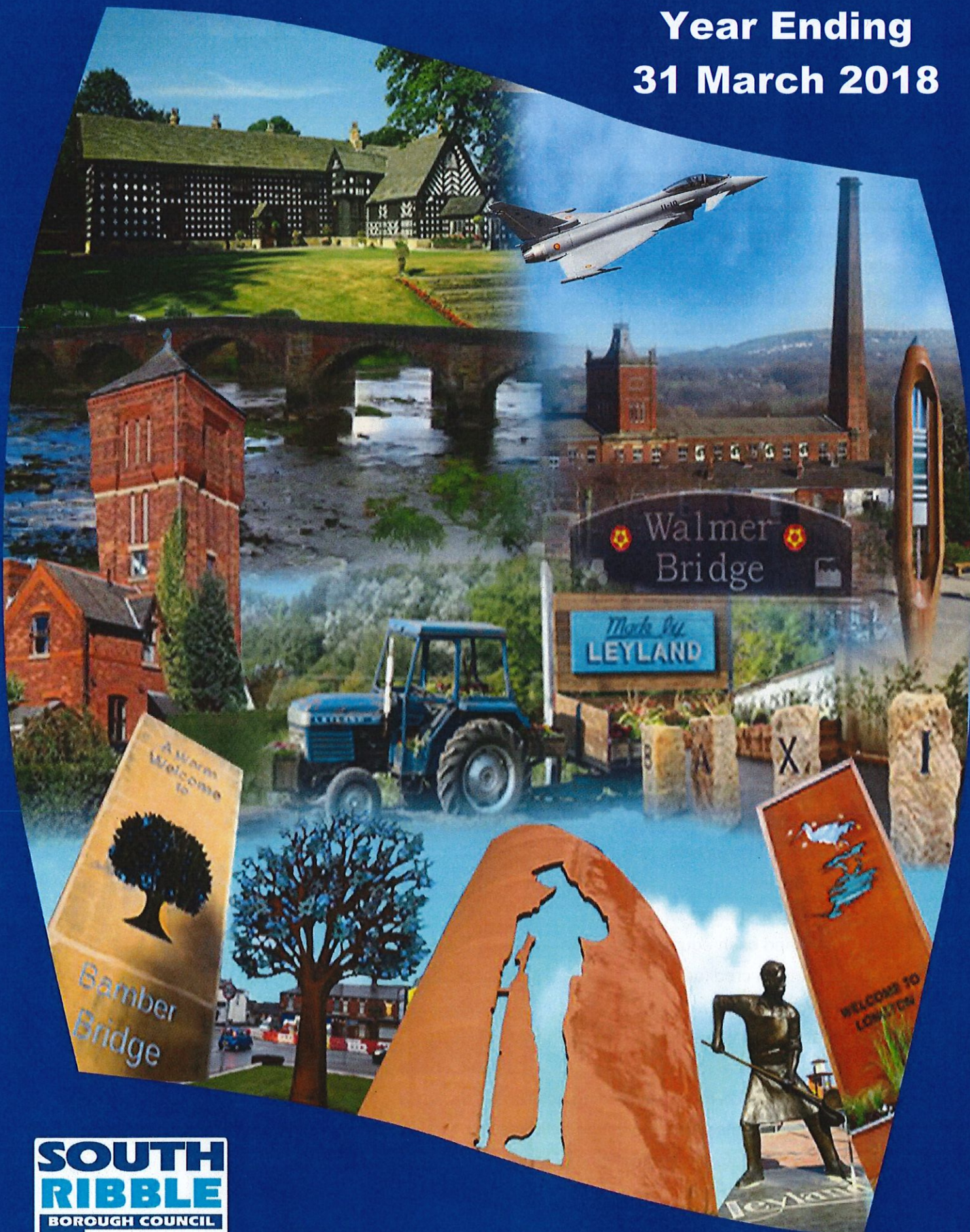


STATEMENT OF ACCOUNTS

Year Ending
31 March 2018



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Narrative Report of the Interim Deputy Chief Executive

Introduction

I am pleased to introduce the Statement of Accounts for the 2017/18 financial year for South Ribble Borough Council. The accounts are produced annually to give electors, local taxpayers, members of the council, employees and other interested parties clear information on the council's finances and the financial outlook for the future.



The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting. The accounts provide all of the financial information for the 2017/18 financial year and there is a narrative that provides a high level overview of the key issues that affect the accounts including information on the council's achievements during the year and a section that looks at the outlook for the future.

I hope you find this report and the Statement of Accounts useful in understanding the Council's financial position and performance for the year. If you would like more information on the accounts, please do not hesitate to get in touch.

I'd also like to thank the hard work and dedication of staff across the whole of the council who have helped towards the production of the Statement of Accounts.

Lisa Kitto FCCA
Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer

Change of S151 Officer

We would ask you to note that no material changes have been made since the draft Statement of Accounts 2017/18 were approved by Governance Committee on 29 May 2018 under the authority of the former Interim Deputy Chief Executive (S151 Officer) and no new matters brought to the Council's attention since that time.

Helen Seechurn CPFA

Signed.....

Position: Interim Deputy Chief Executive (s151) (with effect from 3 July 2018)

Date.....26/7/18.....

South Ribble

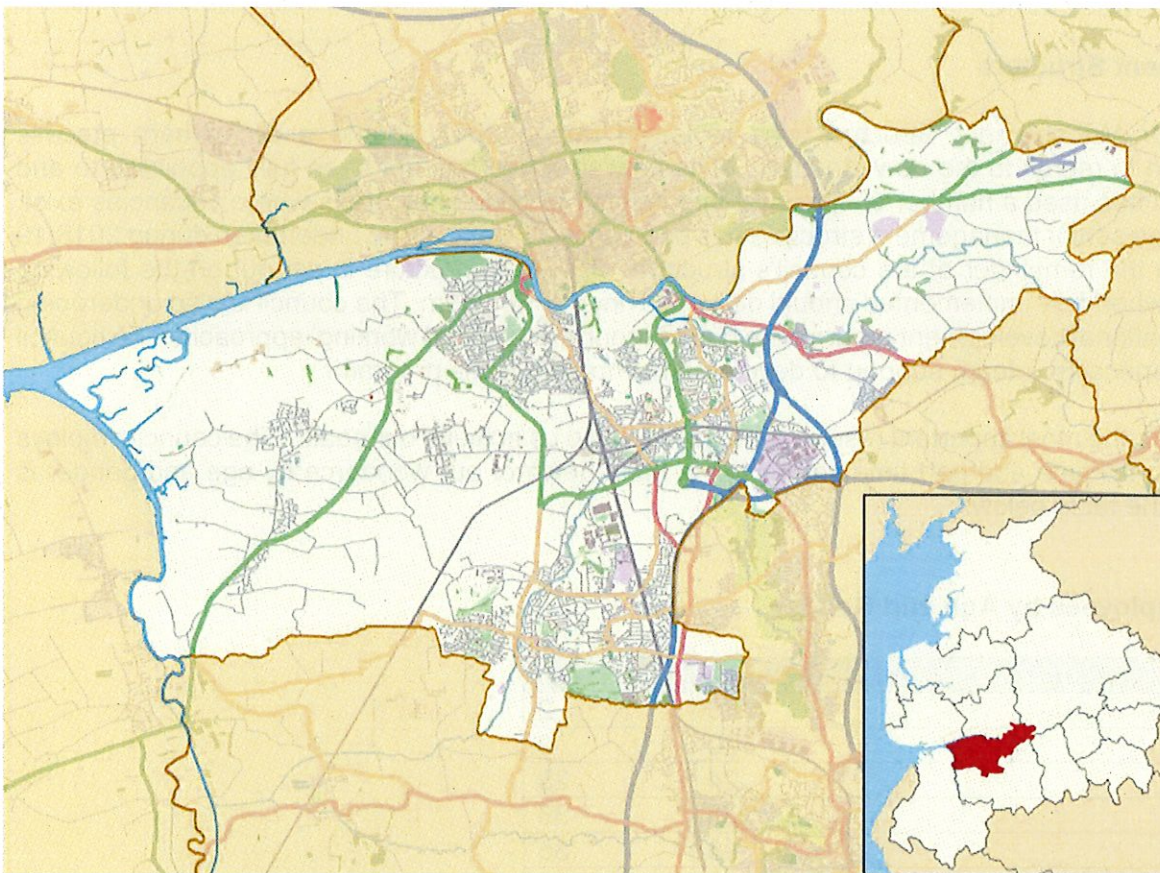
South Ribble Borough is located in Lancashire at the centre of the North West region, situated right on the M61, M6 and M65 motorways with easy access to the West Coast mainline and airports at Manchester and Liverpool with the Borough extending to about 113 km² (approximately 44 square miles). The Borough is on the edge of the West Pennine Moors with beautiful scenery and countryside and is just a short drive from the Lancashire coastline. The Office for National Statistics (ONS) estimated that the total population of the borough was 110,118 in 2016.

The Council is based in the town of Leyland in the south of the borough with other notable population areas being Penwortham, Longton, Hutton, Walton-le-Dale, Bamber Bridge, Lostock Hall, Moss Side and a significant part of Buckshaw Village.

The district was formed on 1st April 1974 under the Local Government Act 1972, from Leyland and Walton-le-Dale urban districts, along with part of Preston Rural District. The borough shares its borders with Chorley, West Lancashire, Blackburn with Darwen, Ribble Valley, Preston and Fylde Councils.

Regeneration, Inward Investment and working with partners to deliver the City Deal agreement are recognised as being very important to the future prosperity of the borough and are key priorities for the Administration. The Council has to provide services such that it meets the needs of its citizens, serving both an urban and rural environment.

Location and map of South Ribble borough



South Ribble Borough Council

South Ribble Borough Council is part of a two tier system in Lancashire that consists of a County Council, two unitary councils and 12 district councils. South Ribble Borough Council works collaboratively with a wide range of partners to deliver its vision of 'Working together to make South Ribble and its communities, great places to live, work, visit and play'. The council is committed to working across organisational boundaries to improve outcomes for local people and communities and to ensure that high-quality services are readily accessible to the people of the borough.

The council has 50 district councillors elected to cover all the electoral wards across the borough. District councillors represent their communities and bring their views into the council's decision making process. Council meetings are publicised on the council's website alongside agendas, reports and minutes. The meetings are open to members of the public to attend bringing decision-making closer to the public.

The political structure of the council in the 2017/18 financial year was as follows, with the Conservative Party forming a majority administration:

Party	No.
Conservative	26
Labour	18
Liberal Democrat	3
Penwortham Independent	1
South Ribble Independent	2
TOTAL	50

Management Structure

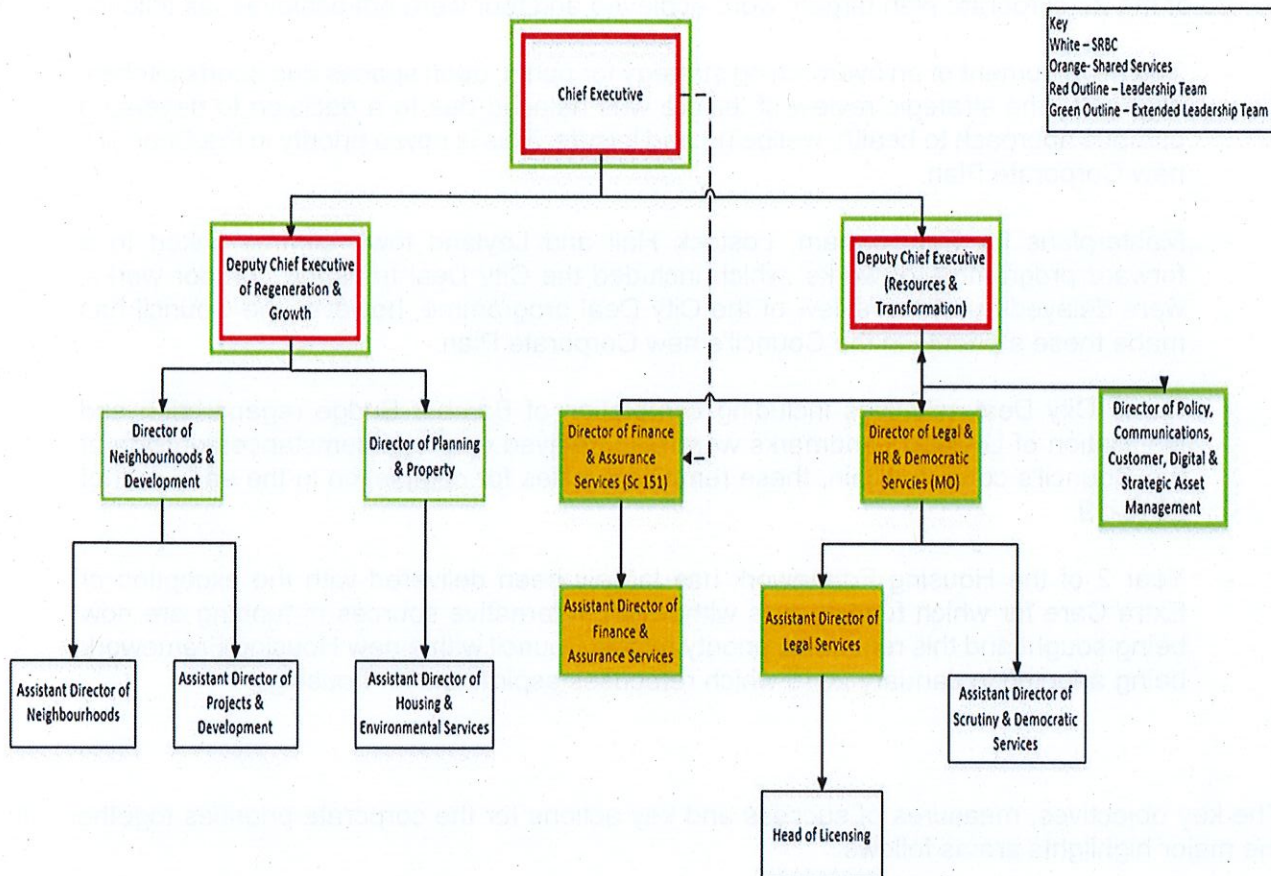
The Senior Management Structure was reviewed during 2017/18 and a recruitment process undertaken to recruit to the new structure. The new structure has not been fully appointed to and the council has used a number of specialist interim staff to bridge key areas where vacancies exist. Now that the senior management structure has been agreed, work will be undertaken during 2018/19 to develop the remainder of the council's structure. The new structure is set out on the following page and when fully implemented should deliver savings of £0.399m. The council is also undergoing an organisational development programme based around a 'blended working' approach. The council has used specialist interim support to develop and implement this program.

Our staff are the most important resource we have to help us achieve our goals. The council employs 283 staff in full time and part time contracts. A breakdown of our workforce by age and gender is set out in the table below:

No. of Employees by Age and Gender.

	Male	Female
Under 20	6	2
20-29	20	9
30-39	24	28
40-49	33	38
50-54	18	35
55-59	28	17
60+	11	14
TOTAL	140	143

Senior Management Structure



Performance in 2017/18

The corporate priorities have been reviewed during the year and a new set of priorities and a new Corporate Plan have been developed for 2018 – 2023.

For 2017/18 however, the council retained its four priorities of:

- Clean, Green and Safe
- Strong and Healthy Communities
- Strong South Ribble in the heart of prosperous Lancashire
- Efficient, effective and exceptional council

The delivery of the Corporate Plan was supported through a series of key projects and service level business improvement plans. In each case, the resources required to deliver the projects and plans were broadly developed through the business planning process, and resources identified during the budget planning process. Performance against the activities identified in the Corporate Plan and a suite of key performance measures to demonstrate impact, have been reported to and considered by the Council's Scrutiny Committee and Cabinet each quarter and an annual report showing the position at the end of the year will be reported to full Council in July.

Headlines:

- ✓ 23 of the 27 corporate plan targets were achieved and four were not achieved, as follows:
 - The development of an overarching strategy for parks, open spaces and sports pitches, aligned to the strategic review of leisure was delayed due to a decision to develop a campus approach to health, wellbeing and leisure. This is now a priority in the Council's new Corporate Plan.
 - Masterplans for Penwortham, Lostock Hall and Leyland town centres linked to a forward programme of works, which included the City Deal transport corridor works, were delayed due to a review of the City Deal programme, however the Council has made these a priority in the Council's new Corporate Plan.
 - Some City Deal initiatives including completion of Bamber Bridge regeneration and installation of Leyland Landmarks were also delayed due to circumstances outside of the Council's control. Again, these remain priorities for completion in the early part of 2018-19.
 - Year 2 of the Housing Framework has largely been delivered with the exception of Extra Care for which funding was withdrawn. Alternative sources of funding are now being sought and this remains a priority for the Council with a new Housing Framework being adopted in January 2018 which refocuses aspirations for housing.

The key objectives, measures of success and key actions for the corporate priorities together with the major highlights are as follows:

Clean, Green and Safe

Key Objectives	Key Success Measures	Key Actions
<ul style="list-style-type: none"> ❖ Continue to work with partners and local communities to maintain safe local environments and maintain high quality public space. ❖ To improve the cleanliness and quality of the Borough's parks and open spaces and to focus on building additional capacity to maintain them through the use of volunteers and other community assets. 	<ul style="list-style-type: none"> More residents satisfied with the cleanliness of the Borough. More residents satisfied with our parks and open spaces. More of the Borough's parks attaining 'Green Flag' standard. More responsibilities for parks devolved to existing 'Friends' groups. Missed domestic waste bin collections to be no more than 50 in 100,000 collections. 	<ul style="list-style-type: none"> To widen the use of technology for neighbourhood and environmental services to speed up our response to customer service requests. Encourage communities to include community clean-ups in their My Neighbourhood Plans. To develop an overarching strategy for parks, open spaces and sports pitches, aligned to the strategic review of leisure. Complete our Central Parks Masterplan and deliver the next phase of St Catherine's Park by 31 March 2018. To deliver against the vision plan for Worden Park.

Corporate Plan highlights:

- ✓ Resident satisfaction higher than national average for cleanliness and parks and open spaces
- ✓ Six Green Flag parks with Worden Park in Leyland retaining its Green Flag for 21 years consecutively, one of only six parks in the country to achieve this.
- ✓ Throughout 2017-18 the waste team have maintained an exceptional standard of only 0.02% missed domestic waste bin collections. Roughly 100,000 bins are collected each week, and on average only 20 bins have been missed each week.
- ✓ Completion of boardwalk decking around Fish Pond area, restoration of historic Vine House within the walled garden, restoration of the Herbaceous Border on Formal Gardens and refurbishment of the Arboretum at Worden Park.
- ✓ Communities continue to be encouraged to hold 'clean-up' events in their local hotspots with the annual Great British Clean Up in March including litter picks across the borough
- ✓ The Central Parks master plan was adopted by the Planning Committee in July 2017 and Phase 2 of St Catherine's Park is substantially complete with a planned grand opening to take place early in the summer of 2018.

Strong and Healthy Communities

Key Objectives	Key Success Measures	Key Actions
<ul style="list-style-type: none"> ❖ Work with partners to improve the health and wellbeing of the residents in the borough. ❖ Strengthen our approach to the safeguarding and protection of children, young people and vulnerable adults. ❖ Stronger, confident and more active communities that are: resilient, looking after themselves and each other. ❖ Adopt an inclusive approach, working with My Neighbourhood Forums, to deliver projects that improve access to community facilities. ❖ Work in partnership with others to provide access to high quality facilities for people to participate in sports and other physical activities to improve and maintain good health. ❖ Support and promote healthy lifestyles and the conditions that people need to be active and well. ❖ Support the most vulnerable people through early intervention and support and become a dementia Friendly borough. ❖ Find solutions to prevent homelessness. 	<p>An improved approach to safeguarding, evidenced by positive feedback to our safeguarding self-assessment from the Lancashire Safeguarding Children Board.</p> <p>More external funding secured to support sport and physical activity.</p> <p>More people using our leisure and sports facilities</p> <p>More residents satisfied with our sports and leisure facilities</p> <p>More participation in programmed school and out of school activities</p> <p>More people prevented from becoming homeless</p>	<p>Complete all the actions in the annual Safeguarding Plan within the agreed timescales.</p> <p>Undertake a strategic review of leisure facilities by 31 March 2018.</p> <p>Determine the process and timescales to undertake a new Open Space, Play, Sports and Recreation Study by 31 March 2018.</p> <p>Develop and deliver programmes of activity which support growth in participation in physical activity and sport, wellbeing and active travel by 31 March 2018.</p> <p>Review our equality objectives by 30 September 2017.</p> <p>Support local communities to develop 'My Neighbourhoods' plans.</p> <p>Work with partners to improve health provision and deliver a Community Masterplan in Leyland as part of the One Public Estate Initiative.</p> <p>Work with partners and have made significant progress to achieve Dementia Friendly Borough status by 31 March 2018.</p> <p>Deliver all the actions in the Homelessness Strategy that are due for completion by March 2018.</p>

Corporate Plan highlights:

- ✓ A clean bill of health for our approach to safeguarding from the Lancashire Safeguarding Children Board
- ✓ More external funding secured to support sport and physical activity
- ✓ More people have used our sports and leisure facilities and more children and young people have participated in programmed activities both in and outside of school
- ✓ More people have been prevented from becoming homeless
- ✓ All actions in our annual safeguarding action plan were completed within the agreed timescales
- ✓ We undertook a tendering process for the 'New Open Space, Play, Sports and Recreation Study and appointed a consultant to take this work forward.
- ✓ South Ribble Community Leisure Trust developed a draft Sport and Physical Activity Strategy, which is currently out for final consultation.
- ✓ We reviewed our Equality Objectives and delivered all the activities in My Neighbourhood Plans for 2017-18

Resident satisfaction with sports and leisure facilities was the only measure in the February 2017 resident survey where satisfaction was below national average. However, in 2017-18, we undertook a strategic review of leisure and have developed proposals for a campus approach to health, wellbeing and leisure which is a priority in the Council's new Corporate Plan.

