts: Council Tax	112	94
Advance Receipts: Retained Business Rates	19	20
Advance Receipts: Others	510	706
Accumulated Absences	55	56
Sundry Trade Creditors	2,321	3,280
<b>Balance at 31st March</b>	<b>11,366</b>	<b>13,248</b>

# Core Financial Statements

## Note 27 Borrowing

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

PWLB Borrowing	31 <sup>st</sup> March	31 <sup>st</sup> March
	2021	2022
	£000s	£000s
Repayable in less than 12 months	234	234
Repayable between 1 and 2 years	234	234
between 2 and 5 years	702	702
between 5 and 10 years	1,170	1,170
in 10 years or more	2,086	1,802
<b>Balance at 31st March</b>	<b>4,426</b>	<b>4,142</b>

## Note 28 Provisions

Provisions	31 <sup>st</sup> March	Movement	31 <sup>st</sup> March
	2021	in	2022
	£000s	Year	£000s
Business Rate Appeals Provision	1,536	137	1,673
Strategic Housing Provision	222	(70)	152
Corporate Services	524	(127)	397
Other Provisions	145	(19)	126
<b>Total Provisions</b>	<b>2,427</b>	<b>(79)</b>	<b>2,348</b>

## Note 29 Short-term Grant Receipts in Advance

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

In 2017/18 a grant of £3,421k was received in advance from Lancashire County Council towards the construction of the new bus station element of the Spinning Point Phase 1 project. Construction of a new bus station began in January 2019 and the facility was opened in December 2019. The remaining grant is to be used to landscape the surrounding area.

Short-term Capital Grant Receipts in Advance	31 <sup>st</sup> March	31 <sup>st</sup> March
	2021	2022
	£000s	£000s
<b>LCC Grant for Spinning Point Phase 1</b>		
Balance Brought forward	41	41
Grant received/(repaid) in the year	-	-
Amounts recognised into the CIES (conditions met)	-	-
	41	41
<b>Balance at 31st March</b>	<b>41</b>	<b>41</b>

# Core Financial Statements

## Note 30a 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 30a - Earmarked Reserves

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Core Financial Statements

Earmarked Reserves	Balance 31 <sup>st</sup> March 2021 £000s	Income & Transfer to Reserves £000s	Transfers between Reserves £000s	Utilised from Reserves £000s	Balance 31 <sup>st</sup> March 2022 £000s
Employment & Transport	388	-	-	(118)	270
Leisure Reserve	55	-	-	(9)	46
Directorate Investment	74	-	-	-	74
Directorate Operational Reserves	606	367	-	(45)	928
Homelessness	189	182	-	-	371
Vehicle Repairs & Replacement	189	-	-	-	189
Transitional Reserve	1,144	336	1,091	(673)	1,898
Individual Registration	89	15	-	(15)	89
Business Rates Retention	4,713	3,520	(1,091)	(2,748)	4,394
Planning Strategy	113	10	-	(58)	65
Tourism Strategy	50	-	-	(21)	29
Haslingden Regeneration	40	-	-	(3)	37
Rawtenstall Bus Station	517	-	-	-	517
Response and Recovery	1,029	-	-	(370)	659
	<b>9,196</b>	<b>4,430</b>	<b>-</b>	<b>(4,060)</b>	<b>9,566</b>



# Core Financial Statements

## Note 30b - 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	2020/21 £000s	2021/22 £000s
Balance at 1st April	3,380	3,086
Capital receipts in year	3,990	396
Capital receipts used to fund capital expend	(4,284)	(1,033)
<b>Non Empty Homes sub-total</b>	<b>3,086</b>	<b>2,449</b>
<b>Empty Homes</b>		
Balance at 1st April	2	2
Capital receipts in year	187	-
Capital receipts used to fund capital expend	(187)	-
<b>Empty Homes sub-total</b>	<b>2</b>	<b>2</b>
<b>Balance at 31st March</b>	<b>3,088</b>	<b>2,451</b>