Strong South Ribble in the heart of a prosperous Lancashire

Key Objectives	Key Success Measures	Key Actions
❖ To create the conditions for economic growth and prosperity in the Borough and work with partners to regenerate the town and village centres of the Borough, improve job prospects, enhance the skills of the workforce and develop the identity of South Ribble.	More residents satisfied with their local area as a place to live.	Complete the masterplans for Penwortham, Lostock Hall and Leyland town centres linked to a forward programme of works for City Deal.
❖ To adopt an entrepreneurial approach to investment, generating long-term income for reinvestment and to provide a more co-ordinated approach to bringing together infrastructure, housing, socio-economic and community based investment within the Borough.	More external funding secured by South Ribble businesses through the Lancashire Growth Hub.	Deliver City Deal initiatives including completion of Bamber Bridge regeneration and installation of Leyland landmarks.
❖ With 'City Deal', seek to optimise inward investment, increasing opportunities for development, delivery and to raise the South Ribble regional and national profile, providing added value to investment activities to enable the Borough to 'punch above its weight'.	Additional commercial floor space added to the business rate register.	Deliver the Walmer Bridge Village centre improvements.
	More new jobs created and reported through City Deal partners.	
	Additional funded skills development (including apprenticeships) reported through City Deal/LEP Skills Hub and other partners.	

Key Objectives	Key Success Measures	Key Actions
<ul style="list-style-type: none"> ❖ To use the Council's assets as a catalyst for providing additional private and public sector investment and for developing strategic partnerships to support wider economic objectives. ❖ Focus on maintaining levels of managed economic growth by facilitating conditions that attract investment and help both indigenous and inward investing businesses to thrive. ❖ Delivery of key employment sites will support an increase in job numbers, skills and business development opportunities, and we will continue to work with partners to maximise external support for business growth. ❖ A balanced, functioning housing market and affordable quality housing is fundamental to our plans and we are working with our partners through 'City Deal' towards achieving this. 	<p>Fewer empty properties as a proportion of the total housing stock in the Borough, as a result of working with partners.</p> <p>More empty properties brought back into use through the direct intervention of the Council.</p>	<p>Work with partners and developers to increase the rate of delivery of new homes by unlocking sites and introducing new methods of delivery.</p> <p>Deliver Year 2 of the South Ribble Housing Framework action plan.</p>

Corporate Plan highlights:

- ✓ More commercial floor space was added to the business rates register which will generate more income
- ✓ Nine empty properties were brought back into use compared to only five the previous year
- ✓ Although there was a slight increase in the number of empty properties as a proportion of the total housing stock in the Borough, performance is significantly better than the national average
- ✓ Resident satisfaction with their local area was higher than national average
- ✓ Work has started on the Cuerden Strategic Site with tree clearing and site preparation well underway. The temporary construction access has also been completed.
- ✓ The year-end housing completions figure has increased from the previous financial year. Work is ongoing with Homes England on accelerated construction and scoping work for the Council's own home build project (a priority in the new Corporate Plan) which is now underway.

Efficient, effective and exceptional council

Key Objectives	Key Success Measures	Key Actions
<ul style="list-style-type: none"> ❖ Developing strategies for investment and an entrepreneurial approach to the way we do business. ❖ Transform services using new technologies, look for more ways to generate income and reduce costs and develop our workforce and the systems and processes we use to deliver services, to improve value for money. ❖ Improve the governance around our decision making. 	<p>Increased use of land and income from existing property assets and investments.</p> <p>More online self-service options available to customers.</p> <p>More residents participate in My Neighbourhood plans and projects.</p> <p>More residents satisfied with the services the Council provides.</p> <p>More staff satisfied with the Council as a place to work.</p> <p>Less staff absence due to sickness.</p> <p>Improved monitoring and more effective and efficient organisational performance and risk management processes in place.</p>	<p>Develop and approve an investment strategy to maximise use of Council assets and generate income by 30 June 2017.</p> <p>Work with partners to consider and develop new business models.</p> <p>Develop a framework to deliver projects in relation to the assets and property portfolio by 30 June 2017.</p> <p>Agree a way forward for the next phase of shared services with neighbouring boroughs by 30 September 2017.</p> <p>Deliver the agreed efficiencies from the 2016/17 budget by 30 June 2017 and from the 2017/18 budget by 31 March 2018.</p> <p>Implement a new organisational development Strategy and action plan and meet all the targets that are due for completion by 31 March 2018.</p> <p>Consult with residents, businesses and other stakeholders to develop and influence priorities for the next 3 years.</p> <p>Meet all the targets in our improvement plan that are due for completion by 31 March 2018.</p> <p>Put in place ICT based systems for more effective monitoring and management of organisational performance and risk by 31 May 2017.</p> <p>Develop systems and processes to improve the way we collect, monitor and use data, research and intelligence to inform decision making and priority setting.</p>

Corporate Plan highlights:

- ✓ Resident satisfaction with Council services was above national average for all services except sports and leisure facilities
- ✓ On-line self-service options continue to be developed as part of the Council's transformation work, making more services accessible to more customers 24/7
- ✓ A new approach to managing and reporting performance and a new system to streamline this was introduced in 2017-18
- ✓ All activities in the Corporate Improvement plan have been delivered and the recent Peer Review re-visit acknowledged the significant amount of progress we have made. Further work is ongoing with the Improvement Reference Group to address remaining challenges.
- ✓ Arrangements are in place to commission an annual residents survey to enable the Council to monitor progress from the baseline in 2017. We are also now using LGInform (a Local Government Association system) to inform decisions and have made ward profiles from this available for all members on Councillor Connect. Data from this system and the 2017 residents

and business surveys were used to develop the Council's new corporate priorities and corporate plan.

- ✓ This year, we have worked with Chorley Council to agree the next stage of shared services and have also worked with a range of partners to develop new business models. This includes working with the Department of Work and Pensions (DWP) to accommodate a move into the Civic Centre in February to facilitate closer working arrangements.
- ✓ The Council has approved an Investment Property Strategy and appointed LSH Investment Management (LSHIM) as professional advisers. As a result, investment opportunities are now being sourced. The DWP has also moved into the Civic Centre and opportunities are being explored with other organisations in relation to other vacant space in the building. In addition, Transformation funding has been approved for improvements to the workshop at the Depot to increase commercial use to generate income and to reduce expenditure on external servicing of council vehicles.
- ✓ The Community Safety Partnership has also been developing new business models to facilitate a more collaborative approach to working with residents, community groups, businesses and other public sector agencies to improve communication, share data and intelligence and co-design services to meet local needs. Specific examples include a new model to address organised crime through disruption activities and the development of an Integrated Early Action Team to work with vulnerable adults and families at an early stage to prevent the need for statutory intervention.

Financial Performance

In 2017/18, the council set an annual budget of £13.482m which included efficiency savings of £0.435m and a budgeted contribution from reserves of £0.300m. At the end of the year, the council had underspent by £0.770m meaning that the £0.300m budgeted contribution from general reserves was not needed and that £0.470m could be added to general reserves. In achieving this position, the council had delivered fully on all of its efficiency targets, had lower than expected expenditure (£0.094m) had generated additional fees and charges income (£0.468m) and secured additional funding (£0.208m). The out turn position will be considered as part of the update of the Council's Medium Term Financial Strategy (MTFS) to ensure that ongoing additional income or reduced expenditure is fully reflected in the strategy.

In 2017/18 the council underwent a major restructuring of its senior management structure. This structure is expected to deliver annual savings of £0.399m once it is fully implemented. To support the council as it undergoes its restructure and transformation and also to support the improvement action plan set out by the LGA, the council has used a number of interim consultant specialists at a cost of £0.546m. These costs were planned and were funded from reserves as well as from vacancies within the council's management structure.

In recent years austerity measures have been implemented by Central Government to reduce overall public sector spending. This has resulted in changes in the way the council is funded and has seen the withdrawal of central government grant and the introduction of business rates locally. The council is part of the Lancashire Business Rate Pooling arrangement which allows increases in business rates to be retained locally but transfers the financial risk of maintaining and growing the tax base to local councils. South Ribble has the challenge of maintaining its funding base whilst delivering high quality services and achieving its key corporate priorities.

In light of this, it is essential that councils monitor their collection rates and raise as much income as possible. Any under recovery of income can have a significant impact on the ability of a council to fund its service delivery. South Ribble continues to perform well in this area with collection rates of 97.5% for council tax and 98.22% for business rates. In 2017/18 there was a reduction in the amount of business rates collected – this however was as a result of the 2017 revaluation exercise for which provision had already been made for a reduction in the income level.

Reserves for the council increased by £0.395m to £18.988m by the end of the financial year of which £5.357m is held in a general reserve. The remaining reserves are earmarked for specific programmes of work or costs that are known to the council. The plans within the council's Medium Term Financial Strategy will see reserves reduce to an estimated £10.178m by the end of the 2020/2021 financial year. The council also took the opportunity during 2017/18 to review its reserves and consolidate in a way that they may better support the corporate priorities. Monitoring of reserves will continue to ensure they remain appropriate and reflect the level of risk that exists around unplanned/unforeseen expenditure or loss of income.

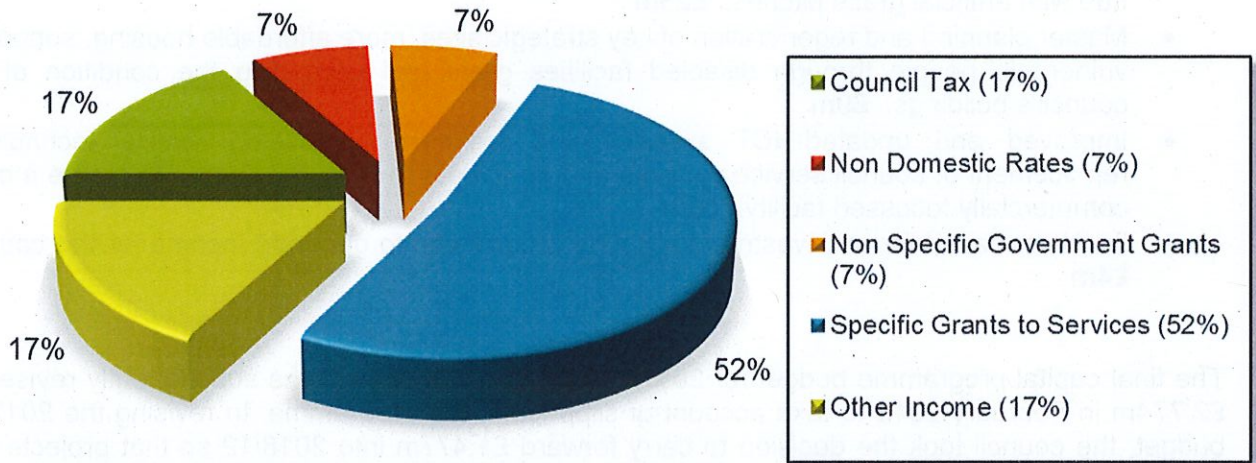
The approved budget and variances for the year are set out in the table below:

Approved 2017/18 Budget

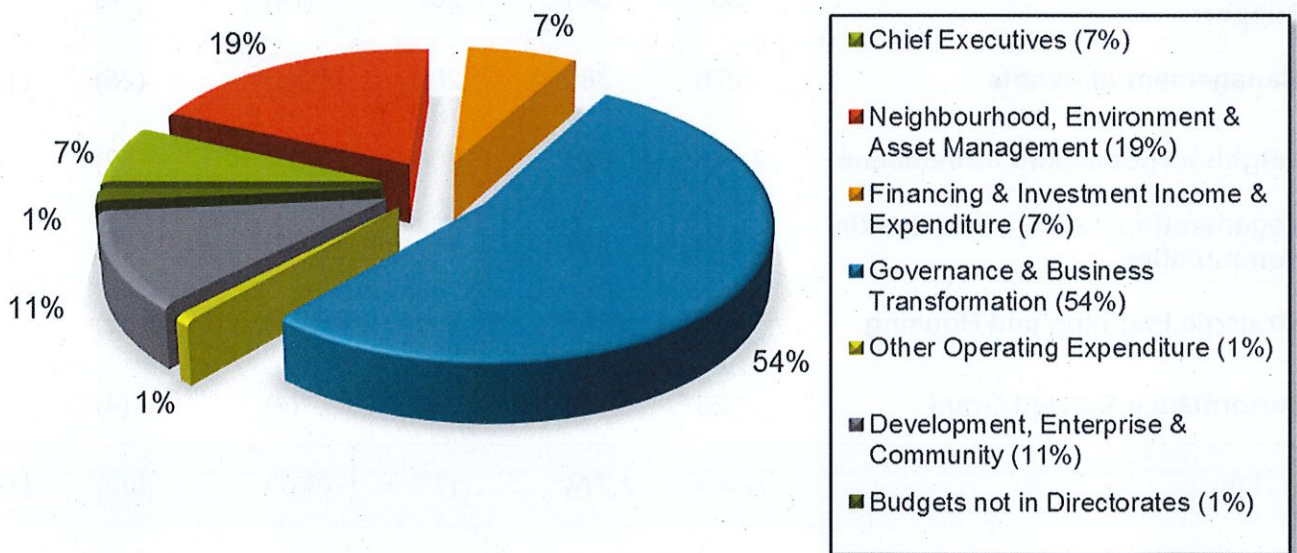
Details	Original Budget £000	Final Outturn £000	Outturn Variances (Under) / Overspend £000
Expenditure			
Employee costs	10,163	10,075	(88)
Premises	1,052	956	(96)
Transport	535	509	(26)
Supplies and Services	6,596	6,778	182
Third Party Payments	338	293	(45)
Transfer Payments	0	(8)	(8)
Capital Charges	1,138	1,125	(13)
Total Expenditure	19,822	19,728	(94)
Total Income	(5,804)	(6,272)	(468)
Housing Benefits (net of subsidy)	(536)	(655)	(119)
TOTAL REVISED BUDGET	13,482	12,801	(681)
Core Funding (Council Tax/ Business Rates/RSG/NHB)	(13,182)	(13,271)	(89)
Revenue Balance	300	(470)	(770)
Contribution to/(from) General Reserve	(300)	470	770

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

Where the money came from



Where the money was spent



Capital Programme

In February 2018, the council approved a 5 year capital strategy of £43m. This programme will deliver a number of key projects to the benefit of the residents of South Ribble:

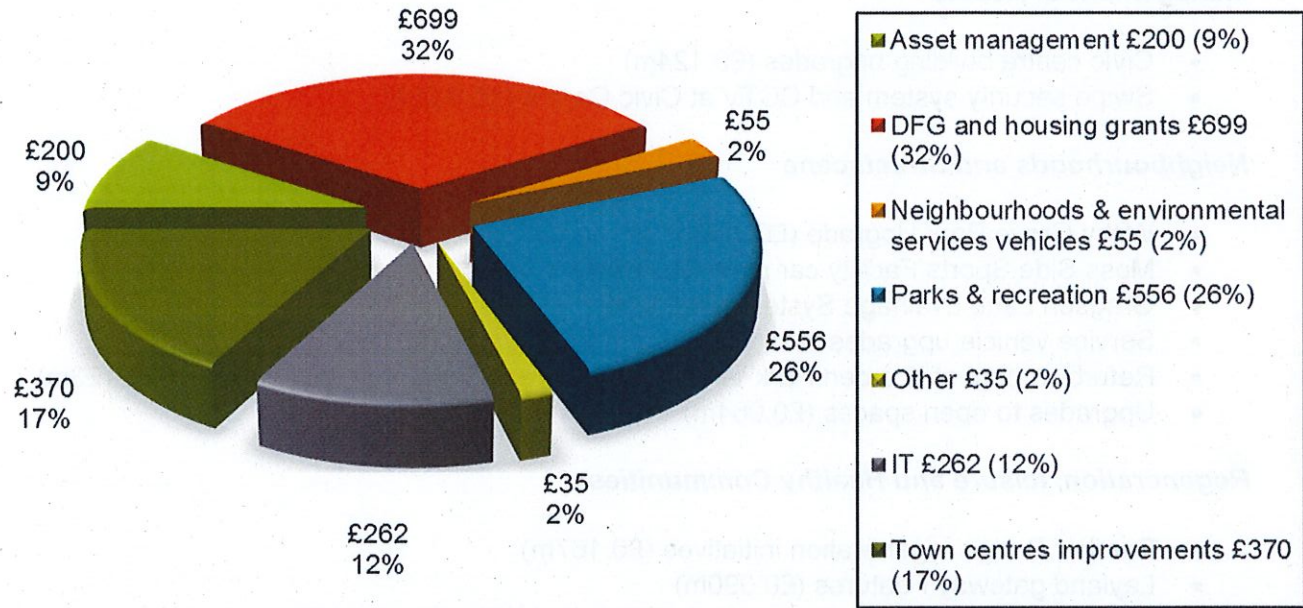
- Health, Leisure and Wellbeing Programme including upgrades to key green infrastructure sites, updating existing leisure assets and facilities, a new leisure facility and a sports pitch hub with artificial grass pitches. **£25m**
- Master planning and regeneration of key strategic sites, more affordable housing, support to vulnerable people through disabled facilities grant and upgrading the condition of the council's buildings. **£9m**
- Improved and updated ICT systems and technology including mobile technology, replacement of council service vehicles and an update to the Civic Centre to create a more commercially focussed facility. **£5m**
- Funds released for an investment property programme to generate income for the council. **£4m**

The final capital programme budget for 2017/18 was £4.404m which was subsequently revised to £2.774m in February 2018 to take account of slippage in the programme. In revising the 2017/18 budget, the council took the decision to carry forward £1.477m into 2018/19 so that projects that were underway could be completed. The carry forward has been reflected in the 2018/19 budget. The position on the 2017/18 capital budget is set out in the following table.