## Note 30c - Capital Grants Unapplied Account

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

Capital Grants Unapplied Account	Balance 31 <sup>st</sup> March 2021 £000s	Grants Received £000s	Grants Applied £000s	Balance 31 <sup>st</sup> March 2022 £000s
Disabled Facilities Grants	1,858	1,160	(796)	2,222
Homelessness Grants	53	-	(53)	-
Domestic Abuse Grant	7	-	(7)	-
Hoarding Project Grant	2	-	(2)	-
	<b>1,920</b>	<b>1,160</b>	<b>(858)</b>	<b>2,222</b>



# Core Financial Statements

## Note 31 Unusable Reserves

### 31a Revaluation Reserve

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

Revaluation Reserve	2020/21 £000s	2021/22 £000s
Balance at 1st April	11,439	10,189
Surplus/(Deficit) on revaluation of assets in the year		
Property, Plant & Equipment	(434)	4,664
Value of assets disposed of in the year	(525)	(5)
Depreciation in the year	(145)	(223)
(Impairments)/Impairment Reversals in the year	(146)	(33)
<b>Balance at 31st March</b>	<b>10,189</b>	<b>14,592</b>

### 31b Capital Adjustment Account

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

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

Capital Adjustment Account	2020/21 £000s	2021/22 £000s
Balance at 1st April	11,808	11,405
Revenue and Capital Receipts used to finance capital		
Revenue Contributions	241	26
Useable Capital Receipts	4,284	1,033
Capital Grants and Contributions	2,606	3,040
Donated Assets	34	-
Losses on Revaluation of assets		
Property, Plant & Equipment	(3,302)	(432)
Write off NBV of disposals (net of Revaluation Reserve)	(2,548)	(68)
Minimum Revenue Provision for repayment of debt	465	483
Depreciation of Property, Plant and Equipment	(606)	(646)
Amortisation of Intangible Assets	(16)	(16)
Impairment of Property, Plant & Equipment assets	(413)	(44)
Revenue Expenditure funded from Capital under statute	(1,148)	(1,330)
<b>Non Empty Homes sub-total</b>	<b>11,405</b>	<b>13,451</b>
<b>Empty Homes</b>		
Balance at 1st April	(531)	(1,017)
Revenue and Capital Receipts used to finance capital		
Revenue Contributions	(553)	-
Useable Capital Receipts	-	-
Minimum Revenue Provision for repayment of debt	-	-
Revenue Expenditure funded from Capital under statute	67	(163)
<b>Empty Homes sub-total</b>	<b>(1,017)</b>	<b>(1,180)</b>
<b>Balance at 31st March</b>	<b>10,388</b>	<b>12,271</b>

# Core Financial Statements

## 31c Deferred Capital Receipts Account

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

Deferred Capital Receipts Account	31 <sup>st</sup> March 2021 £000s	31 <sup>st</sup> March 2022 £000s
<b>East Lancs Empty Homes Scheme Loans</b>		
Balance at 1st April	1,385	1,324
New Deferred Receipts	6	10
Amounts received	(67)	(69)
<b>Balance at 31st March</b>	<b>1,324</b>	<b>1,265</b>

## 31d Collection Fund Adjustment Account

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

Rosendale Borough Council - Collection Fund Adjustment Account	2020/21		2021/22	
	Council Tax	Business Rates	Council Tax	Business Rates
	£000	£000	£000	£000
Accumulated surplus/(deficit) at 1st April	31	390	(101)	(2,813)
Prior year (surplus)/deficit transferred to/from revenue	(69)	(147)	59	2,048
Apportioned Estimated Surplus/(Deficit) for the year	(59)	(2,048)	(65)	(906)
Apportioned Final Surplus/(Deficit) for the year	(4)	(1,008)	90	140
<b>Accumulated Surplus/(Deficit) at 31st March</b>	<b>(101)</b>	<b>(2,813)</b>	<b>(17)</b>	<b>(1,531)</b>