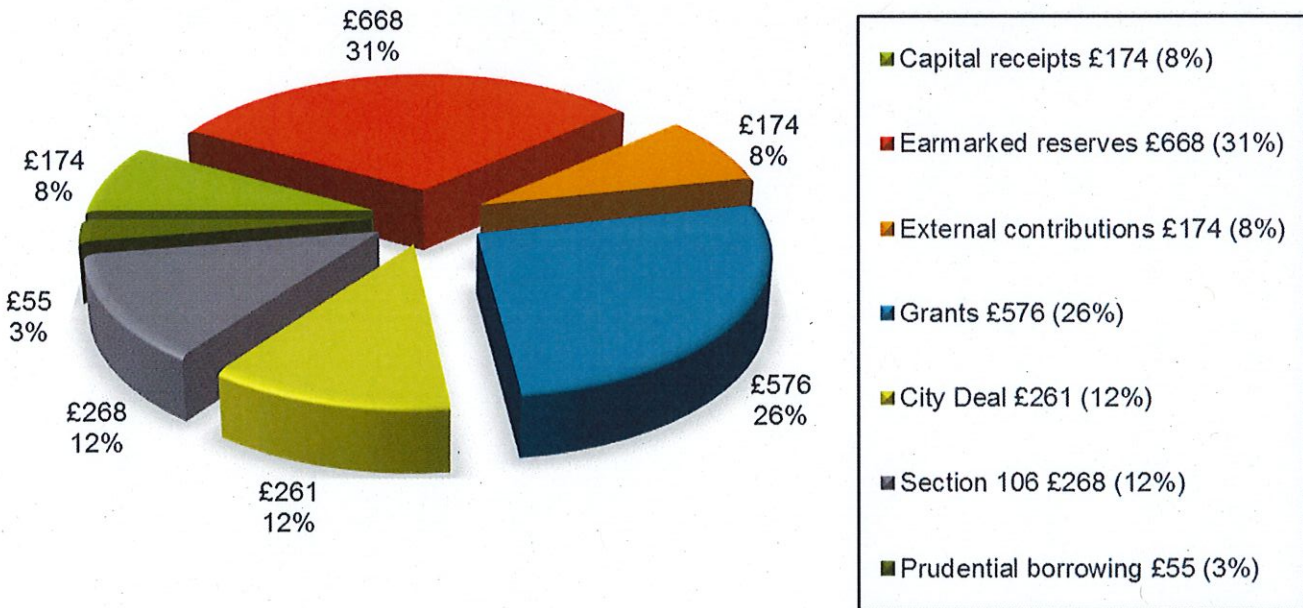
Description	2017/18 Budget £000	2017/18 Revised Budget £000	2017/18 Actual Expenditure £000	Over/ (Under) spend £000	Rephased into 2018-19 £000	Over/ (Under) spend £000
Shared Services and Corporate Support	337	341	267	(74)	(74)	-
Management of Assets	276	382	200	(182)	(25)	(157)
Neighbourhoods and Streetscene	2,173	661	606	(55)	(52)	(3)
Regeneration, Leisure and Healthy Communities	670	439	375	(64)	(15)	(49)
Strategic Planning and Housing	922	923	705	(218)	(232)	14
Performance Related Grant	26	28	24	(4)	(4)	-
TOTAL	4,404	2,774	2,177	(597)	(402)	(195)

As can be seen, the council spent £2.177m against the revised budget of £2.774m representing 78.5% of the available funding. Of this, a further £0.402m has been carried forward into 2018/19 to enable projects to be completed. The remaining £0.195m is an underspend available for future years financing. A summary position of capital expenditure is set out below:

Capital Expenditure £'000



Capital Financing £'000



The significant areas of spend in the 2017/18 capital programme and the major schemes completed are as follows:

Shared Services and Corporate Support

- ICT upgrades and hardware replacement (£0.169m)
- New Committee Management System (£0.023m)
- New Electronic Documents and Records Management System (£0.022m)
- New performance Management System (£0.040m)

Management of Assets

- Civic centre building upgrades (£0.124m)
- Swipe security system and CCTV at Civic Centre (£0.068m)

Neighbourhoods and Streetscene

- Withy Grove Park Upgrade (£0.215m)
- Moss Side Sports Facility car park (£0.099m)
- Gregson Lane Drainage System (£0.032m)
- Service vehicle upgrades and replacement programme (£0.055m)
- Refurbishment of Worden Park Vinehouse and replacement of conservatory (£0.123m)
- Upgrades to open spaces (£0.064m)

Regeneration, leisure and Healthy Communities

- Bamber Bridge regeneration initiatives (£0.167m)
- Leyland gateway Features (£0.090m)
- Walton-le-Dale Community Centre Car Park refurbishment (£0.066m)

Strategic Planning and Housing

- Disabled facilities Grants (£0.532m)
- Private Sector Home improvement Grants (£0.126m)

The Corporate Risk Register

The Corporate Risk Register is in place to identify and manage the risks that could impact on the delivery of the Council's objectives. Monitoring of the Corporate Risk Register is undertaken throughout the year and is reported to Governance Committee. More information on the Corporate Risk Register, and performance against it, can be found in the Year-end Performance Monitoring Report which will be reported to Full Council in July 2018 and which will then be accessible on the Council's website.

The table below sets out the some of the more significant risks facing the council and the mitigating actions that are in place in order to manage the risk.

Corporate Risk Register 2017/18

Risk Description	Inherent Risk Score	Existing Control Measure Description and additional mitigating actions taken in 2017/18	Residual Risk Score
Ageing population leading to health and social care pressures	High	Health and Well-Being Partnership's key work stream is Our Health Our Care Programme (OHOC)	Low
		Staff members have had dementia champion training and they are delivering dementia awareness training to local businesses and community groups	
		Staff hold a café encouraging people suffering from dementia, memory loss and social isolation to attend. Also hold a dementia hub working alongside businesses and organisations providing information to families affected by dementia	
		Strategy and Action Plan produced. Regular meetings with Dementia Action Alliance (DAA) to progress. Living Well Guide launched Sept 17.	
		Masterplan developed. OPE bid successful. OHOC is a continuing programme and SRBC is fully engaged	
Failure of corporate governance leading to external intervention	High	Risk Registers being developed on GRACE risk management system	Low
		Transformation Strategy approved by Cabinet and action plans delivered	
		Cross party Improvement Reference Group with external membership in place	
		AGS Action plan	
		New performance and project management system in place	
		Meet all the targets in our Scrutiny Review of Licensing Action Plan	
		Systems and processes to improve the way we collect, monitor and use data, research and intelligence to inform decision-making and priority setting	
		Meet all the targets in the new Improvement Plan	
Develop systems and processes to improve the way we collect, monitor and use data, research and intelligence to inform decision-making and priority setting			

Risk Description	Inherent Risk Score	Existing Control Measure Description and additional mitigating actions taken in 2017/18	Residual Risk Score
Reduction in Government Grant threatens the financial sustainability of the Council	High	Forecasting the impact of known events allows for financial planning to take place. This includes alternative options and also the incorporation of the use of reserves and judgements on the recommended level of reserve balances	Low
		Varied options with regard to alternative income sources and income generation are considered within the MTFs to address the issue: - BRR growth, income generation schemes, Council Tax Increases, increasing the Council Tax base.	
		Reporting to Budget Holders and SMT, Performance Reporting to cabinet, Budget Monitoring Reports to Governance Committee (and Cabinet in future), Programme Board, External Audit inspection, Scrutiny process.	
		Shared Financial Services staff have access to training to keep up to date with latest financial developments.	
		Implement Strategic Asset Review actions	
		Internal, cross-party asset group to shape and present a new Investment Strategy for implementation and realisation of additional income.	
Fraud & Corruption	High	Current arrangements against the 'Fighting Fraud and Corruption Locally' checklist completed and action plan produced.	Medium
		Policies in place and available to all officers via Connect	
		Periodic training / awareness sessions carried out with officers	
		Update Anti-Fraud and Corruption Strategy Compile Corporate Fraud Risk Register in GRACE	
Homelessness Reduction Bill leading to new duties that we are not resourced to undertake.	High	Homelessness Strategy approved by Cabinet June 2017	Medium
		Training delivered to all those dealing with homelessness	
		New burdens funding is to be made available - this is not known at an LA level as yet	
		Briefings drafted for SMT and Chief Executive	
Failure to recruit and / or retain staff with the skills needed to deliver services and improvement activities recruitment and retention	High	Transformation Strategy approved by Cabinet and action plans delivered	Medium
		Policies including Pay Policy / Recruitment policy	
		Flexi time / free car parking / professional subscriptions etc.	
		Meet all the targets in the Improvement Plan	
		Meet all the targets in the Scrutiny Review of Licensing Action Plan	

Outlook for the Future

All local authorities are facing challenges as a result of changes to the funding from government. In January 2018, the council updated its MTFs so that it reflected the council's new corporate priorities and took account of any changes in funding and expenditure. Gaps between the budget required and likely funding available have been identified and plans have already been developed on how these can be bridged. The MTFs is however kept under constant review in order to take account of changes in demand or funding that may impact on the financial position going forward. Efficiencies that have been developed for 2017/18 will continue into future years and options for the delivery of more efficiency savings in the future are being developed. The council also has robust arrangements in place to ensure that plans for efficiencies are realistic and are delivered. Updates are provided to Cabinet at regular intervals throughout the year. The new corporate plan has been developed to set the strategic projects that need to be delivered. The financial impact of these has been fully reflected in the MTFs and many will use existing reserves. A planned reduction in reserves has been agreed that will see them reduce from £19m to £10m by March 2021. The corporate plan sets the framework for the council in enhancing its service offering and supporting the improvement plan.

The council is embarking on an ambitious strategy to develop key priorities. The strategy will be supported by existing reserves and a borrowing requirement of £18m. The financial impact of this has been reflected in both the revenue and capital forecasts.

Treasury Management

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

The key facts for 2017/18 were:

- Investments were short-term, the maximum period permitted by the Council's Treasury Strategy being one year.
- The average cash balance invested was £36.2m at an average rate of 0.495% and generated £0.2m of interest during the year.
- Prudential Borrowing of £0.055m to finance capital expenditure was from internal cash balances.
- In 2017/18 there have been no repayments in respect of the Heritable investment claim. The balance of the claim remaining to be recovered is still £0.040m. In total, £1.974m of the original £2.000m investment has been recovered. Recovery to date is around 98% of the claim value, which has exceeded expectations.

Pension Fund Liability

The pension fund deficit has reduced by £3.742m, from £36.703m to £32.961m, being the net pension liabilities. This reflects the value of pension liabilities which the Council is required to pay in the future when they fall due, offset by the value of assets invested in the pension fund. In addition, the Council's pension fund has to be revalued every three years to set future contributions into the fund. The latest valuation was in 2016 which reported a funding level of 90%. The Council has a deficit recovery plan in place to reach a 100% funding level by making additional Deficit Recovery Contributions into the fund over the next 16 years.

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

Main Accounting Changes

The new or amended international financial reporting standards or international accounting standards introduced by the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 include:

- Amendments to IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 28 Investments in Associates and Joint Ventures: Investment Entities – Applying the Consolidation Exception (issued on 18 December 2014).

Application of these standards is not expected to have an impact on the Authority's financial statements as local authorities are not 'investment entities' as defined in the standards.

Going Concern

South Ribble Borough Council's MTFs outlines the strategies it will pursue to meet current and future funding shortfalls. The approval of a balanced budget for 2018/19 has already been given and there is no reason to believe that the risks to the approval of the council's budget in future years will not be entirely mitigated through the transformation programme. We have accordingly considered it appropriate to adopt a going concern basis for the preparation of these financial statements.

Further Information

If you would like to receive any further information about these accounts, please do not hesitate to contact South Ribble Borough Council on 01772 421491, by email at info@southribble.gov.uk or by post at the Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH.

Introduction to the Statement of Accounts

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

This Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code), which is based on International Financial reporting Standards.

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

STATEMENTS TO THE ACCOUNTS

- Page 25 **The Independent Auditor's Report** – This gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- Page 28 **The Annual Governance Statement** – The Council is required to conduct an annual review of the effectiveness of its system of corporate governance and to publish a statement on the adequacy of the system with its annual accounts. This statement is referred to as the Annual Governance Statement (AGS). The AGS explains our governance arrangements, the review of the governance framework against the Local Code of Governance and future plans to improve and strengthen the governance environment.
- Page 51 **Statement of Responsibilities for the Statement of Accounts** – This summarises the responsibilities of the Council and the Responsible Financial Officer in relation to the Statement of Accounts.
- Page 52 **Expenditure and Funding Analysis – Note 1 to the Financial Statements** – The Expenditure and Funding Analysis Note shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

CORE FINANCIAL STATEMENTS

The core financial statements consist of the following:

- Page 53 **Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.
- Page 54 **Movement in Reserves Statement** – Levels of reserves, and movements therein, are indicators of the financial strength of the organisation. This statement distinguishes usable from unusable reserves. The distinction is explained in the Balance Sheet comment below.

The Movement in Reserves Statement shows the surplus or deficit arising in the year on the Provision of Service. This is the true economic cost of providing the authority's services (as detailed in the Comprehensive Income and Expenditure Statement). For

the purposes of council tax setting, however, a series of statutory adjustments are then made, resulting in a line entitled "Increase/Decrease in year".

Page 55 **The Balance Sheet** – this shows the value of the assets and liabilities recognised by the authority. The total of these, the Net Assets, is matched by the authority's reserves, as shown in the lower part of the Balance Sheet.

Reserves are categorised into "Usable", i.e. available to fund expenditure or reduce local taxation, and "Unusable". The latter includes the Revaluation Reserve (holding unrealised gains in property values), and other reserves holding amounts arising from differences between the accounting basis used in compiling the Comprehensive Income and Expenditure Statement and statutory basis prescribed for taxation purposes.

Page 56 **Cash Flow Statement** – this shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

Page 57 **Notes to the Main Financial Statements** – these add to and interpret the individual statements.

SUPPLEMENTARY FINANCIAL STATEMENTS

Page 111 **Collection Fund** – this is an agents statement that reflects the statutory obligation for billing authorities to record transactions relating to the collection of Council Tax and Non-Domestic Rates, and their distribution to precepting authorities, the Government, and the Council itself.

Page 112 **Notes to the Collection Fund** – these add to and interpret the Collection Fund statement.

The Independent Auditor's Report

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Annual Governance Statement

1. What we are responsible for

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law, to high standards and that there is a sound system of governance (incorporating the system of internal control). Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility we have put in place proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

In 2017 we approved and adopted a code of corporate governance (referred to as the local code) that is consistent with best practice governance principles for both public services and in particular for local government.

This governance statement explains how we have followed our local code and also met our statutory requirements.

2. Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money. The council has responsibility for ensuring that there is a sound system of governance.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

3. Our Governance Framework

Our Governance Framework which was adopted by full Council at its meeting on the 24th of May 2017 promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council.

The principal elements of our governance arrangements in 2017/18 and our commitment to our local code are described below:

A. Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council's commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Behaving with integrity	<ul style="list-style-type: none"> ✓ The council has a set of Core Values in place which inform everything we do ✓ Our values of Integrity, Positive Attitude, Learning Organisation, Teamwork and Excellence are at the core of our business and they influence everything we do. They demonstrate that we are serious not just about what is achieved but also how business is done ✓ Our Core Values are incorporated into job descriptions for senior managers and embedded into our performance and development process ✓ We have a suite of relevant policies in place – i.e. Whistleblowing policy, Antifraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance, RIPA ✓ Contracts and service specifications for the main partnerships are informed by our values 	<p>Local Code of Governance Transformation Strategy Corporate Plan Performance and Development Review process Suite of policies available through intranet – regularly reviewed, updated. Member and officer protocol</p>
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ✓ We have a robust Members' Code of Conduct in place which has recently been reviewed by our Standards Committee and new in 2017-18 a Member and Officer Protocol ✓ We have a robust Employee Code of Conduct in place ✓ We are committed to raising the profile of our Standards Committee – more regular meetings are now scheduled –the Chair of Standards reports to full Council on a quarterly basis ✓ The Protocol for the Independent Person has been formalised and is included in the Constitution ✓ We have strengthened our standards arrangements by appointing a second Independent Person ✓ We have an Investigation and Hearing policy which sets out how we deal with complaints against Members – this was updated and strengthened this year ✓ We have regular Member learning hours as well as tailored training for members on particular committees ✓ We have a register of interests in place for officers and members to declare interests. Members are advised on an annual basis to review their declaration of interest's forms and interests are published online 	<p>Members Code of Conduct Constitution (Part 5A) Code of Conduct for employees Constitution (Part 5B) Standards Committee Terms of Reference. Independent Person Protocol - Constitution (Part 4J) Member and officer protocol Member learning hours – See 2018 AGS Action 1 Register of interests</p>
Respecting the rule of law	<ul style="list-style-type: none"> ✓ Appointment of statutory officers including; Head of Paid Service, Monitoring Officer and S.151 Officer who fulfil their responsibilities within legislative and regulatory requirements ✓ Compliance with CIPFA's statement on the Role of the Chief Finance Officer in Local Government (2016) ✓ We have an induction programme for new Officers and members ✓ We have Financial Regulations and Contract Procedure Rules in place ✓ Substantial work has been completed on reviewing and updating our Constitution 	<p>Constitution Review of compliance with statement on role of CFO. Financial Regulations and Contract Procedure Rules – See 2018 AGS Actions 2 & 7</p>

B. Good governance means ensuring openness and comprehensive stakeholder engagement

The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
<p>Ensuring openness</p>	<ul style="list-style-type: none"> ✓ Our Local Code of Governance, Constitution and Annual Governance Statement show the Council's commitment to openness ✓ Our Corporate Plan provides a focus, sets out the priority objectives, key targets and supporting improvement actions, the plan is reviewed and updated on an annual basis and is communicated through our website. In 2017-18 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5-year Corporate plan for 2018-23 ✓ Council and Committee agendas and decisions are available to the public through our website except where confidential matters are being disclosed ✓ The culture in the council is that wherever possible all reports should be open to the public; we minimise the number of exempt reports ✓ Wherever possible exempt reports are made public following a six month period upon request ✓ Public participation is encouraged at our council and committee meetings – for example at Planning committee the public have greater rights to speak than is found at many councils ✓ Requirements of the Code of Transparency are being met and in some areas exceeded ✓ The Corporate Plan, financial strategy and governance arrangements are reviewed annually and incorporate the key improvement areas. They ensure that resources are directed towards our priority areas and that our aims are realistic in the context of the funding constraints placed upon us ✓ Scrutiny Committee report to every Council meeting – it meets 6 times a year – Scrutiny Committee have clear terms of reference ✓ Every two years we have an Employee survey (the last in November 2016) and in 2017, we did a comprehensive survey of all members ✓ Staff are consulted on matters through a South Ribble Action Group, CONNECT, and the Extended Leadership Team. In addition there has been extensive consultation with staff as part of the cultural mapping review ✓ The Transformation Strategy and Transformation Programme, progress is reviewed and reported to Cabinet 	<p>Local Code of Governance Constitution Annual Governance Statement Corporate Plan 2018-2023 Compliance with Transparency Code All agendas and minutes are available through the website. Scrutiny Committee Terms of Reference Results of employee survey Results of member survey Results of cultural mapping review – See 2018 AGS Action 10 Transformation Strategy 2017-18 – See 2018 AGS Action 10</p>
<p>Engaging comprehensively with institutional stakeholders</p>	<ul style="list-style-type: none"> ✓ We have a Communications Strategy 2017-19 in place this enables the establishment of communication task and finish groups on an ad-hoc basis when required ✓ There is significant consultation with voluntary, community and faith sector groups via the South Ribble VCFS Network, Neighbourhood Forums and through Partnerships ✓ South Ribble Partnership's Sustainable Community Strategy was refreshed in April 2017 and a new action plan developed for 2017/18 – extensive consultation was carried out with all partners ahead of the refresh. The Strategy is available through South Ribble Partnership website. Council representation on South Ribble Partnership includes the leader (vice chair) and the Chief Executive. All agenda and minutes are distributed to all partners. 	<p>Communications Strategy 2017-19 Customer Feedback Policy Updated Sustainable Community Strategy My Neighbourhood Plans Schedule of Neighbourhood forum meetings (3 per annum)</p>

	<ul style="list-style-type: none"> ✓ The South Ribble Partnership Manager chairs VCFS Project Group, which is made up of the Partnership and South Ribble VCFS Network. The Manager will also be acting as Company Secretary to the Community Interest Company, 'Better Together Partnership' which has been agreed to be established by Partnership members. ✓ Chorley and South Ribble Disability Forum for disabled residents meet quarterly. ✓ Safer Chorley and South Ribble Community Safety Partnership ✓ My Neighbourhoods surveys and My Neighbourhood forums provide opportunities for public involvement, 3 meetings per area are undertaken ✓ Public involvement with any current consultation through website ✓ Collaborative working with a wide range of public sector agencies and businesses to improve outcomes for local people and communities. Key Partnerships support this collaborative working and include; <ul style="list-style-type: none"> • South Ribble Partnership • South Ribble Community Leisure Trust • Central Lancashire Health and Wellbeing Partnership • Lancashire Enterprise Partnership • Preston, South Ribble and Lancashire City Deal • Lancashire County Council ✓ In 2017-18 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5 year Corporate Plan for 2018 – 23. 	
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> ✓ The council uses a range of mechanisms to understand the views and needs of its residents and partners. These include: public meetings, partnerships, multi-agency working, community and voluntary groups ✓ The council is constantly examining its service delivery arrangements based on feedback in order to achieve best value, Improve customer service and take corrective action as necessary ✓ All council/committee agendas, reports and minutes are openly available and can be viewed through the council's website ✓ The council produces an Annual Report which provides a clear and concise summary of the council's activity over the previous year, so that residents can see where money has been spent and what has been achieved ✓ Customer feedback policy was introduced in 2017 and resident satisfaction measures and proxy measures for customer care have been routinely reported to Scrutiny Committee and Cabinet throughout 2017-18 as part of the quarterly performance report. ✓ There is public involvement with any current consultation through the council website 	<p>LGA Customer Survey Customer Feedback Policy Council website – committee reports and minutes Annual report Quarterly performance reports</p>
<p>C. Good governance means defining outcomes in terms of sustainable economic, social and environmental benefits</p>		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Defining outcomes	<ul style="list-style-type: none"> ✓ We have a new Corporate Plan 2018-2023 which has been agreed by Council and reflects the council's priorities. The Plan is aimed at maintaining high resident satisfaction with the council and with the services we provide. It is also aimed at ensuring that the council remains financially self-sufficient with a focus on income generation. Regular reporting of progress towards achievement of the 2017-18 	<p>Corporate Plan 2017-18 Quarterly performance reports Corporate plan 2018-2023 Transformation Strategy 2017-18 Sustainable Community Strategy</p>