## Note 32 Local Government Pension Scheme – a defined benefit scheme

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

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

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



# Core Financial Statements

## Impact of McCloud judgement

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

## Impact of Covid-19

Since February 2020 there has been substantial volatility in financial markets around the world in relation to the COVID-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in the 2021/22 accounting figures. Over the same period, the market volatility has also extended to corporate bonds, and after an initial spike the yields on AA-rated corporate bonds have reduced from previous levels. As the discount rate for accounting purposes is based on corporate bond yields, this will also impact on accounting liabilities. Finally, there has been an impact on market-implied RPI over the period, although this will in part be related to the consultation on RPI reform and demand for gilts, rather than any fundamental shift in expectations. The actuary considers that it is not possible at this point to draw any meaningful conclusions on the potential impact of COVID-19 on mortality rates going forward, and so it would be inappropriate to make any adjustments to mortality assumptions at this time.

## 32a - Present Net Value of Scheme

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

Present Value of Pension Assets and Liabilities Recognised in the Balance Sheet	2020/21 £000s	2021/22 £000s
Scheme Liabilities at 31 <sup>st</sup> March	(108,200)	(108,435)
Scheme Assets at 31 <sup>st</sup> March	78,052	86,998
<b>Net Scheme Assets/(Liabilities)</b>	<b>(30,148)</b>	<b>(21,437)</b>

During the 2019 Pensions Review the actuaries estimated that the Council could achieve savings of around £150k over the next three years if payments for 2020/21 to 2022/23 were made in advance. The Council agreed and made a payment of £2,594k in April 2020. As at the 31st March 2022 the remaining amount of this prepayment was £900k. Therefore on the Balance Sheet at 31st March 2022 the Scheme Liabilities are calculated as the value of the Pensions Reserve deficit of £21,437k less this advance payment of £900k to give Net Scheme Liabilities of £20,537k as set out in the table below:

Reconciliation of Pensions Reserve to net Pensions Liability	2020/21 £000s	2021/22 £000s
Pension Reserve	(30,148)	(21,437)
Advance Payments		
Future Service Costs	1,411	720
Deficit Payment	353	180
<b>Net Scheme Assets/(Liabilities)</b>	<b>(28,384)</b>	<b>(20,537)</b>

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. The total net liability of £21.4m 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.

# Core Financial Statements

## 32b - Present Value of Scheme Liabilities

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

Scheme Liabilities	2020/21 £000s	2021/22 £000s
Scheme Liabilities as at 1 <sup>st</sup> April	96,693	108,200
Current Service Cost	1,303	1,694
Interest on Pension Liabilities	2,284	2,239
Member Contributions	276	285
Past Service cost/(gain)	-	-
Remeasurement of liabilities	11,002	(523)
Benefits/transfers paid	(3,358)	(3,460)
<b>Scheme Liabilities as at 31<sup>st</sup> March</b>	<b>108,200</b>	<b>108,435</b>

Of the above liabilities there is an unfunded element, for which the value at 31<sup>st</sup> March 2022 was £1,389k (£1,512k at 31<sup>st</sup> March 2021).

## 32c - Present Value of Scheme Assets

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

Scheme Assets	2020/21 £000s	2021/22 £000s
Scheme Assets as at 1 <sup>st</sup> April	72,160	78,052
Interest on plan assets	1,759	1,626
Remeasurement of assets	6,235	9,448
Administration expenses	(25)	(26)
Employer contributions	1,005	1,073
Member contributions	276	285
Benefits/transfers paid	(3,358)	(3,460)
<b>Scheme Assets as at 31<sup>st</sup> March</b>	<b>78,052</b>	<b>86,998</b>

## 32d - Major Categories of Scheme Assets

Scheme Assets	31st March 2021		31st March 2022	
	£000s	%	£000s	%
Equities	-	0.0%	104	0.1%
Bonds	-	0.0%	678	0.8%
Property	1,337	1.5%	1,389	1.6%
Alternatives	74,992	86.2%	82,637	95.0%
Cash & Cash equivalents	1,723	2.0%	2,190	2.5%
<b>Total Scheme Assets</b>	<b>78,052</b>		<b>86,998</b>	