	<p>Corporate Plan was made to Scrutiny and Cabinet throughout 2017-18.</p> <ul style="list-style-type: none"> ✓ The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble – they lead and influence the strategic vision of the Partnership ✓ The South Ribble Partnership's Sustainable Community Strategy is aligned with countrywide priorities and the council's Corporate Plan. The priorities of partners are also aligned to this ✓ A medium-term financial strategy is in place which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring ✓ Contract Procedure Rules and the guidance accompanying them contains advice on the social value dimension of procurement – this is backed up by advice from the council's legal and procurement officers ✓ There is an annual review process resulting in a Governance improvement action plan ✓ A cross party improvement reference group has been established ✓ Contracts are in place for our major partnerships covering in particular Waste, Leisure, City Deal, Payroll, Shared Services (with Chorley Borough Council). ✓ Quarterly performance reports are produced and presented to Cabinet and Scrutiny ✓ All identified Internal Audit Management Actions have been implemented 	<p>Medium-Term Financial Strategy CPRs – See 2018 AGS Action 7 AGS action plan Improvement Reference Group – See 2018 AGS Action 11 Quarterly Performance Reports</p>
<p>Sustainable Economic, Social and Environmental Benefits</p>	<ul style="list-style-type: none"> ✓ We have a Transformation Strategy 2017-18 in place and are developing a transformation programme that demonstrates our continued commitment to customer centric service improvement and financial savings ✓ The council sets out the factors it has taken into consideration when making decisions in reports which are available on our website ✓ We have in place a Disaster Recovery Plan, an Emergency Plan and a Business Continuity Plan ✓ There is an annual review process resulting in a Governance improvement action plan ✓ We have a Customer Feedback Policy in place and is available to view on our website. This informs our customers of their right to complain and we monitor the number of complaints within the quarterly performance report considered by Extended Leadership Team and members 	<p>Transformation Strategy and transformation programme Business Continuity Plan and Disaster Recovery Plan AGS action plan Customer Feedback Policy Quarterly Performance Reports</p>
<p>D. Good Governance means determining the interventions necessary to optimise the achievement of the intended outcomes</p>		
<p>The Council's Commitment to Good Governance</p>	<p>How the Council meets these principles</p>	<p>Where you can see Governance in action</p>
<p>Determining interventions</p>	<ul style="list-style-type: none"> ✓ The Council's constitution governs the way we conduct our business and is based on the principles of accountability, transparency, efficiency and openness ✓ The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations ✓ Our delegated decisions are published and are subject to call in ✓ The Monitoring Officer regularly advises on the correct interpretation of the Scheme of Delegation 	<p>Constitution Scheme of delegation, Financial Regulations and CPRs – See 2018 AGS Actions 2 & 7 Scrutiny Committee Terms of Reference IRG- See 2018 AGS Action 11 Record of decisions, supporting materials,</p>

	<ul style="list-style-type: none"> ✓ Scrutiny Committee has a vital role to play in scrutinising and challenging the decisions of cabinet and individual officers ✓ The Scrutiny Committee supports citizens in highlighting community matters by holding public inquiries into matters of local concern ✓ The establishment of a cross party Improvement Reference Group ✓ Minutes of Council and Committee minutes are published and available on the Council's website wherever possible the Monitoring Officer discourages exempt committee reports ✓ Reports set out alternative courses of action (to what is proposed) in all appropriate circumstances 	minutes of meetings are all published on website.
Planning interventions	<ul style="list-style-type: none"> ✓ We have a Corporate Plan 2018-2023 which has been agreed by Council and reflects the council's priorities. The Plan is aimed at maintaining high resident satisfaction with the council and with the services we provide. It is also aimed at ensuring that the council remains financially self-sufficient with a focus on income generation ✓ The council has in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities (in 2017-18 against the 2017-18 Corporate Plan) and this is being reviewed for 2018-19 to align with the new Corporate Plan for 2018-2023.. Reports are compiled quarterly and are submitted to the Leadership Team, Scrutiny Committee and Cabinet. In 2017 the Council invested in a new ICT based projects and management system to enable it to more effectively monitor and manage performance ✓ The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble – they lead and influence the strategic vision of the Partnership. ✓ Codes of Conduct and protocols help to ensure effective communication between members and Officers ✓ We have a Communications Strategy 2017-18 in place this enables the establishment of communication task and finish groups on an ad-hoc basis when required 	<p>Corporate Plan 2017-18 Corporate Plan 2018-2023 Quarterly Performance Report Code of Conduct for elected members Code of Conduct for Officers Member / Officer protocol – See 2018 AGS Action 12 Sustainable Community Strategy Communication Strategy 2017-18</p>
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ✓ We have a Financial Strategy in place backed up with robust budget monitoring and the MTFs Delivery Plan is monitored by both the Council's programme Board and the Improvement Reference Group (which includes members from the LGA) ✓ Contract Procedure Rules and the guidance accompanying them contains advice on the social value dimension of procurement – this is backed up by advice from the council's legal and procurement officers ✓ Budget alignment with key priority areas provides capacity and investment ✓ A new Capital programme and MTFs for 2018-23 is closely aligned to the new Corporate Plan for 2018-23. 	<p>Medium-term Financial Strategy Contract Procedure Rules and Financial Procedures (Constitution) – See 2018 AGS Actions 2 & 7</p>
<p>E. Good governance means developing the council's capacity, including the capability of its leadership and the individuals within it</p>		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action
Developing the organisation's capacity	<ul style="list-style-type: none"> ✓ The Council's Transformation Strategy 2017-18 focuses on building and maintaining leadership and organisational capacity and articulates how we will support staff and members helping them to develop the skills they need for the future. The transformation aims are; 	<p>Transformation Strategy 2017-18 – See 2018 AGS Actions 5 & 10 Strong and effective leadership – See 2018</p>

	<ul style="list-style-type: none"> • To develop and embed an organisational culture that encourages, empowers and recognises ambition and innovation • A highly motivated and flexible workforce • Developing a performance culture • Encouraging and nurturing talent • To reduce the cost of service delivery <ul style="list-style-type: none"> ✓ The council has a strong record of investing in its workforce to develop the culture of the organisation and ensure that current and future strategic priorities are met ✓ Members and officers work in partnership to deliver the priorities, promote our values and work collaboratively across Lancashire ✓ Budget alignment with key priority areas provides capacity and investment. ✓ The Council is committed to increasing its capacity by working in partnership with a wide range of organisations including public, private, voluntary and community groups to build and share resources and deliver locally joined up services ✓ Private sector partnerships provide investment and enhanced customer service for Leisure and Waste services ✓ A long term partnership with Chorley Borough Council to deliver Financial and Assurance services both increases capacity and skills whilst delivering efficiency savings ✓ Our values and integrated approach to financial and risk management are key to sustained progress against priorities ✓ The Corporate Plan is supported by financial, risk and other cross cutting strategies and further deployed through service and individual performance plans to ensure that resources are focused on agreed priorities ✓ Success in leadership and workforce related governance has been recognised in the achievement of Investors in People 	<p>AGS Actions 13, 14, 15, 16 & 17 Shared Services – See 2018 AGS Action 4 Investors in People Medium-Term Financial Strategy Sustainable Community Strategy</p>
<p>Developing the capability of the organisation's leadership and other individuals</p>	<ul style="list-style-type: none"> ✓ The Council Leader and Chief Executive have clearly defined roles and maintain a shared understanding of roles and objectives. ✓ The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations. ✓ The Council maintains a Scheme of Delegation setting out which decisions and powers have been delegated to various Committees and Officers. ✓ Protocols ensure that communication between elected members and officers is both effective and appropriate ✓ The section 151 officer is supported in her role by the shared financial services team – this is a service that we share with Chorley Borough Council ✓ The Monitoring Officer is supported by the council's legal services team ✓ The Chief Executive is the Head of Paid Service – she is supported by the Extended Leadership Team (ELT) ✓ Each Cabinet Member has portfolio responsibilities for leading strategic matters and for championing specific services and initiatives ✓ Council business is conducted in accordance with the Constitution which governs and controls its business responsibilities and activities. ✓ Good practice standards are annually assessed against the CIPFA statements for the roles of the Chief Finance Officer and the Public Sector Internal Audit Standards ✓ The Transformation Strategy 2017-18 incorporates Member Development & identifies the priority areas for officer development. 	<p>Constitution Scheme of delegation, Financial regulations and CPRs – See 2018 AGS Actions 2 & 7 Codes of Conduct; Member / Officer protocols – See 2018 AGS Action 12 Shared Services Role of Monitoring Officer as detailed in the constitution Committee membership – See 2018 AGS Actions 14 & 15 Extended Leadership Team (ELT) – See 2018 AGS Actions 16 & 17 Compliance with CIPFA statement on the roles of CFO Public Sector Internal Audit Standards Transformation Strategy 2017-18 – See 2018 AGS Actions 1 & 3 Performance and Development Reviews Cultural Mapping Review - See 2018 AGS Action 10</p>

	<p>Monitoring is undertaken by the Extended Leadership Team (ELT) and the Scrutiny Committee.</p> <ul style="list-style-type: none"> ✓ Staff are consulted on matters through a South Ribble Action Group, CONNECT (Intranet), the Extended Leadership Team. In addition there has been extensive consultation with staff as part of the cultural mapping review. ✓ All employees have an annual performance and development review to ensure that the organisation has a skilled and trained workforce. The performance and development process evaluates skills, performance and application of the council's values and identifies any areas for development. 	
<p>F. Good governance means managing risks and performance through robust internal control and strong financial management</p>		
<p>The Council's Commitment to Good Governance</p>	<p>How the Council meets these principles</p>	<p>Where you can see Governance in action</p>
<p>Managing Risk</p>	<ul style="list-style-type: none"> ✓ The Council has a comprehensive Risk Management Framework that outlines the responsibilities for risk ✓ The Chief Executive has overall responsibility for risk management; a cabinet member has portfolio responsibility; operationally a Head of Service leads the risk management function and is recognised as the officer champion. Governance, Risk Assessment & Control Evaluation software (GRACE) has been procured which enables continuous risk and control self-assessment by services. Training has been provided to all relevant officers. ✓ The Extended Leadership Team (ELT) functions as the corporate risk management group and annually agrees and prioritises the corporate risk register which is aligned with the corporate plan ✓ Legal and Finance review all Committee reports and delegated decisions ✓ A quarterly review of the Corporate Risk Register is reported to both Scrutiny Committee and Cabinet alongside the quarterly performance reports ✓ The council takes a proactive approach to both prevent and detect fraud and this is supported by the Council's Anti-Fraud & Corruption Strategy, Internal Audit programmes, fraud investigations, participation in National Fraud Initiative exercises, and publication of proven cases. ✓ A Complaints Procedure and a Whistle-Blowing Policy are kept under review, providing the opportunity for the public and employees to raise issues for investigation 	<p>Risk Management Framework Constitution GRACE Corporate Risk Register Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016-2019 – See 2018 AGS Action 8 Customer Feedback Policy Whistle-Blowing Policy</p>
<p>Managing Performance</p>	<ul style="list-style-type: none"> ✓ The council has in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities. Reports are compiled quarterly and are submitted to the Leadership Team, Scrutiny Committee and Cabinet ✓ We have introduced a projects and performance management system which will be used to monitor and manage the delivery of service plans and all corporate plan projects and for reporting progress to members ✓ The council has a variety of control mechanisms to ensure compliance with legal requirements, public law and Council policy. These include the roles of the Monitoring Officer; the Chief Financial Officer (Section 151); the assurance work undertaken by both External and Internal Audit; and the Council's committee reporting system 	<p>Quarterly Performance Report Role of Monitoring Officer as detailed in Constitution. Role of S.151 Officer as detailed in Constitution Internal Audit Plan Governance Committee Terms of Reference - See 2018 AGS Action 6.</p>

	<ul style="list-style-type: none"> ✓ The Monitoring Officer is responsible for keeping abreast of all legal requirements and informing relevant officers ✓ The Governance Committee is responsible for reviewing and challenging the adequacy of the council's governance arrangements. It closely monitors progress on control matters including improvement plans, external and internal audit programmes and reports, risk management, budget and financial investment reports 	
Effective overview and scrutiny	<ul style="list-style-type: none"> ✓ Cabinet is supported and challenged by the Scrutiny Committee which plays an active role in scrutinising decisions, monitoring performance, shaping policies and strategies and reviewing the effectiveness of partnerships and external organisations. The agenda, reports and minutes are publicly available on the Council's website 	Scrutiny Terms of Reference and workplan
Robust Internal Control	<ul style="list-style-type: none"> ✓ The council maintains a robust Internal Audit service, which annually provides an independent and objective opinion on the internal control environment, verifies compliance with policies, laws and regulations, evaluates and makes recommendations to improve the effectiveness of risk management, value for money and governance processes ✓ The Audit Plan is compiled following consultation with Directors and Heads of Service ✓ We have a suite of relevant policies in place – i.e. Whistleblowing policy, Anti-fraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance ✓ The Head of Shared Assurance Services is a member of the Extended Leadership Team and reports directly to Governance Committee and provides an assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control within the Annual Governance Statement (AGS) 	Audit Plan, Audit Charter Constitution Anti-fraud and corruption strategy - See 2018 AGS Action 8 AGS process – See 2018 AGS Action 6
Managing Data	<ul style="list-style-type: none"> ✓ The council has a suite of policies in place dealing with the issue of data management – safe collection, storage, use and sharing of data ✓ Compliance with the Data Protection Act 1998 ✓ Compliance with the Freedom of Information Act 2000 ✓ Compliance with the Transparency Code 2015 	IT Strategy Information Security Policy Records Management Guidance Compliance with DPA and FOI Acceptable Use Policy – See 2018 AGS Action 9
Strong Public Financial Management	<ul style="list-style-type: none"> ✓ A medium-term financial strategy is in place which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring ✓ Financial regulations and CPRs are detailed within the constitution ✓ Legal and Finance review all Committee reports and delegated decisions 	Medium-Term Financial Strategy Financial Regs. And CPRs – See 2018 AGS Actions 2 & 7
G. Good governance means implementing good practices in transparency, reporting and audit to deliver effective accountability		
The Council's Commitment to Good Governance	How the Council meets these principles	Where you can see Governance in action

<p>Implementing good practice in transparency</p>	<ul style="list-style-type: none"> ✓ The Transparency Code has been complied with ✓ The council maintains a user friendly and up to date Website. Information on expenditure, performance and decision making is published and can be accessed quickly and easily. ✓ The Corporate Plan is approved by full Council and communicated via our Website ✓ The Corporate Plan is communicated to employees via Connect and Team Brief ✓ The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble ✓ My Neighbourhood forums are a key opportunity to communicate directly with the local community 	<p>Local Government Transparency Code 2014 Southribble.gov.uk website Southribblepartnership.org.uk website Schedule of Neighbourhood forum meetings (3 per annum)</p>
<p>Implementing good practices in reporting</p>	<ul style="list-style-type: none"> ✓ The Corporate Plan and Annual Report are published on the Council's website and show detailed progress towards its vision and priorities ✓ Annual financial statements are reported and published on the Council's website ✓ Assessment of the Council's governance arrangements and the production and publication of An Annual Governance Statement including an action plan identifying the governance challenges it needs to address in the next financial year. 	<p>Corporate Plan and Annual report Annual Financial Statement Annual Governance Statement</p>
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> ✓ The Council were subject to a Corporate Peer challenge in March 2017, the findings from which were used in 2017 to inform further improvement work. A re-visit took place in late January and early February. Overall the Peer Review Team found that the Council has made progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this is still in the early stages. Crucially, resident satisfaction and trust in the council remains high and South Ribble continues to be a good place to live with good core council services. There was some evidence that political leadership was improving for example, in developing the vision and corporate plan and improved governance processes. There has been considerable member engagement in developing a new vision and Corporate Plan for the borough and this is well supported across the council. Importantly, the council is now perceived by a number of partners as beginning to be more 'outward focused' which is crucial if ambitions for wider economic growth are to be achieved. The Council remains committed to tackling a number of remaining challenges and continues to work closely with LGA colleagues in the Improvement Reference Group to this end. This Group meets monthly and has meetings scheduled to the end of 2018. ✓ All recommended corrective action by either External or Internal Audit is implemented. Assurance reports are presented to Governance Committee summarising the Council's performance in implementing recommendations. ✓ Assessment of the Council's governance arrangements as part of the AGS process ✓ Public Sector Internal Audit Standards (PSIS) set out the standards for internal audit and have been adopted by the Council. 	<p>Peer review findings and improvement plan and Report from 2018 re-visit. AGS All recommendations are tracked through Internal Audit follow up processes and progress reported to Governance Committee – See 2018 AGS Action 6. An internal review of compliance with the standards was undertaken in 2017 and reported to Governance Committee.</p>

4. Our Commitment to Excellence

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

The following aspects are highlighted for assurance purposes:

MANAGEMENT RESTRUCTURE

In July 2017 a new Chief Executive commenced work in the council.

Throughout the year 2017/2018 the council had robust management controls in place. The management of the council was carried out by a combination of permanent members of the then Senior Management and Core Managers teams and senior specialist support (please see below). The specific Section 151 Officer responsibilities were carried out by members of the Shared Financial Services Team. In particular we had an interim Section 151 Officer throughout that period and additionally a Deputy Section 151 officer from July onwards.

However, it was widely recognised that there was a need for a fundamental management restructure. There were a number of reasons for this. There is a strong growth agenda that the council needs to be able to deliver on as effectively as possible. Further a change in the cultural ethos of the council is also considered to be desirable. A restructure as an enabler of the transformation agenda was another factor. The need for a management restructure was shared by the Peer Review Team when they visited the Council in March 2017.

Various reports were taken to Full Council for approval. Full Council required more information and clarification about various elements of the proposed restructure including those specific proposals relating to the Section 151 and Monitoring Officer roles. At its meeting on the 21st of March 2018, Full Council approved all elements of the structure.

Some appointments have now been made to this new structure namely:

- Director of Planning and Property
- Director of Neighbourhoods and Development
- Assistant Director of Neighbourhoods
- Assistant Director of Scrutiny and Democratic Services

The intention is to appoint to a number of other posts within the near future.

Our previous arrangements with a Senior Management Team have been replaced with a larger Extended Leadership Team (ELT) which is the main officer decision making body for the council and a smaller strategic Leadership team which takes an overview prior to items coming before ELT.

INTERIM MANAGEMENT ARRANGEMENTS

1. Specialist Support

As is referred to above the council has now agreed a new management structure. It is fair to say though that the year of 2017/2018 was a period of transition. In this period of change it was necessary to call upon senior specialist support.

We have had an officer in place for the last 12 month period providing senior specialist support for developing and driving forward with the new Corporate Plan. She also was actively involved in the improvement work following the Peer Review and developing a more robust approach to project and performance management. By way of an update her contract with the Council came to an end in June 2018.

Up until December 2017 we also had an officer in place providing senior specialist support in the governance area. One of her key responsibilities was to lead the work relating to the updating of our Constitution.

We also have had senior specialist support in the field of business transformation and developing key strategic projects. These projects have including working on our health, wellbeing and leisure campus project and our Investment Strategy.

We also have had (and continue to have) senior specialist support in the field of organisational development. She is the key officer for the development of the "South Ribble Way" – the development of a new, blended, and more agile way of working.

2. Temporary appointments

More recently (end of March 2018) we appointed on a temporary basis a Deputy Chief Executive (Resources and Transformation). It was that officer's role – amongst other things - to fulfil the section 151 officer role. By way of an update and for the sake of clarity this officer departed from the council's employment at the end of June 2018 and a new officer was appointed to the same role on a temporary basis. When there is an appointment to the Director of Finance and Assurance post then that post will fulfil the section 151 officer role.

GENERAL TRANSFORMATION AGENDA

The Council had an ambitious Transformation Strategy in place during this period. A one-year strategy was agreed out of which the actions have been achieved. More work to develop this further in line with the Corporate Plan will take place during the next 12 months.