## 32e - Scheme Membership

The membership of the scheme was as follows:-

Scheme Membership	31st March	
	2021	2022
Active Members	162	155
Deferred Members	231	244
Pensioners	416	421
Spouses / dependents	114	107

# Core Financial Statements

## 32f - 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	2020/21 £000s	2021/22 £000s
<b>Comprehensive Income and Expenditure Statement</b>		
Net Costs of Services - Current Service Cost	1,303	1,694
Past Service cost/(gain)	-	-
Financing and Investment Income and Expenditure		
Interest cost	525	613
Expected return on assets in the scheme	(6,235)	(9,448)
Administration expenses	25	26
<b>Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services</b>	<b>(4,382)</b>	<b>(7,115)</b>
<b>Other Comprehensive Income and Expenditure</b>		
Actuarial (gains)/losses	11,002	(523)
<b>Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>6,620</b>	<b>(7,638)</b>
<b>Movement in Reserves Statement</b>		
Reverse net charges for retirement benefits in accordance with the Code	4,382	7,115
<b>Actual charge to the General Fund Balance in the year</b>		
Employer's contributions payable to the scheme	1,005	1,073

## 32g – Re-measurement impacts in the Other Comprehensive Income & Expenditure Statement

Remeasurement Gains/(Losses)	2020/21 £000s	2021/22 £000s
Experience gains/(losses)	(2,162)	294
Gains/(losses) on financial assumptions	13,164	-
Gains/(losses) on demographic assumptions	-	(817)
Remeasurement of Liabilities gains/(losses)	11,002	(523)
<b>Net Actuarial gains/(losses) in current year</b>	<b>11,002</b>	<b>(523)</b>

## 32h – 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)	2020/21		2021/22	
	£000s	%	£000s	%
Actual Return on Plan Assets	7,995	10.2%	11,075	12.7%

# Core Financial Statements

## 32i - Actuarial Assumptions

The Borough Council fund liabilities and assets have been assessed by Mercer Human Resource Consulting, an independent firm of actuaries. The main assumptions used in their calculations at the beginning and end of the year are shown below, with an effective date of 31<sup>st</sup> March 2022.

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

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

Actuarial Assumptions	Beginning of Period %	End of Period %
<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	Retired	Retired
<b>Financial Assumptions</b>		
Rate of CPI inflation	2.70%	3.40%
Rate of increase in salaries	4.20%	4.90%
Rate of increase in pensions	2.80%	3.50%
Discount rate	2.10%	2.80%
<b>Post retirement mortality assumptions</b>		
Non-retired members (retiring in the future in normal health)	S3PA CMI_2018_1.75% (110% M, 94% F)	S3PA CMI_2021_1.75% (110% M, 94% F)
Current pensioners (retired in normal health)	S3PA CMI_2018_1.75% (103% M, 91% F)	S3PA CMI_2021_1.75% (103% M, 91% F)
<b>Life expectancy</b>		
of a male (female) future pensioner aged 65 in 20 yrs	23.9 (26.9) yrs	23.7 (26.8) yrs
of a male (female) current pensioner aged 65	22.4 (25.1) yrs	22.3 (25) 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>		
	£8,410m	£9,605m
Last actuarial valuation 31st March 2019	bid value at 31st March 2021	bid value at 31st January 2022
		£10,504

## 32j – 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 2021	Central Estimates for 2021/22 £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	Sensitivity 5 change in investment returns	
		+1%		-1%			
		£000s	£000s	£000s			
Liabilities	108,435	106,916	109,976	108,537	111,784	108,435	108,435
Assets	(86,998)	(86,998)	(86,998)	(86,998)	(86,998)	(87,862)	(86,134)
Deficit/(Surplus)	21,437	19,918	22,978	21,539	24,786	20,573	22,301
Projected current service cost	1,645	1,603	1,688	1,645	1,698	1,645	1,645
Projected net interest cost	585	562	630	590	681	561	609
Projected Employer contributions	(1,103)	(1,103)	(1,103)	(1,103)	(1,740)	(1,068)	(1,103)