The focus is on building and maintaining leadership and organisational capacity. The strategy articulates how we will support staff and members helping them to develop the skills they need for the future.

The transformation aims are:

- To develop and embed an organizational culture that encourages, empowers and recognises ambition and innovation
- A highly motivated and flexible workforce
- Developing a performance culture
- Encouraging and nurturing talent
- To reduce the cost of service delivery

LATEST PEER REVIEW ASSESSMENT

On the 31st of January and 1st of February 2018 an LGA Corporate Peer Challenge follow up visit took place – the original Peer Review challenge had taken place in March 2017.

Overall the Peer Team found that the Council has made progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this is still in the early stages. Crucially, resident satisfaction and trust in the council remains high and South Ribble continues be a good place to live with good core council services.

There was some evidence that political leadership was improving for example, in developing the vision and corporate plan and improved governance processes. There has been considerable

member engagement in developing a new vision and Corporate Plan for the borough and this is well supported across the council. Importantly, the council is now perceived by a number of partners as beginning to be more 'outward focused' which is crucial if ambitions for wider economic growth are to be achieved.

The Council remains committed to tackling a number of remaining challenges and continues to work closely with LGA colleagues in the **Improvement Reference Group** to this end.

PROGRESS AGAINST ACTION PLAN 2017/2018

In Appendix B to this report is set out a detailed record of the progress we have made against last year's Action Plan. Although this plan was highly ambitious nevertheless we have made great progress against it. Of 41 individual actions 34 have been completed in full whilst good progress has been made against the remainder.

CULTURAL MAPPING

South Ribble Borough Council and North West Employers have worked together to establish a cultural baseline, that is an understanding of where the organisation is now and how it can build on existing initiatives and be purposeful in developing its culture and engaging the workforce into the future. This piece delivered a quantitative baseline score for where the Council is as at March 2018, and tells the story around where the organisation has been and where it is now structured around our ambitions to transition from a transactional to a transformational, innovative and inspirational place.

CORPORATE PLAN

The Council hasn't reviewed its corporate priorities for many years, and in 2017-18 wanted to ensure full stakeholder engagement in developing a new vision and priorities for the next 5-years.

Work on this started in February 2017, with the first comprehensive residents' survey the Council had undertaken for many years. Over the summer of 2017, elected members, partners and businesses were also engaged in the development of priorities and the outcome of this work was used by the Cabinet to develop a new Vision and priorities and a new Corporate Plan for the next 5-years. The draft vision and priorities were shared with the wider council membership in November 2017 and the outcome of this further engagement was used to finalise a new corporate plan.

Residents, businesses and partners were consulted on the draft plan during January and it was considered by the Council's Scrutiny Committee on 8th February, the Cabinet on 14th February and submitted to Full Council for approval on 28th February alongside a new Medium-Term Financial Strategy for the same period.

PERFORMANCE MANAGEMENT

In 2017-18, the Council developed a more robust approach to managing performance with the introduction of a suite of KPIs in a performance scorecard reported to Leadership Team and members on a quarterly basis. This also incorporated progress reports against corporate plan projects and an overview of risk.

The Council also procured a new ICT based project and performance management system (InPhase) for the more effective and robust monitoring and management of performance data and this is in the process of being rolled out across the organisation. The system captures all projects and key performance measures and enables task owners and measure owners to input data and project updates directly into the system. The system then produces reports showing progress and allows for drilling down for more detail and commentary. It also sends reminders for updates thereby significantly reducing the amount of time spent on requesting updates and chasing for data.

A new suite of KPIs aligned to the new Corporate Plan is being rolled out for 2018-19. These will be reported quarterly to ELT and members in accordance with the Council's performance management framework.

Performance of corporate projects has been managed by the Council's Officer led Programme Board, which meets monthly and is chaired by the Chief Executive. A new project management framework linked to the new InPhase system is under development and will be rolled out early in 2018-19. The Programme Board's approach to working has accordingly recently been reviewed to align with the new framework. In 2018-19, all corporate projects have a designated Senior Responsible Officer (SRO) and Project Manager and Programme Board will consist of all SROs and will be chaired by a Deputy Chief Executive. The new InPhase system will be used to report progress to the Board.

FURTHER ASSURANCE

Strong Internal Audit and Risk Management disciplines are embedded and the Shared Assurance Service maintains excellent working relationships with Senior Management, the Governance Committee and the Council's External Auditors to provide an integrated approach to the provision of assurance within the Council. The Internal Audit Service has recently undertaken a peer review by the Audit Managers of two Lancashire authorities and this determined that the Service was fully compliant with the Public Sector Internal Auditing Standards.

The Public Sector Internal Audit Standards also require the Head of Shared Assurance to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance.

Control – The Internal Audit Service provides an independent opinion on the adequacy of the internal control system. All recommendations for improvement are agreed with Senior Management and overall progress is reported to the Governance Committee. No Internal Audit reports with a limited assurance controls assurance rating were issued during 2017/18.

Risk Management – the Council's arrangements were further strengthened during 2017/18 by the continued development of the GRACE risk management system. Extensive officer training was supplemented by Member Learning Hours covering the Corporate Risk Register and the revised Risk Management Framework which was approved by the Governance Committee in April.

Governance – a range of actions have been taken during 2017/18 to strengthen the Council's governance arrangements (see Section 5 below). The Annual Governance Statement Action Plan shown at Appendix C includes details of actions to further strengthen Council's governance arrangements. The 2018 AGS has been produced following a rigorous assessment process, both internal and external and it is therefore the opinion of the Head of Shared Assurance that once the remaining improvement actions are implemented the Council's system of corporate governance will incorporate the very highest standards of practice.

Head of Shared Assurance – the arrangements in the council relating to the role of the Head of Shared Assurance conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

Head of Paid Service – the council has effective arrangements in place for the discharge of the Head of Paid Service role. The role is fulfilled by the Chief Executive.

External Audit – all efforts are made by the council to ensure that support, information and responses are provided to external auditors on a timely basis. The council is fully committed to properly considering any findings and recommendations from External Audit.

Section 151 Officer Comments – It is the opinion of the Section 151 Officer that the council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Everything possible has been done to make our Medium Term Financial Strategy (MTFS) as robust as possible and to ensure there is a clear link between the financial and corporate strategies. It is clearly imperative that the council should monitor performance against the MTFS targets on a regular basis and do everything feasible to ensure full delivery and implementation, in particular the delivery of efficiencies. This is monitored closely through the regular monitoring reports that are reported to Governance Committee and Cabinet and on a monthly basis to budget holders. The council's capital programme has been set to reflect the council's ambitions set out in the corporate plan and incorporates new developments including the Health and Wellbeing campus and a Property Investment Strategy. The funding has been aligned in such a way as to facilitate successful delivery of key projects and programmes.

Partnership working – the council has shared services arrangements in place with Chorley borough council. These arrangements relate to financial services and assurance. These arrangements are well established – they were established in 2008 by way of a detailed collaboration agreement between the councils. As part of the governance around such arrangements the councils have a shared services joint committee. In March 2018 the council voted to extend shared service arrangements to legal services and human resources. Apart from shared services the council has some key partnership/contractual arrangements in a number of other areas most notably leisure and waste. Detailed contractual arrangements are in place in these areas.

Members play an active role in promoting and strengthening our governance and risk management arrangements. This is demonstrated particularly by the Governance, Standards and Scrutiny Committees and the Shared Services Joint Committee.

The Governance Committee has enhanced member oversight and scrutiny of the Council's business controls. The Governance committee undertakes all of the core functions of an audit committee as identified in the relevant CIPFA guidance. The committee is supported by Extended Leadership Team and both contribute to the continuous improvement and strengthening of the governance environment. In 2017/18 the committee has received regular reports on governance, finance and risk. Of particular note it is continuing to carry out a major review of our Constitution. In addition Governance Committee has, amongst other things, considered reports on:

- Investment Property Strategy
- Member Officer Protocol
- Minutes Protocol
- Confidentiality Arrangements
- Counter Fraud and Corruption Strategy
- Social Media Protocol
- Corporate Risk Register
- Budget Management
- Treasury Management Activity
- The work of Internal Audit
- The work of External Audit
- The Capital programme
- City Deal
- Local Code of Governance update

The Joint Committee monitors service performance of the Shared Assurance and Finance Partnership between South Ribble Borough and Chorley Borough Councils, and is a good example of our effective governance of partnerships. In 2017/18 the committee monitored the continuous improvement plans that are aimed at strengthening the financial management and assurance arrangements for both councils.

In 2017/18 the Standards Committee continued to promote high ethical standards. Standards Committee now has a higher profile and it has met on a regular basis. Of particular note is that we reviewed our Hearing and Investigation Procedure for dealing with complaints. As part of this process we have introduced a new practice whereby the Monitoring Officer now has the ability to refer complex or sensitive complaints to an Initial assessment hearing Panel of three members. We have used this process in a small number of cases throughout the year and it has worked well. Other work carried out by the Standards Committee has included:

- Finalising work on a social media protocol
- Considering an annual report on Standards and its subsequent referral to Full Council
- Considering confidentiality arrangements
- Updating the protocol on the Independent Person (in part to reflect that we now have two Independent Persons)
- Responding to important consultation on the Disqualification criteria for Councillors and a Review of the Ethical (Standards) arrangements in place in local government

The Scrutiny Committee continues to provide a high degree of challenge and holds a central role in monitoring Council performance through quarterly progress reports of the corporate plan. Scrutiny has held individual Cabinet Members to account for their portfolio and monitored performance of the Council's key partnerships. Topics have included safeguarding, the future use of Worden Hall, senior management re-structure, licensing function and corporate planning. The Scrutiny Committee has carried in-depth reviews of staff morale as part of the Council's South Ribble Way organisational development programme and plans for the commercialisation of the Business & Conference Centre (formerly the Banqueting Suite). There was one call-in of a Cabinet decision during the year around dog control orders, which made recommendations for improved consultation and decision-making processes. The Committee also monitored progress with the Council's corporate improvement plan.

The Council has been recognised as an Investor in People for some twelve years, achieving Gold status in March 2015. We are in the process of seeking re-accreditation.

The Commission for Local Administration in England (the Ombudsman) deals with complaints from members of the public about the Council. They look into a complaint once the complainant has exhausted a council's internal complaints procedure. If the Ombudsman finds that a council has dealt with a particular individual in an inappropriate way then it may make a finding of maladministration against a council. Generally speaking the council does not have a high volume of Ombudsman complaints to deal with. In the year 1 April 2017 to 31st of March 2018 council records show that there were 10 complaints in respect of which decisions were made (one of these complaints had been made in the previous 12 month period but was only resolved in the 2017/2018 period). In 4 of these cases the Ombudsman chose not to investigate. In 3 of these cases the complaint was referred back to the council as the council's internal complaints process had not been exhausted. In 2 of these cases there was a finding of no fault. In one case (relating to Council Tax) there was a finding of fault – this resulted in an apology and the payment of compensation of £200.

The Council has appropriate policy and arrangements in place for governing how it uses its powers under the Regulation of Investigatory Powers Act 2000. During the period 31st of March 2017 to 1st of April 2018 there was no necessity to make use of these powers.

One of the challenges of the year has been preparing for the imminent introduction of the General Data Protection Regulation (GDPR). This constitutes a major update of data protection legislation. Considerable work has been carried out to ensure maximum readiness for when the new rules come into force on the 25th of May.

Despite such challenging times the Council is committed to continuous improvement of its governance arrangements and to the delivery of excellent customer service and to this end the Standards Committee and the role of the Monitoring Officer has been enhanced by the appointment of an additional Independent Person who supports the work of the Monitoring Officer and the Committee.

5. Enhancing our Governance Arrangements

The following actions emanating from the 2017 Annual Governance Statement have now been fully implemented:

- **Customer Care/Complaints** – a review of access channels and CRM solution has been undertaken and a Customer Feedback Strategy has been implemented;
- **Transparency** – a review of compliance with the Transparency Act 2014 has been undertaken and areas of non-compliance have been actioned;
- **Member and Officer Development** – the diagnostic undertaken by the Centre for Public Scrutiny and the LGA Corporate Peer Challenge has informed a programme of support for members. The Transformation Strategy addresses more general member training and development. A programme of training has been provided for members of the Licensing Committee;
- **Ethical Governance** – a Member / Officer relations protocol has been developed and implemented;
- **Management Structure** – a new Chief Executive has been appointed and a new senior management structure approved by Council;
- **Our People** – an employee survey has been undertaken and the results have been used to inform the development of the Transformation Strategy;
- **Strong and Effective Political Leadership** - a cross party Improvement Reference Group has been established, this group meets monthly and has meetings scheduled until the end of 2018;
- **Strong and Effective Managerial Leadership** – workshops for officers on working in a challenging political environment have been held and a Leadership Development Programme has been developed and is to be delivered as part of the Transformational Strategy;
- **New Borough and Council Vision and priorities and new Corporate Plan for 2018-21** – new Corporate Plan for 2018-21 has been approved;
- **MTFS to be delivered** – budget and implementation plan has been monitored by the Council's Programme Board and the Improvement Reference Group, monitoring and reporting arrangements are operational;
- **Business Transformation targets in MTFS achieved** – a Transformation Strategy has been approved and a Transformation Programme developed and resources to deliver identified, all projects have commenced.

The remaining actions are all in progress and have therefore been carried forward to the 2018 Annual Governance Statement Action Plan.

An up to date evaluation of the Council's corporate governance framework has also recently been undertaken and the following reviews have identified further actions to improve the Council's corporate governance arrangements.

- Assessment against the revised Local Code of Governance;
- Completion of Management Assurance Statements by all senior managers;
- Review of compliance with the Chartered Institute of Public Finance and Accountancy standards for the Chief Financial Officer and the Head of Internal Audit;
- Emerging national issues identified in the Grant Thornton update reports;
- LGA Corporate Peer Challenge revisit;
- External review of compliance with Public Sector Internal Audit Standards.

6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. As part of that process the council will monitor implementation of all actions set out in our Action Plan.

Councillor Mary Green

Heather McManus MRICS

Leader of the Council

Chief Executive

Date:

On behalf of the Members and Senior Officers of South Ribble Borough Council.

ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2017
(APPENDIX B)

Themes	Recommended Improvements	Actions Taken & In Progress As At March 2018	Status
1. Member & Officer Development	To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	Training has been provided as follows: - 1-2-1 budget holder sessions - New Cabinet Portfolio Holder for Finance. - Cross Party Budget Working Group established to raise awareness of the budget process and the budget challenges going forward.	Complete
		Budget member learning hours are being set up for all members to attend	C/FWD to 2018
2. Customer Care	To update the Customer Charter to incorporate all channels of communication and to review target response timescales.	Review of existing access channels & external review of CRM solution including market analysis of current CRM market.	Complete
		Promotion of channel shift and impact evaluation completed.	Complete
3. Customer Complaints	To implement an electronic complaint reporting system.	New Customer Feedback Strategy has been approved.	Complete
		Implementation complete.	Complete
4. Transparency	To ensure full compliance with the revised requirements of the Transparency Code.	A review of compliance has been carried out.	Complete
		A couple of areas of improvement were identified and have been completed	Complete
5. Constitution	To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose	Both Member and Officer Working Groups have been established to review the Constitution.	Complete
		Work to review the Constitution including the Financial Regulations is on-going.	C/FWD to 2018
6. Member & Officer Development	Member and officer training and development be re-prioritised and extended to include training on roles and responsibilities, council structure, governance arrangements and constitution. The clear distinction between the Cabinet, quasi-judicial and other committees such as licensing is to be emphasised.	The diagnostic undertaken by the Centre for Public Scrutiny and the recent LGA Corporate Peer Challenge has informed a programme of support for members and the development of a new Member and Officer Protocol which was approved at Full Council in March 2018. Details of member support are shown in the Council's new Improvement Plan. The new Transformation Strategy approved by Cabinet on 27th July includes a number of actions to address more general member training and development. A programme of training has been provided for members of the Licensing Committee.	Complete
7. Ethical Governance	Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.	Terms of Reference have been reviewed and work programmes are in place. Lead officers have been identified for each of these committees.	Complete
		Further training for members and officers is to be identified and undertaken.	C/FWD to 2018
8. Ethical Governance	A Member / Officer relations protocol is developed and political awareness training is provided to Members and Officers.	Political awareness workshops for officers were held in July. A consultant was appointed by the LGA to work with officers and members to develop a member / officer protocol.	Complete
		A number of focus groups with members and officers to inform this were held in October before the protocol was taken through the formal governance route for approval / formal adoption.	Complete

Themes	Recommended Improvements	Actions Taken & In Progress As At March 2018	Status
9. Group Leaders	The political group leaders' work together to stabilise and strengthen the Council's political leadership.	The actions in the new Improvement Plan developed to address the recommendations of the recent LGA Corporate Peer Challenge addressed this.	Complete
10. Ethical Governance	That the conduct of the five Members of Cabinet involved in taking unconstitutional decisions be referred to the Monitoring Officer for formal consideration as to whether any breach of the members Code of Conduct has taken place.	Referral to Standards Committee complete – and process has now been completed	Complete
11. Management Structure	The senior management structure is reviewed as a matter of urgency to ensure it is fit for purpose and that senior managers have the necessary skills, qualifications and experience to undertake those roles.	Appointment of new Chief Executive was approved by Council.	Complete
		A new senior management structure was approved by Council in November 2017.	Complete
12. Review of Services	The role, capability and capacity of the in-house legal and democratic services team and that of Shared Financial Services be reviewed to ensure they provide proactive advice to Members and Officers to ensure compliance with the constitution and governance frameworks.	Review of Democratic Services has been completed and recommendations have been implemented. A new Committee management system was procured and went live in September 2017.	Complete
		This will be implemented alongside the review of the Council's structure and review of shared services. Review of Legal Services will be addressed as part of the review of the council's organisational structure. A review of Shared Financial Services is currently being planned by Chorley and South Ribble councils.	C/FWD to 2018
13. Review of Disciplinary Matters	A review of the way in which the Council has dealt with the disciplinary arrangements be carried out once they are completed.	A review of disciplinary matters conducted by LGA (see IRG Action plan).	Complete
		HR policies are to be reviewed as a key action in the new Transformation Strategy approved by the Cabinet on 27th July 2017. These policies will be reviewed as shared services are rolled out.	C/FWD to 2018
14. Our People	The Council's Our People Plan be completely refreshed to support our employees and improve employee morale	An employee survey has been undertaken and the results have been used to inform the development of a new Transformation Strategy which was approved by Cabinet on 27th July and which has superseded the Our People Plan.	Complete
15. Strong and effective political leadership	Undertake Staff and member survey and delivery of the MTFs work programme (i.e. all decisions made on target), outcomes of member 360 degree appraisal	Cross party Improvement Reference Group with external membership has been in place since May 2017 and has meetings scheduled to the end of 2018. Externally facilitated workshops for all members to share the Cabinet's vision and to inform the development of the new Corporate Plan took place in July and November 2017. Chief Exec. is working with LGA Labour Peer and Leader of the opposition to develop more effective working relationships with the Opposition. Cabinet has made effective use of cross party working on key strategic issues.	Complete
		Externally facilitated workshops with the leading political group, the opposition group, Cabinet and Cabinet/SMT took place in 2017.	Complete

Themes	Recommended Improvements	Actions Taken & In Progress As At March 2018	Status
		Scrutiny Committee developed a work programme for more involvement on key strategic issues.	Complete
		Member survey undertaken in September 2017.	Complete
		A desktop review of alternative models for Governance Committee has been carried out. More work in this regard will be carried out in the context of the CIPFA guidance document (2018 edition) on audit committees and ultimately this review will be considered by the Improvement Reference Group.	C/FWD to 2018
16.Strong and effective managerial leadership	Undertake Staff and member survey: outcomes of managers' 360 degree appraisals	Two workshops for officers on working in a challenging political environment were held in 2017.	Complete
		SMT/Core Managers' Away days (on-going). Develop a Leadership Development Programme for senior and middle managers (to be delivered as part of the Council's new Transformation Strategy). SMT Away Days, SMT Work Programme, review arrangements for joint working between SMT and Core Managers (on-going).	Complete
17.New Borough and Council Vision and priorities and new Corporate Plan for 2018-21	Members and Staff to understand and own the vision and priorities and to understand how they contribute to success.	Cabinet to propose new council Vision for consultation with other members and other stakeholders (completed).	Complete
		Key words of the Peer Review Team to be built into the Council's values and culture (to be developed as part of the Transformation Strategy action plan approved by the Cabinet in July).	Complete
18.MTFS to be delivered	MTFS targets to be achieved	17-18 budget and 17-18 implementation plan was monitored by the Council's Programme Board and the Improvement Reference Group.	Complete
		Monitoring and reporting arrangements operational	Complete
19.Business transformation targets in MTFS achieved	Savings and income generation targets to be achieved	Transformation Strategy approved by Cabinet in July.	Complete
		Transformation Programme developed and resources to deliver identified (on-going). All projects started.	Complete
20.Compliance with Contract Procedure Rules (CPRs)	To further embed procurement policies and procedures, and to strengthen the current CPRs.	Governance Committee Constitutional Task Group to review CPRs	Complete
		Amend CPRs to contain instructions for whenever there is a change in responsible officer mid-contract	Complete
		Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer Communicate agreed changes to CPRs to relevant officers and members	C/FWD to 2018
		Internal Audit to review compliance with CPRs in future AGS reviews	Complete

For the sake of clarity the intention is that all actions set out in this Action Plan will be completed by the end of March 2019.