# Core Financial Statements

## 32k – Budgeting figures used in the Assumptions

Budgets used in assumptions for following year	2020/21 £000s	2021/22 £000s
<b>Projected Pension cost next year</b>		
Estimated Pay	4,230	4,355
Service Cost (% of pay)	38.5%	37.2%
Implied Service Cost including interest	1,644	1,645
Net Interest Cost	622	585
Administration Expenses	25	26
	<b>2,291</b>	<b>2,256</b>
<b>Projected employer contributions next year</b>		
Normal contributions	(927)	(956)
£ for £ recharges	(141)	(147)
	<b>(1,068)</b>	<b>(1,103)</b>
<b>Projected deficit/(surplus) for operations next year</b>	1,223	1,153
<b>Projected deficit/(surplus)</b>	30,148	21,437
<b>Projected deficit/(surplus) at end of next year</b>	<b>31,371</b>	<b>22,590</b>

### Note 33 Contingent Assets & Liabilities

#### Contingent Assets

There are no known contingent assets.

#### Contingent Liabilities

There are no known contingent liabilities.

# Core Financial Statements

Note 34 Cash Flow notes

## Note 34a Reconciliation of Revenue Surplus to Net Cash Flow

Reconciliation of I&E Surplus to Net Cash Flow from revenue activities	RBC	
	31st March 2021 £000s	31st March 2022 £000s
<b>Adjustments for non-cash movements</b>		
Depreciation and Impairments	1,310	946
Amortisation of Intangible Assets	16	16
Revaluation losses charged to Revenue	3,302	432
Carrying amount of non-current assets sold	3,073	73
Pension Fund Adjustment	859	1,260
<b>Adjustments between accruals and cash accounting</b>		
(Incr)/Decr in Long Term Debtors	147	50
(Incr)/Decr in Inventories	-	(34)
(Incr)/Decr in Debtors	(2,384)	1,207
Incr/(Decr) in Creditors	5,324	1,882
Less cash (Outflows)/Inflows from agency operations	(1,076)	113
Incr/(Decr) in Grant Receipts in Advance	-	-
Incr/(Decr) in Long-term Provisions	690	(79)
Incr/(Decr) in Pension Fund Prepayment	1,764	(864)
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	<b>13,025</b>	<b>5,002</b>
<b>Adjustments for investing and financing activities</b>		
Additions to PPE & intangible assets	(3,157)	3,998
Proceeds from the sale of PPE	(2,500)	(401)
Other income	(1,508)	(1,822)
<b>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	<b>(7,165)</b>	<b>1,775</b>

## Note 34b Net Change in Liquid Resources

Net change in liquid resources	31 <sup>st</sup> March 2021 £000s	31 <sup>st</sup> March 2022 £000s	Movement £000s
Cash in Hand	1	1	-
Cash at Bank	7,949	11,234	3,285
<b>Net Book Value at 31st March</b>	<b>7,950</b>	<b>11,235</b>	<b>3,285</b>

# Core Financial Statements

## Note 35 Accounting Standards Issued, but not yet adopted

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

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

The 2022/23 Code will introduce the following amendments:

- Amendments to First Time Adoption of International Reporting Standard (IFRS) 1 – amendment relates to foreign operations of acquired subsidiaries
- IAS 37 (Onerous contracts) – this amendment provides clarity on the costs of fulfilling a contract.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – only expected to apply to Local Authorities in limited circumstances

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

## Future Accounting Changes

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

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

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

The implementation of IFRS 16 Leases has been deferred until 1 April 2024. The council is currently reviewing its leases to assess the impact of the change.

## Note 36 Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, 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 still a high degree of uncertainty about future levels of funding for local government. The 2023/24 funding settlement gave indicative amounts for 2024/25. However, there is no indication of funding levels beyond this point.
- Estimates for depreciation of assets in any one year depend upon the forecast life of the assets. The asset life of buildings is determined by a qualified valuer at each revaluation date and in the case of vehicles, equipment and intangible assets by Council staff.
- Estimates for impairment of assets are performed by a qualified valuer at the end of each year to reflect any abnormal changes in property values between full formal reviews within the 5-year rolling revaluation programme.
- Following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2021/22 and earlier financial years. A provision has been calculated based on information provided by Analyse Local who use the latest Valuation Office Agency (VOA) ratings

## Core Financial Statements

list of appeals and an analysis of successful appeals to date. The Council's share of the business rate appeals provisions at 31 March 2022 was £1.67m.