Themes	Recommended Improvements	Proposed Actions	Source
1. Member & Officer Development	To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	A review of core finance activities are in place and an approach will be developed in the first quarter of the year. From this, training will be designed and developed and specifically tailored to meet specific needs, i.e. general budget and finance overview, budget monitoring etc. A programme of work will be communicated to staff and members. Member learning hours will also be used to provide training on specific issues as they arise during the year.	B/FWD from 2017
2. Constitution	To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose	The review of the constitution will be finalised and will incorporate new financial regulations that support the new organisation structure.	B/FWD from 2017
3. Ethical Governance	Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.	Further training for members and officers is to be identified and undertaken.	B/FWD from 2017
4. Review of Services	The role, capability and capacity of the in-house legal and democratic services team and that of Shared Financial Services be reviewed to ensure they provide proactive advice to Members and Officers to ensure compliance with the constitution and governance frameworks.	A review of the shared service arrangement will be conducted during the 2018/19 financial year.	B/FWD from 2017 / Peer Review re-visit
5. Review of HR Policies	Undertake a review of the HR policies.	HR policies are to be reviewed as a key action in the new Transformation Strategy approved by the Cabinet on 27 th July 2017. These policies will be reviewed as shared services are rolled out.	B/FWD from 2017
6. Strong and effective political leadership	Review alternative models for Governance Committee.	Discuss outcome of the desktop review at the meeting of the Improvement Reference Group in May 2017 and develop an action plan to complete the review and to implement the recommendations.	B/FWD from 2017 / Peer Review re-visit
7. Compliance with Contract Procedure Rules (CPRs)	To further embed procurement policies and procedures, and to strengthen the current CPRs.	Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer Communicate agreed changes to CPRs to relevant officers and members	B/FWD from 2017
		Implement a simple central corporate contract management system to help prevent and mitigate the risk of lost contract documents, missed review and notice deadlines, loss of knowledge and information due to staff changes etc.	Spend Analysis
		ELT include provision on their agenda plan for a quarterly review of (1) the Procurement Plan referencing a forward look of not less than 12 months (2) the Contracts Transparency register.	Spend Analysis
		ELT review / implement a list of Authorised Officers including the extent of their delegated authority and applicable financial thresholds and ensure that this	Spend Analysis

Themes	Recommended Improvements	Proposed Actions	Source
		is appropriately communicated to the officers concerned as required by CPR 5.1	
8. Fraud	Increased fraud awareness.	Fraud awareness training to be delivered to all relevant officers using MILO e-learning modules.	Service Assurance Statements
9. Data Management	Compliance with General Data Protection Regulations (GDPR)	Compliance delivery action plan in place, to be overseen by programme board and report into Inphase.	Corp Assess
10. Communication	To improve internal communication and clarity with staff about the vision and next steps for transformation	This will be addressed as part of our new Transformation and Organisational Strategy	Peer Review re-visit & Corp. Assess
11. Strong and effective political leadership	To renew the focus of and commitment to the Improvement Reference Group (IRG)	Review the way the IRG works to maximise the impact of the collective expertise of the Group	Peer Review re-visit & Corp. Assess
12. Strong and effective political leadership	To resolve the ongoing political tensions. For example through robust implementation of the new officer/member protocol.	Protocol to be signed by all members and relevant officers. Impact of the protocol to be monitored by ELT through the quarterly performance report Joint Cabinet / Shadow Cabinet meetings to be held quarterly to review impact of the Protocol Member development programme to be developed and implemented.	Peer Review re-visit
13. Strong and effective leadership	Align political and officer processes to ensure decisions are implemented with no last minute changes	IRG to jointly develop an agreed approach to how much and when information is shared between political groups to ensure that all members have the information they need to make decisions in a timely way	Peer Review re-visit
14. Strong and effective leadership	Support and develop the new Cabinet to be appointed in May 2018	The development and training needs of the new Cabinet to be identified and delivered on	Chief Executive
15. Strong and effective leadership	Greater support to the shadow Cabinet	Shadow Cabinet to be provided with briefings on all Cabinet reports (once published)	Chief Executive
16. Management Structure	Implement the new senior management structure	Fully implement the management structure approved by Full Council.	Peer Review re-visit
17. Leadership development	Develop the leadership potential of the new senior team to take forward the place, strategic finance and transformation agendas	To develop a leadership development programme for the senior management team to ensure that senior managers have the necessary skills to take forward the transformation agendas	Peer Review re-visit

Statement of Responsibilities

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

The Council's Responsibilities

The Council shall:

- Make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Interim Chief Financial Officer's Responsibilities

The Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code).

In preparing this Statement of Accounts, She has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Complied with the local authority Code;
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Further Information

Further information about the accounts is available from the Shared Financial Services Team, Civic Centre, West Paddock, Leyland, Lancashire, PR25 1DH

Certification

I certify that the Statement of Accounts gives a true and fair view of the financial position of South Ribble Borough Council as at 31 March 2018 and its Income and Expenditure for the year ended 31 March 2018.

Lisa Kitto FCCA

Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer

Date 24 May 2018

Change of s151 Officer



Helen Seechurn CPFA

Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer (with effect from 3 July 2018)

Date 26 July 2018

Expenditure and Funding Analysis – Note 1 to the Financial Statements

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis Note, which is a note to the core financial statements, shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES). More information on the adjustments between expenditure charged to the General Fund and the CIES is provided in notes 8 and 10.

2016/17				2017/18		
Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000		Net Expenditure chargeable to the General Fund Balance £'000	Adjustments between the Funding and Accounting Basis (note 8 and 10) £'000	Net Expenditure in the CIES £'000
2,041	153	2,194	Chief Executive	2,848	142	2,990
4,250	1,953	6,203	Neighbourhood, Environment and Asset Management	4,771	1,390	6,161
1,335	724	2,059	Development, Enterprise and Communities	1,692	1,039	2,731
2,588	215	2,803	Governance and Business Transformation	2,814	240	3,054
0	0	0	Budgets not in directorates	538	122	660
10,214	3,045	13,259	Net cost of Service	12,663	2,933	15,596
(13,029)	(1,519)	(14,548)	Other Income and Expenditure	(13,058)	(3,859)	(16,917)
(2,815)	1,526	(1,289)	(Surplus) / Deficit in year	(395)	(926)	(1,321)
(15,778)			Opening General Fund Balance at 1 April 2016	(18,593)		
(2,815)			Add Surplus / Less Deficit on General Fund Balance in Year	(395)		
(18,593)			Closing General Fund Balance at 31 March 2018	(18,988)		

Comprehensive Income and Expenditure Statement

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

2016/17				Note	2017/18		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
2,508	(314)	2,194	Chief Executives		3,190	(200)	2,990
9,572	(3,369)	6,203	Neighbourhoods, Environment and Asset Management		9,012	(2,851)	6,161
4,250	(2,191)	2,059	Development, Enterprise and Communities		5,266	(2,535)	2,731
26,185	(23,382)	2,803	Governance and Business Transformation		25,050	(21,996)	3,054
0	0	0	Budgets not in directorates		660	0	660
42,515	(29,256)	13,259	Cost of Services		43,178	(27,582)	15,596
320	(38)	282	Other operating expenditure	12	398	0	398
4,001	(3,612)	389	Financing and investment income and expenditure	13	3,302	(3,518)	(216)
12,078	(27,297)	(15,219)	Taxation and non-specific grant income	14	9,768	(26,867)	(17,099)
58,914	(60,203)	(1,289)	(Surplus) / deficit on provision of services		56,646	(57,967)	(1,321)
		(107)	(Surplus) / deficit on revaluation of Property, Plant and Equipment assets				(128)
		4,982	Re-measurement of the net defined benefit liability	37d			(5,077)
		4,875	Other Comprehensive (Income) and Expenditure				(5,205)
		3,586	Total Comprehensive (Income) and Expenditure				(6,526)

Movement in Reserves Statement

This statement shows the movements in the year on the different reserves held by the Council, analysed between those that are "usable" (available to fund expenditure or reduce local taxation), and other reserves.

The line "(Surplus)/deficit on provision of services" shows the true economic cost of providing the authority's services, as detailed in the Comprehensive Income and Expenditure Statement. For the purposes of council tax setting however, a series of statutory adjustments are then made. These adjustments are shown in total below, and are also detailed in note 10.

	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2016	(15,778)	(2,089)	(6,768)	(24,635)	(3,736)	(28,371)
<u>Movements in 2016/17</u>						
Total Comprehensive Income & Expenditure	(1,289)	0	0	(1,289)	4,875	3,586
Adjustments between accounting basis & funding basis (note 10)	(1,526)	(17)	317	(1,226)	1,226	0
(Increase) / Decrease in year	(2,815)	(17)	317	(2,515)	6,101	3,586
Balance at 31 March 2017	(18,593)	(2,106)	(6,451)	(27,150)	2,365	(24,785)
<u>Movements in 2017/18</u>						
Total Comprehensive Income & Expenditure	(1,321)	0	0	(1,321)	(5,206)	(6,527)
Adjustments between accounting basis & funding basis (note 10)	926	174	(1,662)	(562)	562	0
(Increase) / Decrease in year	(395)	174	(1,662)	(1,883)	(4,644)	(6,527)
Balance at 31 March 2018	(18,988)	(1,932)	(8,113)	(29,033)	(2,279)	(31,312)

Balance Sheet

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

Restated 31 March 2017 £'000		Notes	31 March 2018 £'000
27,690	Property, Plant & Equipment	15	28,147
11,480	Investment Property	16	11,332
168	Intangible Assets	17	188
56	Long Term Debtors	18	50
39,394	Long Term Assets		39,717
25,047	Short Term Investments	18	27,044
97	Inventories	19	87
2,636	Short Term Debtors	20	3,728
3,714	Cash and Cash Equivalents	21	4,670
31,494	Current Assets		35,529
(6,540)	Short Term Creditors	22	(7,902)
(1,200)	Provisions	23	(1,700)
(7,740)	Current Liabilities		(9,602)
(221)	Long Term Creditors	18	(217)
(645)	Other Long Term Liabilities	18	(596)
(36,703)	Net Pension Liability	37	(32,961)
(794)	Grant Receipts in Advance - Capital	33	(558)
(38,363)	Long Term Liabilities		(34,332)
24,785	Net Assets		31,312
(27,150)	Usable Reserves	24 & MiRS Page 54	(29,033)
2,365	Unusable Reserves	25	(2,279)
(24,785)	Total Reserves		(31,312)

The unaudited accounts were authorised for issue on 24 May 2018.

Helen Seechurn CPFA

Signed.....

Position: Interim Deputy Chief Executive (s151) (with effect from 3 July 2018)

Date.....26/7/18.....

Cash Flow Statement

This shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

2016/17 £'000		Note	2017/18 £'000
1,289	Net surplus or (deficit) on the provision of services (CIES page 53)		1,321
4,849	Adjustments to net surplus or deficit on the provision of services for non-cash movements	26a	3,283
(798)	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	26b	(2,941)
5,340	Net cash flows from Operating Activities	26	1,663
(3,243)	Investing Activities	27	(759)
(730)	Financing Activities	28	52
(1,367)	Net increase or (decrease) in cash and cash equivalents		956
2,347	Cash and cash equivalents at the beginning of the reporting period		3,714
3,714	Cash and cash equivalents at the end of the reporting period	21	4,670

Notes to the Main Financial Statements

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

Note 1. The Expenditure and Funding Analysis note is presented on page 52.

2. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy 2017/18 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure (Revenue Recognition)

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

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

Cash and Cash Equivalents

Cash consists of cash in hand and deposits repayable without penalty on notice of not more than 24 hours. Cash Equivalents consist of highly liquid investments which mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with

insignificant risk of change in value. In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with depreciation charges, revaluation and impairment losses in excess of accumulated revaluation gains, and amortisation charges in respect of intangible assets.

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

Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and National Non-Domestic Rates

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

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

Contingent Assets and Liabilities

These are assets and liabilities arising from past events the existence of which will only be confirmed by future events not wholly within the Council's control. They are disclosed in the notes to the main financial statements. See note 38.

Exceptional Items

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

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday

entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

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

Post-Employment Benefits

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

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

Liabilities are discounted to their value at current prices, using a discount rate for the year (based on the indicative rate of return on high quality corporate bonds).

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

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

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

Service cost comprising:

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

Re-measurement comprising:

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

have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the pension fund:

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

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

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities thus arising 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.

Events after the Reporting Period

Where an event occurs after the Balance Sheet date and it provides evidence of conditions that existed at the Balance Sheet date, the amounts recognised in the Statement of Accounts is adjusted.

Where an event that occurs after the Balance Sheet date is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted. The "non-adjusting event", and an estimate of the financial effect, is however disclosed in the notes to the main financial statements.

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

Financial Instruments

Financial Liabilities

Borrowings are initially measured at fair value and carried at their amortised cost. The annual charge to the Comprehensive Income and Expenditure Statement (CIES) is based on the carrying amount multiplied by the effective rate of interest. The amount presented in the Balance Sheet is the outstanding principal payable plus interest accrued at 31 March.

Gains or losses on premature redemption are charged to the Comprehensive Income and Expenditure Statement unless they are the result of a restructure in which case they are added to the amortised cost and charged over the life of the modified loan. However, regulations require discounts to be amortised over the shorter of the life of the original loan or ten years. Greater discretion applies to premia, they can be amortised over the life of the original or replacement loan, or a shorter period. A transfer is done from the General Fund Balance to the Financial Instruments Adjustment Account to give effect to these regulations.

Financial Assets

Loans and receivables are initially measured at fair value and carried at amortised cost. The annual credit to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement is based on the carrying amount multiplied by the effective rate of

interest. The amount presented in the Balance Sheet is the outstanding principal receivable plus interest accrued at 31 March.

Where assets are identified as impaired because of a likelihood from a past event that payments will not be received, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Going Concern

The accounts have been prepared on the assumption that the Council will continue in existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.

Government Grants and Other Contributions

Government grants and other contributions for both revenue and capital purposes are accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with. If compliance has not been achieved, cash received is held on the Balance Sheet as a long term creditor.

The postings in the Comprehensive Income and Expenditure Statement relating to capital grants and contributions are reversed out of the General Fund balance in the Movement in Reserves Statement. If the monies have not been used they are credited to the Grants Unapplied Reserve. If they have been applied to fund capital expenditure they are credited to the Capital Adjustment Account.

Community Infrastructure Levy

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

Intangible assets

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

The cost is amortised over the economic life to reflect the pattern of consumption. The charge is made to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

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) costing formula. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Investment Properties

Investment properties are those held solely to earn rentals or for capital appreciation. They are measured initially at cost and subsequently at fair value. Valuations are provided by Royal Institution of Chartered Surveyors (RICS)-qualified valuers, are on the basis recommended by CIPFA, and accord with the Statement of Asset Valuation Principles and Guidance Notes issued by the RICS. They are not depreciated but are re-valued annually. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Gains and losses on revaluation and disposal are not permitted by statute to impact on the council tax. A reversal is therefore done between the General Fund Balance and the Capital Adjustment Account (or, in the case of sale proceeds exceeding £10,000 to the Capital Receipts Reserve).

Income and expenditure from investment properties are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Leasing

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset from the lessor to the lessee. All other leases are classified as operating leases. If the lease covers both land and buildings, then the land and building elements are considered separately for classification.

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

The Authority as lessee

Finance leases

An asset held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the inception of the lease (or the present value of the minimum lease payments, if lower). The asset is matched by a liability, being the obligation to the lessor. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are split between a finance charge, charged to the Comprehensive Income and Expenditure Statement, and the principal element, applied to write down the lease liability. Assets held under a finance lease will be subject to depreciation and revaluation in the same way as any other asset.

Operating leases

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

The Authority as lessor

Finance leases

Where the Authority grants a finance lease over an asset, it is written out of the Balance Sheet and charged to the "gain or loss on disposals" line in Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. The Authority's net investment in the lease is credited to the same line, matched by a Long Term Debtor in the Balance Sheet. Lease rental receipts are split between finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement), and the principal element applied to write down the Long Term Debtor.

Operating leases

Where the Authority grant an operating lease over an asset it remains on the Balance Sheet, and the income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. See note 36.

Non-Current Assets Held for Sale

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

Overheads

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practice or if the change provides more reliable or relevant information about the effect of transactions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts from prior periods. Material errors will also require a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the period.

Property Plant and Equipment (PPE)

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

Measurement

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

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

- Infrastructure, Community Assets, Assets under Construction, and equipment, are held at depreciated historical cost.
- All other assets are measured at current value, determined as the amount that would be paid for the asset in its existing use.

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

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

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

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

Depreciation

Non-current assets held for sale are not depreciated.

Other property is depreciated over its useful life on a straight line basis. Depreciation is based on the closing value of assets. Components are separately depreciated if

- The total value of the host asset (excluding land) exceeds £0.500m and
- The value of the component exceeds 20% of the asset value (excluding land)

Depreciation periods are as follows:

	<u>years</u>
Property (excluding components separately identified)	5-60
Property components - mechanical	25
Portable office facilities	10-15
Vehicles	3-10
IT equipment	3-5
Other equipment	5-15

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

Impairment

All assets are reviewed annually for impairment. Impairment losses are charged against revaluations held in the Revaluation Reserve. If these are inadequate the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. If an impairment loss is subsequently reversed, the reversal, up to the amount of the original loss adjusted for depreciation, is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

Disposal and Non-Current Assets Held for Sale

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

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

Capital Charges and Council Tax

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

Provisions

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

Reserves

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

Revenue Expenditure Funded From Capital Under Statute

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

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

Value Added Tax

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

3. Accounting standards that have been issued but have not yet been adopted

The 2017/18 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2017/18 and 2018/19 financial statements in respect of accounting changes that are introduced in the 2018/19 Code are:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15 Clarifications
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.

4. Critical judgements in applying accounting policies

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

Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service expenditure.

Investment Properties

Investment properties have been assessed using the identifiable criteria under the international accounting standards of being held for rental income or for capital appreciation. Properties have been assessed using these criteria, which is subject to interpretation, to determine if there is an operational reason for holding the property, such as regeneration.

Commuted Sums

Commuted sums due from developers in order to fulfil obligations of S106 Agreements have been accrued and added to the Capital Grants and Contributions Unapplied Reserve. The commuted sums become receivable when trigger stages defined in the S106 Agreements have been reached. Judgement has been applied in deciding whether each development had reached the trigger stage by 31 March 2018.

Leases

The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Group Accounts

The Council's group boundaries have been assessed using the criteria outlined in The Code. The Council has assessed relationships and found none to require the preparation of group accounts.

Fair Values

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

5. Assumptions about the future and other major sources of estimation uncertainty

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

Item	Uncertainty	Effect if actual results differ
Pensions liability	The estimated liabilities depend on a number of complex judgements. These include future retirement ages, mortality rates, salary increases, returns on investments and discount rates. A firm of consulting actuaries is engaged to provide advice on these assumptions.	Sensitivity to the factors contributing to this estimate is shown in Note 37i. Small changes have major impacts on the pension deficit.
Debtors	The most significant debtor issue for the Council is its responsibility for collecting £97.909m in business rates and council tax. It is however mainly as agent for government and major preceptors. The major recovery risk resulting from shortfalls in collection falls to these bodies. Various notes present debtor information. Note 18d shows that financial instrument debtors total £2.118m against which a bad debt provision of £1.281m has been made. This total debtors figure includes Housing benefit debtors of £1.116m (i.e. recovery of overpayments). Changes in the administration of benefits are pending which may affect recovery in future years. The provision made for these debts has therefore been maintained at around 90% to reflect this.	Any additional impairment will be a charge to the Comprehensive Income and Expenditure Statement. A 1% increase in the impairment of doubtful debts would result in an additional charge of £0.025m to the CI&ES.
Asset valuations	Note 15 shows that fixed assets valued at £28.147m are carried at either current value or depreciated replacement cost value. Note 16 shows that investment properties valued at £11.332m are carried at current value. The valuations have been carried out by qualified valuers in accordance with Royal Institution of Chartered Surveyors Guidance	The values are only estimates and thus could over or understate the actual values realisable if sale actually occurred. A fall in the value of the Council's investment properties will result in a charge to the CI&ES. Every 10% fall in the total value of the Council's investment properties would result in a £1.133m charge to the CI&ES.