### Note 37 Events after the Balance Sheet date

This DRAFT Statement of Accounts was authorised for release by the Chief Finance Officer on 28<sup>th</sup> September 2023. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31<sup>st</sup> March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### Note 38 Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	The Council's fixed assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institute of Chartered Surveyors (RICS). The Council carries out a rolling programme that ensures all Plant, Property and Equipment required to be measured at fair value is revalued within a five year cycle. All assets reviewed had a valuation date of 1 April 2021. Any material changes after the valuation date have been accounted for.	The Council's property assets that are vulnerable to uncertainty are those valued under Current Value and Fair Value. There is the possibility that these values may change and as an illustration a 1% variation in these valuations could affect the assets values by £341k. The Council will continue to review their current valuation programme and reflect any changes in future valuation reports.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns in pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.  There has been substantial volatility in financial markets since the start of the Covid-19 pandemic. Despite a period of relative stability, recently this volatility has increased again with the situation in	Sensitivity to the factors contributing to this estimate is shown in Note 32. Small changes have major impacts on the pension liability. A 0.1% per annum increase in the discount rate assumption would result in a decrease in the pension liability of £1.5m. A one year addition to the members' life expectancy would result in an increase in the pension liability of £3.3m



## Core Financial Statements

	<p>Ukraine. The impact on asset values is reflected in the accounting figures. Over the same period, the market volatility extended to bonds.</p> <p>As the assumptions for accounting purposes are based on bond yields, this will have an impact on accounting liabilities. An increase in the discount rate assumption from last year and updated mortality rates has led to a decrease in pension liabilities.</p>	
<p>Business Rates - NNDR</p>	<p>Since the introduction of the Business Rates Retention Scheme effective 1 April 2013, Local Authorities are liable for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A provision has been recognised for these liabilities up to and including 31 March 2022. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and with support from LG Futures. The costs will be shared between Central Government, Rosendale Borough Council, Lancashire County Council and Lancashire Combined Fire Authority.</p>	<p>The Council's share of the business rate appeals provision is £1.67m, this has increased by £0.137m from the previous year. The increase is to ensure there is enough funding to cover estimated appeals.</p>

## 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	2020/21		2021/22	
	Council Tax £000	Business Rates £000	Council Tax £000	Business Rates £000
<b>Income</b>				
Council Tax	40,949	-	43,309	-
Non Domestic Rates	-	7,155	-	10,697
<b>Apportionment of Previous Year Deficit</b>				
Central Government		(140)	-	2,809
Rosendale Borough Council	(69)	(147)	58	2,048
Lancashire County Council	(339)	(38)	294	434
Police & Crime Commissioner for Lancashire	(51)	-	44	-
Lancashire Combined Fire Authority	(17)	(4)	15	51
<b>Total Income</b>	<b>40,473</b>	<b>6,826</b>	<b>43,720</b>	<b>16,039</b>
<b>Expenditure</b>				
Precepts paid out				
Central Government		6,118		6,010
Lancashire County Council	28,896	1,101	29,677	1,082
Rosendale Borough Council	5,826	4,894	5,867	4,808
Lancashire Police Authority	4,363	-	4,615	-
Lancashire Fire Authority	1,462	122	1,473	120
<b>Charges to the Collection Fund</b>				
Write off of uncollectable amounts	72	1	155	120
Increase in Bad and Doubtful Debts impairment allowance	770	590	1,368	(87)
Increase in Provision for Appeals		1,981		342
Cost of Collection Allowance		97		96
NNDR Transitional Protection Payments		115		63
Renewable energy		173		175
<b>Total Expenditure</b>	<b>41,389</b>	<b>15,192</b>	<b>43,155</b>	<b>12,729</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(916)</b>	<b>(8,366)</b>	<b>565</b>	<b>3,310</b>
<b>Surplus/(Deficit) Brought Forward</b>	<b>219</b>	<b>605</b>	<b>(697)</b>	<b>(7,761)</b>
<b>Surplus/(Deficit) Carried Forward</b>	<b>(697)</b>	<b>(7,761)</b>	<b>(132)</b>	<b>(4,451)</b>
<i>Allocated to</i>				
Central Government		(3,950)		(2,156)
Lancashire County Council	(494)	(675)	(93)	(424)
Rosendale Borough Council	(101)	(3,060)	(18)	(1,824)
Lancashire Police Authority	(76)	-	(16)	-
Lancashire Fire Authority	(26)	(76)	(5)	(46)
	<b>(697)</b>	<b>(7,761)</b>	<b>(132)</b>	<b>(4,451)</b>

# Collection Fund

## Collection Fund Note 1 Council Tax Base

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

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

The council tax base has been calculated as follows:-

Band	Ratio to Band D	Total No. Properties	Total equiv No. after Discounts & Exemptions	2021/22 Band D Equivalent	2020/21 Band D Equivalent
Special	5/9		54.3	30.1	33.2
A	6/9	16,325	14,118.3	9,412.2	9,350.0
B	7/9	5,060	4,545.0	3,535.0	3,538.1
C	8/9	4,278	3,941.0	3,503.1	3,476.9
D	1	3,403	3,181.5	3,181.5	3,162.5
E	11/9	1,985	1,884.8	2,303.6	2,291.7
F	13/9	692	657.3	949.4	939.6
G	15/9	451	416.0	693.3	685.8
H	2	39	25.8	51.5	54.5
		<b>32,233</b>	<b>28,823.8</b>	<b>23,659.7</b>	<b>23,532.3</b>
Less adjustments for anticipated changes to the base and losses on collection				-3,279.7	-2,897.3
<b>Band D equivalent number of properties</b>				<b>20,380.0</b>	<b>20,635.0</b>

## Collection Fund Note 2 Provision for Rating Appeals

Provision for Rating Appeals	2020/21		2021/22	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
Balance as 1st April	-	1,859	-	3,840
Provision made in year	-	1,981	-	511
Provision utilised in year	-	-	-	(169)
<b>Balance at 31st March</b>	<b>-</b>	<b>3,840</b>	<b>-</b>	<b>4,182</b>
<b>Balance at 31st March - Rosendale only</b>	<b>-</b>	<b>1,536</b>	<b>-</b>	<b>1,673</b>

## Collection Fund Note 3 Provision for Bad Debts

Bad Debts Provision	2020/21		2021/22	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
Balance as 1st April	3,331	1,181	4,101	1,770
Write-offs during year for previous years	(72)	(1)	(155)	(120)
Contribution to provisions during year	842	590	1,523	(87)
Net increase/(decrease) in provision	770	589	1,368	(207)
<b>Balance at 31st March</b>	<b>4,101</b>	<b>1,770</b>	<b>5,469</b>	<b>1,563</b>
<b>Balance at 31st March - Rosendale only</b>	<b>479</b>	<b>661</b>	<b>786</b>	<b>626</b>

# Collection Fund

## Collection Fund Note 4 Arrears

Arrears	2020/21		2021/22	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
Balance as 1st April	5,629	1,506	6,739	1,780
Change in year	1,110	274	361	(203)
<b>Balance at 31st March</b>	<b>6,739</b>	<b>1,780</b>	<b>7,100</b>	<b>1,577</b>
<b>Balance at 31st March - Rossendale only</b>	<b>968</b>	<b>711</b>	<b>1,020</b>	<b>631</b>

## Collection Fund Note 5 RBC's Shares

RBC's Shares	2020/21		2021/22	
	Council Tax £000s	Business Rates £000s	Council Tax £000s	Business Rates £000s
<b>Within Debtors</b>				
Arrears	968	711	1,020	631
Less Provision for Bad Debts	(479)	(661)	(786)	626
	489	50	234	1,257
<b>Within Creditors</b>				
Advance Receipts	(113)	(12)	(95)	(22)
<b>Within Provisions</b>				
Provisions for Rating Appeals	-	1,536	-	1,673

## Collection Fund Note 6 National Non-Domestic Rates (NNDR)

Under the current Business Rate model Rossendale Borough Council retain 40% of the business rates collected locally. Since 1<sup>st</sup> April 2016 Rossendale Borough Council has been a member of the Lancashire Business Rates Pool. The tariff payment into the Pool for 2021/22 was £2,714k (in 2010/21 this was £2,714k).