Item	Uncertainty	Effect if actual results differ
Provisions	A provision of £1.700m has been recognised for the best estimate of the amount that businesses have been overcharged business rates up to 31 March 2018. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2018. See note 23.	If the value of successful appeals exceeded the provision there would be a reduction in the local share of business rates income available to fund the Authority's services. Similarly, an increase in the provision to cover such appeals would be a charge to the Collection Fund which would also reduce the local share of business rates income available to fund the Authority's services. A 1% increase in the provision would result in an additional charge to the Collection Fund of £0.043, of which this Authority's share of the cost would be 40% or £0.017m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Senior Valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 2, 16 and 18.	The Council uses the market approach to value of some of its investment properties and financial assets. The unobservable inputs used in the fair value measurement include management assumptions regarding rent yield and growth, vacancy levels (for investment properties). Significant changes in any of the unobservable inputs would result in a lower or higher fair value measurement for the investment properties and financial assets.

6. Material items of income and expense

All material items have been disclosed in the statement or in the notes to the main financial statements. For the purposes of this note the Council considers material items to be those greater than £0.850m.

7. Events after the reporting period

The audited Statement of Accounts was authorised for issue by the Interim Deputy Chief Executive (Resources and Transformation) and S151 Officer on 24 May 2018. Subsequent events are not reflected in the financial statements or in the notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

8. Note to the Expenditure and Funding Analysis

The Expenditure and Funding Analysis Note can be found on page 52.

2017/18	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Chief Executives	6	136		142
Neighbourhoods, Environment and Asset Management	1,311	79		1,390
Development, Enterprise and Communities	993	46		1,039
Governance and Business Transformation	175	65		240
Budgets not in directorates		122		122
Net Cost of Service	2,485	448	0	2,933
Other income and expenditure from the Expenditure and Funding Analysis	(4,853)	888	106	(3,859)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,368)	1,336	106	(926)

2016/17 Comparative Figures	Adjustments for Capital Purposes (Note A)	Net change for the Pensions Adjustments (Note B)	Other Differences (Note C)	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£'000	£'000	£'000	£'000
Chief Executives	4	149		153
Neighbourhoods, Environment and Asset Management	1,833	120		1,953
Development, Enterprise and Communities	658	66		724
Governance and Business Transformation	119	96		215
Net Cost of Service	2,614	431	0	3,045
Other income and expenditure from the Expenditure and Funding Analysis	(2,366)	1,038	(191)	(1,519)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	248	1,469	(191)	1,526

Note A Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service 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
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e. Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP).
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.

Note B Net Change for Pension Adjustments

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

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

Note C Other Differences

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

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

9. Expenditure and Income Analysed By Nature

The authority's expenditure and income is analysed as follows:

Expenditure/Income	2016/17 £'000	2017/18 £'000
Expenditure		
Employee benefits expenses	9,387	11,382
Other service expenses	30,721	29,565
Depreciation, amortisation and impairment	2,902	2,530
Interest payments	3,506	3,003
Precepts and levies	12,398	10,166
Payments to Housing Capital Receipts Pool	0	0
Total Expenditure	58,914	56,646
Income		
Fees, charges and other service income	(7,597)	(9,031)
Interest and investment income	(2,520)	(2,455)
Income from Council Tax and Non-Domestic Rates	(23,553)	(21,121)
Government grants and contributions	(26,495)	(25,360)
Gain on the disposal of assets	(38)	0
Total Income	(60,203)	(57,967)
Surplus or Deficit on the Provision of Services	(1,289)	(1,321)

10. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by the statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year and includes Earmarked Reserves (see note 11).

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2017/18	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	(1,335)		
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	(2)		
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	(124)		
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	21		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	708		(2,103)
Deferred sale proceeds	0		
Total Adjustments to Revenue Resources	(732)	0	(2,103)
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS page 54)	0	0	
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) (MiRS page 54)	0	0	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	990		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 25b)	668		
Total Adjustments between Revenue and Capital Resources	1,658	0	0
Adjustments to Capital Resources			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS page 54)		174	
Application of capital grants to finance capital expenditure (MiRS page 54)			441
Cash payments in relation to deferred capital receipts			
Total Capital Resources	0	174	441
Total Adjustments	926	174	(1,662)

2016/17	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
<u>Adjustments to the Revenue Resources</u>			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to (or from) the Pensions Reserve) (note 25e)	(1,469)		
Financial instruments (transferred to the Financial Instruments Adjustments Account) (note 25c)	(3)		
Council tax and NDR (transfers to or from Collection Fund Adjustment Account) (note 25f)	114		
Holiday pay (transferred to the Accumulated Absences Reserve) (note 25g)	80		
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account) (note 25b)	(2,193)		74
Deferred sale proceeds	0		
Total Adjustments to Revenue Resources	(3,471)	0	74
<u>Adjustments between Revenue and Capital Resources</u>			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve (MiRS page 54)	38	(38)	
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve) (MiRS page 54)	0	0	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account) (note 25b)	1,007		
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) (note 26b)	900		
Total Adjustments between Revenue and Capital Resources	1,945	(38)	0
<u>Adjustments to Capital Resources</u>			
Use of the Capital Receipts Reserve to finance capital expenditure (MiRS page 54)		21	
Application of capital grants to finance capital expenditure (MiRS page 54)			243
Cash payments in relation to deferred capital receipts			
Total Capital Resources	0	21	243
Total Adjustments	(1,526)	(17)	317

11. Transfers to / from earmarked reserves

The movements in reserves during the year were as follows:

	Balance 31 March 2016 £'000	Transfers In 2016/17 £'000	Transfers Out 2016/17 £'000	Balance 31 March 2017 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance 31 March 2018 £'000
My Neighbourhoods	(40)	(5)	-	(45)	(6)	-	(51)
Asset Management	(2,194)	(125)	825	(1,494)	(500)	1,994	0
Borough Council Elections	(52)	(30)	-	(82)	(30)	-	(112)
Building Control Reserve	0	(22)	-	(22)	-	22	0
Housing Needs Survey	(84)	(20)	17	(87)	(20)	10	(97)
ICT Strategy Reserve	(1,977)	(75)	1,064	(988)	-	988	0
Local Development Framework	(180)	-	100	(80)	-	-	(80)
Performance Reward Grant	(95)	-	27	(68)	-	20	(48)
Public Open Space Funds	(1,594)	(96)	155	(1,535)	(96)	1,631	0
Organisation Restructure Costs	(385)	-	-	(385)	-	295	(90)
Vehicle and Plant replacement	(112)	(21)	112	(21)	-	21	0
Leisure sites repair and maintenance	(260)	-	100	(160)	-	160	0
Borough Investment Account	0	(3,824)	-	(3,824)	-	-	(3,824)
Business Rates Retention	(2,625)	(883)	258	(3,250)	(516)	1,509	(2,257)
City Deal Reserve	0	-	-	0	(1,811)	140	(1,671)
VAT Reserve	(105)	-	105	0	-	-	0
New Burdens Funding Reserve	(259)	(69)	106	(222)	(59)	281	0
Capital Funding Reserve	0	0	0	0	(3,460)	-	(3,460)
Repairs and Maintenance Fund	0	0	0	0	(500)	-	(500)
Transformation Fund	0	0	0	0	(500)	-	(500)
Apprenticeship Reserve	0	0	0	0	(335)	-	(335)
Other Earmarked Reserves	(1,622)	(482)	371	(1,733)	(120)	1,247	(606)
Total	(11,584)	(5,652)	3,240	(13,996)	(7,953)	8,318	(13,631)

Below is a description of the purpose of each of the earmarked reserves identified above:

Earmarked Reserve	Reason / Use
My Neighbourhoods	An accumulation of unspent core funding allocated to be spent in accordance with the local priorities determined by each of the My Neighbourhood Forums.
Asset Management	Sums set aside to support the cost of maintaining and improving the Council's property portfolio to ensure its long term viability as an asset and to protect income generation. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Elections Provision	An annual transfer from revenue is made to cover the four yearly Borough Elections. The next election is due to take place in May 2019.
Building Control Reserve	Surpluses generated on Building Control fee-earning service set aside to support continuing service delivery.

Earmarked Reserve	Reason / Use
Housing Needs Survey	Annual contribution made to fund the costs of carrying out detailed Housing Needs Surveys.
ICT Strategy	To fund IT replacement programme and other technologically based service transformation projects. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Local Development Framework	To fund one-off costs in relation to the production of planning policy documents in relation to the Local Development Framework.
Performance Reward Grant	External revenue funding held by the Council on behalf of South Ribble Partnership set aside for spending on South Ribble Partnership projects in future years.
Public Open Space Commuted Sums	Cash endowments for the maintenance of assets transferred from the Central Lancashire New Town. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Organisation Restructure Costs	To be used to assist in funding the one-off costs of any service reviews designed to improve the efficiency of the Council.
Vehicles, Plant & Equipment	Residual balance of sums set aside to fund the replacement of vehicles, plant and equipment which are not funded from other sources of finance. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Leisure Sites Repair and Maintenance	To fund any repair costs for which the Council is committed to under the contract with the Leisure Trust. The balance has been transferred into the Capital Funding reserve, following the strategic review of reserves.
Borough Investment Account	To facilitate income generation schemes and create a diverse and self-sustaining income portfolio to enable the Council to bridge the funding gap.
Business Rates Retention	To mitigate the potential risk to the Council's medium-term financial strategy by providing funds to smooth out the inherent fluctuations that occur in the Business Rates Retention System.
City Deal	To be used to fund additional costs in relation to the delivery of City Deal projects and outcomes.
VAT	This reserve was set up to assist in funding the cost of irrecoverable VAT, if the Council were to exceed the partial exemption threshold. The balance was transferred into general balances in 2016/17.
New Burdens Funding	Funds retained to support work undertaken in future years in relation to new central government initiatives. The balance has been transferred into the General reserve, following the strategic review of reserves.
Capital Funding Reserve	The ICT, Leisure, Asset Management and Public Open Space Commuted sums reserves have been consolidated into one Capital Strategy reserve to fund capital expenditure in line with the Council's Corporate Plan priorities, as set out in the approved Capital Strategy and MTFs for 2018/19 to 2022/23.
Repairs and Maintenance Fund	The revenue budget includes an annual provision for the costs of repairs and maintenance of the Council's property assets. This new reserve has been created to meet the costs of any major repairs and maintenance works which cannot be met from this base budget.
Transformation Fund	In November 2017, Council approved the transfer of £500k from General Reserves to set up a Transformation Fund. The purpose of this reserve is to provide funding for projects which will generate a payback into the Council's revenue budget through sustainable income generation and/or recurring cost savings.

Earmarked Reserve	Reason / Use
Apprenticeship Reserve	This relates to funding set aside to fund Apprenticeship costs.
Other	To allow the carry forward of specific funding where the revised expenditure plans mean it will fall in subsequent years. This includes funding planned new areas of investment in the medium-term financial strategy in future years.

12. Other operating expenditure

2016/17 £'000		2017/18 £'000
320	Parish Council precepts	398
0	Payments to the Governments Capital Receipt Pool	0
(38)	(Gains) and losses on the disposal of non-current assets	0
282	Total	398

13. Financing and investment income and expenditure

2016/17 £'000		2017/18 £'000
154	Interest payable and similar charges	138
1,038	Net interest on the net defined benefit liability (note 37)	888
(206)	Interest receivable and similar income	(180)
70	Income and Expenditure in relation to investment properties and changes in their fair value (note 16)	(291)
(667)	Losses or (surplus) on trading accounts (note 29)	(771)
389	Total	(216)

14. Taxation and non-specific grant income and expenditure

2016/17 £'000		2017/18 £'000
(7,706)	Council tax income	(7,840)
(3,769)	Non-domestic rates income and expenditure	(3,514)
(3,437)	Non-ring fenced government grants	(3,216)
(307)	Capital grants and contributions	(2,529)
(15,219)	Total	(17,099)

Non-domestic Rates Income and Expenditure - The Lancashire Business Rates Pool

This Council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which includes most but not all of the local authorities in Lancashire, has been designated by the Secretary of State for Communities and Local Government and the retained levy in Lancashire has been distributed as follows:

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

With regard to this council, the retained levy would be £1.237m (£1.111 in 2016/17), hence under pooling we have benefitted from extra income of £1.113m (£1.111m in 2016/17). Lancashire County Council has received the remaining 10% of retained levy.

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 £0.002m is payable by each pool member to Ribble Valley Borough Council in their role as lead.

In the Lancashire Business Rates Pool each council bears its own risk and takes its own reward under the pool agreement, i.e. no sharing of a volatility reserve.

Below is a summary of the Lancashire Business Rates Pool members and relevant transactions.

Lancashire Business Rates Pool Members 2017/18	Authority Type	Tariffs and Top-Ups in Respect of 2017/18 £'000	Retained Levy on Growth 2017/18 £'000	10% Retained Levy Payable to/Received by Lancashire County Council £'000	Net Retained Levy 2017/18 £'000
Chorley Borough Council	Tariff	6,073	(843)	84	(759)
Fylde Borough Council	Tariff	7,566	(665)	67	(598)
Hyndburn Borough Council	Tariff	3,707	(432)	43	(389)
Pendle Borough Council	Tariff	3,165	(518)	52	(466)
Ribble Valley Borough Council	Tariff	4,026	(661)	66	(595)
Rosendale Borough Council	Tariff	2,534	(519)	52	(467)
South Ribble Borough Council	Tariff	9,644	(1,237)	124	(1,113)
West Lancashire Borough Council	Tariff	8,123	(670)	67	(603)
Wyre Borough Council	Tariff	6,385	(466)	46	(420)
Lancashire County Council	Top-Up	(147,643)	0	(601)	(601)
Central Government	-	96,420	0	0	0
Total		0	(6,011)	0	(6,011)

Note: Pool membership in 2016/17 did not include Fylde Borough Council, but did include Burnley Borough Council

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

15. Property, plant and equipment

15a Movements in Property Plant and Equipment

2017/18	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Cost or valuation						
At 1 April 2017	26,068	11,847	1,886	75	134	40,010
Additions	229	441	596	99	175	1,540
Revaluations recognised in the Revaluation Reserve (RR)	58	-	-	30	-	88
Revaluations recognised in CIES	362	-	-	(98)	-	264
De-recognition - disposals	-	(62)	-	-	-	(62)
Assets reclassified	445	-	47	-	(47)	445
At 31 March 2018	27,162	12,226	2,529	106	262	42,285
Depreciation and Impairment						
At 1 April 2017	(2,381)	(9,340)	(599)	0	0	(12,320)
Depreciation charge	(780)	(1,038)	(239)	0	0	(2,057)
Depreciation written out of RR	40	-	-	-	-	40
Depreciation written out of CIES	137	-	-	-	-	137
Impairment losses recognised in RR	-	-	-	-	-	-
Impairment losses recognised in CIES	-	-	-	-	-	-
De-recognition - disposals	-	62	-	-	-	62
Assets reclassified	-	-	-	-	-	-
At 31 March 2018	(2,984)	(10,316)	(838)	0	0	(14,138)
Net Book Value						
At 31 March 2018	24,178	1,910	1,691	106	262	28,147
At 31 March 2017	23,687	2,507	1,287	75	134	27,690

2016/17	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Cost or valuation						
At 1 April 2016	25,722	11,917	1,431	65	94	39,229
Additions	700	445	444	7	134	1,730
Revaluations recognised in the Revaluation Reserve (RR)	31	-	-	3	-	34
Revaluations recognised in CIES	(385)	-	-	-	-	(385)
De-recognition - disposals	-	(515)	-	-	-	(515)
Assets reclassified	-	-	11	-	(94)	(83)
At 31 March 2017	26,068	11,847	1,886	75	134	40,010
Depreciation and Impairment						
At 1 April 2016	(1,744)	(8,899)	(423)	0	0	(11,066)
Depreciation charge	(763)	(956)	(176)	0	0	(1,895)
Depreciation written out of RR	72	-	-	-	-	72
Depreciation written out of CIES	54	-	-	-	-	54
Impairment losses recognised in RR	-	-	-	-	-	-
Impairment losses recognised in CIES	-	-	-	-	-	-
De-recognition - disposals	-	515	-	-	-	515
Assets reclassified	-	-	-	-	-	-
At 31 March 2017	(2,381)	(9,340)	(599)	0	0	(12,320)
Net Book Value						
At 31 March 2017	23,687	2,507	1,287	75	134	27,690
At 31 March 2016	23,978	3,018	1,008	65	94	28,163

15b Depreciation

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

<u>Type of Asset</u>	<u>Years</u>
Other Land & Buildings	5-60
Vehicles, Plant, Furniture & Equipment	3-15
Infrastructure	5-60

15c Capital Commitments

At 31 March 2018, there was one significant contractual commitments relating to capital expenditure. The value was £142,500 and relates to the capital scheme to replace the conservatory and greenhouse in Worden Park.

15d Effects of Changes in Estimates

There were no material changes in accounting estimate for Property, Plant and Equipment in 2017/18.

15e Property, Plant and Equipment Valuations

The authority carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. During 2017/18 the valuations were carried out on behalf of the Council by Sanderson Weatherall LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis of valuation is set out in note 2 Accounting Policies.

	Other land & Buildings £'000	Vehicles Plant Furniture & Equipment £'000	Infrastructure £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	1,391	12,226	2,529	-	262	16,408
Valued at current value as at:						
31 March 2018	4,459	-	-	65	-	4,524
31 March 2017	3,605	-	-	29	-	3,634
31 March 2016	16,412	-	-	-	-	16,412
31 March 2015	30	-	-	-	-	30
31 March 2014	1,265	-	-	12	-	1,277
Total cost or valuation	27,162	12,226	2,529	106	262	42,285

16. Investment properties

Details of rental income and operational expenditure are given in note 29 and have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or its right to receipt of income or the proceeds of disposal.

At 31 March 2018, the Council had no contractual obligations to purchase, construct or develop investment property.

The following table summarises the movement in the fair value of investment properties over the year.

	2016/17 £'000	2017/18 £'000
Fair Value 1 April	11,556	11,479
Additions – Subsequent expenditure	(6)	7
Disposals	0	0
Net gains / (losses) from fair value adjustments	(71)	291
Transfers (to) / from Property Plant and Equipment	0	(445)
TOTAL	11,479	11,332

Fair Value Hierarchy – Investment Properties

All the Council's investment properties have been value assessed as Level 2 (other significant observable inputs) on the fair value hierarchy for valuation purposes. See the Fair Value Measurement section of Note 2 Accounting Policies for an explanation of the fair value levels.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2

The fair value for the level 2 investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). During 2017/18 the valuations of investment properties were carried out on behalf of the Council by Sanderson Weatherall LLP. The basis of valuation is set out in note 2 Accounting Policies.

17. Intangible assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The following periods have been used in amortising the Authority's significant intangible assets.

Asset Description	Amortisation Period
IT work programme	5 years
Customer Contact Centre and Relationship Management System	5 years
Revenues and Benefits System	5 years
Human Resources System	5 years
Licensing Management System	5 years
Planning & Building Control System	5 years
Committee Management System	5 years
Financial Management Information System	5 years
Performance Management System	5 years

Amortisation is on a straight line basis. In 2017/18 amortisation of £0.073m was charged to the following lines in the Comprehensive Income and Expenditure Statement.

	2016/17 £'000	2017/18 £'000
Chief Executive	4	5
Governance & Business Transformation	51	68
Total	55	73

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

	2016/17 £'000	2017/18 £'000
Cost at start of year	1,119	1,281
Additions in year	79	93
Reclassifications in year	83	0
Gross cost at end of year	1,281	1,374
Accumulated amortisation at start of year	(1,058)	(1,113)
Amortised in year	(55)	(73)
Accumulated amortisation	(1,113)	(1,186)
Net carrying amount at the start of the year	62	168
Net carrying amount at the year end	168	188

At 31 March 2018, there were no significant contractual commitments, and no individual intangible assets the amortisation of which is materially significant to the Council.