Non-domestic rates are organized on a national basis. Central Government specifies an amount (51.2p in 2021/22 and 51.2p in 2020/21) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying the rateable value of their property by that amount. The rateable value for business premises in Rossendale increased to £36,175k by March 2022, up from £36,084k in March 2021.

Since 2016/17 Rossendale Borough Council is entitled to keep 100% of the business rates from renewable energy installations. In 2021/22 renewable energy element of the business rates scheme was £175k, compared to £173k in 2020/21.

The net business rates collected within Rossendale in cash terms (before provision for bad debts and appeals) were £10,679k compared with £7,555k in 2020/21. The 2020/21 figure is distorted due to the extended retail relief awarded to support businesses during the Covid19 pandemic, which were held outside the collection fund.

# Collection Fund

## Collection Fund Note 7 Lancashire Business Rates Pool

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

The Lancashire Business Rates Pool, includes most but not all of the local authorities in Lancashire.

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

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

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

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

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

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

# Collection Fund

## Collection Fund Note 8 Council Tax for all Precepting Bodies 2021/22

Precepting Bodies	2020/21	Change	2021/22							
	Band D		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	£		£	£	£	£	£	£	£	£
Rosendale	279.57	1.99%	190.09	221.77	253.45	285.13	348.49	411.85	475.22	570.26
LCC	1,277.69	1.99%	870.36	1,015.43	1,160.49	1,305.55	1,595.67	1,885.80	2,175.91	2,611.10
LCC - Adult Social C	122.63	2.00%	100.43	117.16	133.90	150.64	184.12	217.59	251.07	301.28
Fire	70.86	1.99%	48.18	56.21	64.24	72.27	88.33	104.39	120.45	144.54
Police	211.45	7.09%	150.97	176.13	201.29	226.45	276.77	327.09	377.42	452.90
<b>Total (excl parish)</b>	<b>1,962.20</b>	<b>3.97%</b>	<b>1,360.03</b>	<b>1,586.70</b>	<b>1,813.37</b>	<b>2,040.04</b>	<b>2,493.38</b>	<b>2,946.72</b>	<b>3,400.07</b>	<b>4,080.08</b>
Whitworth Parish	25.81	0.00%	17.21	20.07	22.94	25.81	31.55	37.28	43.02	51.62
<b>Total (incl parish)</b>	<b>1,988.01</b>	<b>3.92%</b>	<b>1,377.24</b>	<b>1,606.77</b>	<b>1,836.31</b>	<b>2,065.85</b>	<b>2,524.93</b>	<b>2,984.00</b>	<b>3,443.09</b>	<b>4,131.70</b>



## Glossary

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

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

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

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

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

**Business Rates** - From the 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.

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



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

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

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

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

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

## Glossary

**Community Assets** - Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

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

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

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

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

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

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

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

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

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

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

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

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

**Governance Framework** - Authorities have a responsibility to ensure that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The governance framework comprises the systems and processes, and culture and values by which the Council is directed and controlled and its activities through which it accounts to and engages with and leads the community. The principles of this framework were laid down by the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.



## Glossary

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

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

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

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

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

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

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

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

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

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

**National non-domestic rates (NNDR)** – NNDR is a tax levied on business properties and sometimes known as Business Rates. This tax is set nationally by the Government. Sums based on rateable values are collected by billing authorities and shared between major preceptors.

**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.



## Glossary

**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 Rosendale Borough Council to collect an amount from each householder within the borough.

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

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

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

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

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

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

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