18. Financial instruments

18a Categories of Financial Instrument

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

Long Term 31 March 2017 £'000	Current 31 March 2017 £'000		Long Term 31 March 2018 £'000	Current 31 March 2018 £'000
		Cash & cash equivalents		
0	3,714	Cash & cash equivalents (note 21) net of bank overdraft	0	4,670
0	3,714	Total cash and cash equivalents	0	4,670
		Investments		
0	25,047	Loans and receivables	0	27,044
0	25,047	Total Investments	0	27,044
		Debtors		
56	800	Loans and receivables	50	837
0	1,836	Debtors that are not financial instruments	0	2,891
56	2,636	Total Debtors	50	3,728
		Other Long Term Liabilities		
(645)	0	Finance lease liabilities	(596)	0
(645)	0	Total Other Long Term Liabilities	(596)	0
		Creditors		
0	(295)	Finance lease (due within 12 months)	0	(304)
(221)	(916)	Financial liabilities carried at contract amount	(217)	(1,726)
0	(5,329)	Creditors that are not financial instruments	0	(5,872)
(221)	(6,540)	Total Creditors	(217)	(7,902)

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

18b Income, Expense, Gains and Losses

The amounts charged in the Comprehensive Income and Expenditure Statement to the Financing and Investment Income and Expenditure line (and shown in note 13) are as follows:-

	2016/17			2017/18		
	Financial Liabilities at Amortised Cost	Financial Assets Loans & Receivables	Total	Financial Liabilities at Amortised Cost	Financial Assets Loans & Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expenses	154	0	154	138	0	138
Impairment	0	0	0	0	0	0
Total Expense	154	0	154	138	0	138
Interest income	0	(206)	(206)	0	(180)	(180)
Interest income accrued on impaired assets	0	0	0	0	0	0
Total income	0	(206)	(206)	0	(180)	(180)
Net (gain) / cost for the year			(52)			(42)

18c The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

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

- For non-PWLB loans payable (such as the Council's Leisure Finance Lease), PWLB new borrowing rates have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities

	31 March 2017		31 March 2018	
	Carrying Amount Restated £'000	Fair Value Restated £'000	Carrying Amount £'000	Fair Value £'000
Finance Lease (short and long-term)	(941)	(1,256)	(900)	(1,114)
Short Term Creditors	(916)	(916)	(1,726)	(1,726)
Long Term Creditors	(221)	(221)	(217)	(217)
Total Liabilities	(2,078)	(2,393)	(2,843)	(3,057)

For the Leisure Finance Lease the fair value represents the value of the liability if the Council were to prematurely repay the debt and so would incur a premium.

Long-term creditors comprises numerous commuted sums relating to grounds maintenance. Any difference between carrying amount and fair value of each of these small sums would be immaterial, and therefore they are carried at cost as a fair approximation of their value.

Financial Assets

	Restated 31 March 2017		31 March 2018	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and Cash Equivalents	3,714	3,714	4,670	4,670
Investments - Loans	25,047	25,047	27,044	27,044
Short Term Debtors	800	800	837	837
Long Term Debtors	56	56	50	50
Total Assets	29,617	29,617	32,601	32,601

Long-term debtors comprise a number of small debts such as some small loans. Any difference between carrying amount and fair value of each of these small sums would be immaterial, and therefore they are carried at cost as a fair approximation of their value.

18d Nature and extent of risks arising from financial instruments

Key risks

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

- Credit risk – that other parties might fail to pay amounts due to the Council.
- Liquidity risk – that the Authority might not have liquid funds available to make payments when due.
- Market risk – the possibility of financial loss arising from movements in interest rates.

Overall procedures for managing risk

In managing investment risk the Council works within the legal framework set out in the Local Government Act 2003 and associated regulations. This requires compliance with the CIPFA Code of Practice, the Prudential Code, and investment guidance issued through the Act. A key requirement is that the council should annually consider its Treasury Management Strategy which incorporates the following:

Prudential indicators specifying:

1. Maximum and minimum exposure to fixed and variable rates;
2. Limits on the maturity structure of the debt portfolio;
3. Limits on total borrowing.

An Investment Strategy specifying:

1. The use that should be made of credit ratings and other indicators to determine the financial standing of counterparties;
2. The use of sovereign ratings to limit investments to specific countries;
3. The maximum amounts that might be deposited with any institution;
4. The lengths of time for which deposits can be made.

Credit risk

This exists in relation to debtors, and investments made as a result of the Council's treasury operations. The following paragraphs provide information on the risk attached to each of these.

Banks and Financial Institutions

The Council's Investment Strategy restricts investments to a narrow range of counterparties. At 31 March 2018 it had deposits totalling £31.711m (£28.760m at 31 March 2017) with a number of different institutions. There was no evidence to suggest a risk that any deposits might be irrecoverable.

Sundry Debtors

The sundry debtors categorised as financial instruments (note 18a) are analysed by age and risk in the following table.

	Gross £'000	Default risk £'000	Net £'000
Less than three months past due date	809	(118)	691
Three to six months past due date	176	(116)	60
Six months to one year past due date	260	(231)	29
Beyond one year	873	(816)	57
Total	2,118	(1,281)	837

The default risk has fully been provided for. No collateral is held as security.

Liquidity risk

The authority has ready access to borrowing from the Public Works Loan Board and the money markets. There is therefore no significant risk that it will be unable to raise finance to meet its commitments.

The Council manages its liquidity position through the risk management procedures outlined above as well as through cash flow management procedures required by the Council.

Market risk

Interest rate risk – The Council has limited exposure to interest rate movements on its investments. Short term investments are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate investments do not impact on the Surplus or Deficit on the Provision of Service or Other Comprehensive Income and Expenditure.

To mitigate risk the Treasury Strategy reviews interest rate forecasts and fixes prudential indicators for fixed and variable interest rate exposure.

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

	£'000
Gain - Increase in interest receivable on variable rate investments	146
Gain - Impact on the Surplus or Deficit on the Provision of Service	146

The impact of a 1% fall in interest rates would be as above but with the movements being reversed

Price risk

The Council has no material exposure to this risk.

Foreign Exchange Risk

The Council has no material exposure to this risk.

19. Inventories

	2016/17			2017/18		
	Consumable stores £'000	Maintenance materials £'000	Total £'000	Consumable stores £'000	Maintenance materials £'000	Total £'000
Balance at 1 April	68	25	93	76	21	97
Purchases	414	227	641	345	232	577
Issued in year	(402)	(231)	(633)	(354)	(232)	(586)
Written off in year	(4)	0	(4)	(2)	1	(1)
Balance at year end	76	21	97	65	22	87

20. Short term debtors

	31 March 2017 £'000	31 March 2018 £'000
Central government bodies	525	1,018
Other local authorities	739	570
NHS bodies	0	2
Other entities and individuals	2,941	3,918
Net carrying amount at the year end	4,204	5,508
Less provision for bad debts	(1,568)	(1,779)
Net Carrying amount at year-end	2,636	3,728

The bad debt provision has been made against debtors classified as "other entities and individuals".

21. Cash and cash equivalents

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

	Restated 31 March 2017 £'000	31 March 2018 £'000
Cash held by the Authority	1	2
Bank current and call accounts	1,712	2,667
Short term deposits	2,001	2,001
Total cash and cash equivalents	3,714	4,670

22. Short term creditors

	31 March 2017 £'000	31 March 2018 £'000
Central government bodies	(2,432)	(2,243)
Other local authorities	(865)	(2,711)
NHS bodies	0	0
Other entities and individuals	(3,243)	(2,948)
Net carrying amount at year-end	(6,540)	(7,902)

23. Provisions

The movements in provisions during the year were as follows:

	Business Rates Appeals £'000
Balance at 1 April 2016	(1,320)
Additional provisions made in 2016/17	(82)
Amounts used in 2016/17	202
Balance at 31 March 2017	(1,200)
Additional provisions made in 2017/18	(816)
Amounts used in 2017/18	316
Balance at 31 March 2018	(1,700)

The Council has only one class of provision, this relates entirely to Business Rates Appeals. Due to the localisation of Business Rates, which became effective from the 1st April 2013, the Council now bears part of the risk for future appeals against rateable valuations of business premises. Therefore, the Council has set aside a provision for any potential liabilities as a result of appeals. The Council is responsible for a 40% share of this liability along with The Department for Communities and Local Government (50%), Lancashire County Council (9%) and the Lancashire Fire Authority (1%). These were borne wholly by the Government under the old scheme. The Councils' estimate of the value of outstanding appeals up to 31 March 2018 is £4.250m (£3.000m at 31 March 2017). The Council has made a provision for 40% of this figure totalling £1.700m (£1.200 at 31 March 2017). Appeals are assessed and decided by the Valuation Office Agency, an executive agency of HM Revenue &

Customs, rather than the Council and as such the timing of the settlement of any successful appeals is uncertain.

24. Usable reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement (page 54).

25. Unusable reserves

	Note	31 March 2017 £'000	31 March 2018 £'000
Revaluation Reserve	25a	(5,743)	(5,780)
Capital Adjustment Account	25b	(28,284)	(29,254)
Financial Instruments Adjustment Account	25c	(6)	(3)
Deferred Capital Receipts Reserve	25d	(20)	(20)
Pensions Reserve	25e	36,703	32,961
Collection Fund Adjustment Account	25f	(471)	(348)
Accumulated Absences Account	25g	186	165
Total Unusable Reserves		2,365	(2,279)

25a Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

The reserve holds only gains accumulated since 1 April 2007, the date it was created. Gains prior to that date are consolidated in the Capital Adjustment Account.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	(5,725)	(5,743)
Upward revaluation of assets	(582)	(136)
Downward revaluation & impairment not charged to the Comprehensive Income and Expenditure Statement	475	8
Difference between fair value and historic cost depreciation	89	91
Balance at 31 March	(5,743)	(5,780)

25b Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets. The account contains the following:

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

	2016/17 £'000	2017/18 £'000
Balance at 1 April	(28,144)	(28,284)
<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>		
Charges for depreciation of non-current assets	1,895	2,057
Reversal of charges for impairment of non-current assets	0	(500)
Revaluation losses on property, plant & equipment	331	99
Amortisation of intangible assets	55	73
Revenue expenditure funded from capital under statute	550	794
Net cost of disposal of assets	0	0
	2,831	2,523
Adjusting amounts written out of the Revaluation Reserve	(89)	(91)
Net written out amount of the cost of non-current assets consumed in the year	2,742	2,432
<i>Capital financing applied in the year:</i>		
Capital receipts used to finance new capital expenditure	(21)	(174)
Grants and contributions used in the year to fund capital expenditure	(1,026)	(1,279)
Statutory & voluntary provision for the financing of capital investment charged against the General Fund	(1,006)	(990)
Capital expenditure charged to the General Fund Balance	(900)	(668)
	(2,953)	(3,111)
Movements in the market value of Investment Properties	71	(291)
Balance at 31 March	(28,284)	(29,254)

25c Financial Instruments Adjustment Account

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of certain financial instruments.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	(8)	(6)
Premiums on early debt redemption	(5)	(5)
Discounts on early debt redemption	7	8
Balance at 31 March	(6)	(3)

25d Deferred Capital Receipts Reserve

This account shows the sums recognised on the disposal of non-current assets but for which cash settlement has yet to take place

	2016/17 £'000	2017/18 £'000
Balance at 1 April	(20)	(20)
Transfer to Capital Receipts Reserve on receipt of cash	0	0
Balance at 31 March	(20)	(20)

25e Pensions Reserve

This account contains postings arising from the difference between the requirements of accounting practice and statute in respect of pensions. The costs of benefits are charged to the Comprehensive Income and Expenditure Statement when they are earned rather than when they are paid. Statutory arrangements however require that benefits be financed only when the Authority makes contributions to the pension fund. The debit balance on the Pension Reserve therefore shows that benefits earned by employees exceeds the payments made by the authority to fund them. Statutory arrangements require that adequate funding will ultimately be set aside.

	2016/17 £'000	2017/18 £'000
Balance at 1 April	30,252	36,703
Re-measurements of the net defined benefit liability.	4,982	(5,077)
Reversal of charges posted to the Comprehensive Income and Expenditure Statement.	2,472	3,057
Employer contributions and direct payments to pensioners payable in the year.	(1,003)	(1,722)
Balance at 31 March	36,703	32,961

25f Collection Fund Adjustment Account

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

	2016/17 £'000	2017/18 £'000
Balance at 1 April	(358)	(471)
Amount by which Council Tax and Business Rates income credited to the Comprehensive Income and Expenditure Statement differs from the amount required by statute.	(113)	123
Balance at 31 March	(471)	(348)

25g Accumulated Absences Account

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

	2016/17 £'000	2017/18 £'000
Balance at 1 April	266	186
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	(80)	(21)
Balance at 31 March	186	165

26. Cash flow statement – operating activities

26a Adjust net surplus or deficit on the provision of services for non-cash movements

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

	2016/17 £'000	2017/18 £'000
Depreciation	1,895	2,057
Impairment and downward valuations	332	(401)
Amortisation	55	73
Increase / (decrease) in impairment for bad debts	24	183
Increase / (decrease) in creditors	970	1,088
(Increase) / decrease in debtors	157	(1,272)
(Increase) / decrease in inventories	(4)	10
Movement in pension liability	1,469	1,336
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0	0
Contributions to / (from) Provisions	(120)	500
Movement in investment property values	71	(291)
Other non-cash items charged to the net surplus or deficit on the provision of services	0	0
Net adjustment	4,849	3,283

26b Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

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

	2016/17 £'000	2017/18 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(38)	0
Capital Grants credited to surplus or deficit on the provision of services	(760)	(2,941)
Net adjustment	(798)	(2,941)

26c Interest received and interest paid

The cash flows for operating activities include the following items:

	2016/17 £'000	2017/18 £'000
Interest received	211	242
Interest paid	(154)	(138)
Net cash flow in / (out)	57	104

27. Cash Flow Statement – investing activities

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

	2016/17 £'000	2017/18 £'000
Purchase of property, plant & equipment, investment property & intangible assets	(1,714)	(1,470)
Purchase of short and long term investments	(25,000)	(39,000)
Other payments for investing activities	0	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	109	0
Proceeds from short and long term investments	22,000	37,000
Other receipts relating to investing activity (government grants)	1,362	2,711
Total cash flows from investing activities	(3,243)	(759)

28. Cash Flow Statement – financing activities

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

	2016/17 £'000	2017/18 £'000
Cash paid to reduce lease liabilities.	(282)	(298)
Other Payments for financing activities - change in indebtedness relating to NNDR (due from Government and Preceptors) and Council Tax (due from Preceptors).	(448)	350
Total cash flows from financing activities	(730)	52

29. Trading operations

The Council manages an investment portfolio consisting of 75 industrial units (28 Investment managed, 47 economic regeneration), 55 other properties (Worden, shops, offices and residential), 24 plots of leased land, others (allotments, garages, parking plots, grazing).

2016/17 £'000		2017/18 £'000
(1,092)	Turnover	(1,063)
207	Direct costs	254
217	Capital charges	38
(668)	Net (surplus) or deficit in the CIES	(771)
195	Overheads	240
(473)	Net (surplus) or deficit	(531)

30. Members allowances

The Council paid the following amounts to its members during the year:

2016/17 £'000		2017/18 £'000
341	Allowances	351
341	Total	351

31. Officers remuneration

Senior Officers are defined as those officers whose annualised salary is more than £50,000 and form part of the Council's Senior Leadership Team.

2017/18 Remuneration	Note	Salary and allowances	Expenses allowances	Compensation for loss of office	Benefits In Kind	Pension Contribution	Total Remuneration
Post Title		£	£	£	£	£	£
Chief Executive	A	82,888	-	-	-	12,350	95,238
Interim Chief Executive	B	106,137	-	-	-	-	106,137
Director of Development, Enterprise & Communities	C	72,187	929	41,088	-	16,379	130,583
Director of Neighbourhoods, Environmental Health & Assets	D	73,693	929	36,979	-	217,155	328,756
Head of Shared Assurance Services	E	53,019	1,239	-	-	7,900	62,158
Human Resource Manager	F	22,716	516	12,200	25	3,005	38,462
Legal Services Manager (Monitoring Officer)		49,857	-	-	-	7,429	57,286
Interim Specialist Projects Consultant	G	59,961	-	-	-	-	59,961
Interim HR & OD Consultant	H	114,587	-	-	-	17,074	131,661
Temporary Governance Manager	I	77,448	-	-	-	-	77,448
Interim Improvement Manager	J	-	-	-	-	-	-

- A) The Chief Executive was appointed on 1st July 2017.
- B) The Interim Chief Executive ceased employment on 30th June 2017. The salary and allowances figure includes pay in lieu of notice.
- C) The Director of Development, Enterprise & Communities ceased employment on 31st December 2017. The salary and allowances figure includes pay in lieu of notice.
- D) The Director of Neighbourhoods, Environmental Health & Assets ceased employment on 31st December 2017. The pension contributions include pension strain that is payable to the Pension Fund. The salary and allowances figure includes pay in lieu of notice.
- E) The Head of Shared Assurance Services post is shared between South Ribble and Chorley Councils.
- F) The Human Resource Manager ceased employment on 4th August 2017.
- G) The Interim Specialist Projects Consultant commenced employment on 11th September 2017.
- H) The Interim HR & OD Consultant commenced employment on 15th May 2017.
- I) The Temporary Governance Manager ceased employment on 21st December 2017.
- J) The Interim Improvement Manager was paid via a consultancy arrangement at a cost of £115,828 for the year.
- K) The Head of Financial Services / Section 151 Officer role (not listed in the table above) was carried out under the Shared Services Agreement with Chorley Borough Council. The member of staff is a Chorley Borough Council employee.

The comparative information for the preceding year is as follows:

2016/17 Remuneration							
Post Title	Note	Salary and allowances £	Expenses allowances £	Compensation for loss of office £	Benefits In Kind £	Pension Contribution £	Total Remuneration £
Chief Executive	A	56,263	723	-	-	6,988	63,974
Interim Chief Executive	B	84,240	-	-	-	-	84,240
Director of Corporate Governance & Business Transformation	C	65,180	1,239	-	-	8,278	74,697
Director of Development, Enterprise & Communities		73,250	1,239	-	-	9,303	83,792
Director of Neighbourhoods, Environmental Health & Assets		69,679	1,239	-	-	8,849	79,767
Head of Shared Assurance Services		52,494	1,239	-	-	6,667	60,400
Human Resource Manager		66,352	1,239	-	385	8,427	76,403
Temporary Governance Manager	D	33,353	-	-	-	-	33,353
Interim Improvement Manager	E	44,902	-	-	-	-	44,902

- A) The Chief Executive post was vacant as at 31st March 2017.
- B) The Interim Chief Executive was employed via an agency with effect from 22nd October 2016 to 31st March 2017.
- C) The Director of Corporate Governance & Business Transformation ceased employment on 6th March 2017. The post holder carried out the statutory role of Monitoring Officer up to 31st August 2016. From 1st September 2016 that role was carried out by the Legal Services Manager but the annualised salary for that person was below £50,000 and therefore they have not been included in the table.
- D) The Temporary Governance Manager was employed via an agency. The costs were part funded by an Improvement and Development Agency grant of £24,000.
- E) The Interim Improvement Manager was employed via an agency. The costs were fully funded by an Improvement and Development Agency grant of £55,000.

Authorities are required to disclose the number of other employees receiving more than £50,000 remuneration, excluding pension contributions. In 2016/17 there were no such employees. In 2017/18 no other employees had a salary of more than £50,000 but there were additional payments regarding compensation for loss of office which took the total remuneration of two employees above that threshold. The following table shows the number of employees falling into certain bandings for their total remuneration.

Total Remuneration Banding	Number of employees 2016/17	Number of employees 2017/18
£50,000 to £55,000	0	1
£55,001 to £60,000	0	0
£60,001 to £65,000	0	0
£65,001 to £70,000	0	0
£70,001 to £75,000	0	1
Total	0	2

The following table gives details of employee exit packages in the current and preceding years.

Exit Package cost banding	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages		Total cost of exit packages	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0 to £20,000	0	1	2	4	2	5	£8,208	£54,426
£20,001 to £40,000	0	0	0	3	0	3	£0	£105,941
£40,001 to £60,000	0	0	0	1	0	1	£0	£49,486
£60,001 to £80,000	0	0	0	0	0	0	£0	£0
£80,001 to £100,000	0	0	0	0	0	0	£0	£0
£100,001 to £150,000	0	0	0	1	0	1	£0	£130,770
£150,001 to £200,000	0	0	0	0	0	0	£0	£0
£200,001 to £250,000	0	0	0	1	0	1	£0	£246,154
Total	0	1	2	10	2	11	£8,208	£586,777

32. External audit costs

The Authority has incurred the following costs relating to external audit:

	2016/17 £'000	2017/18 £'000
Fees for statutory inspection and audit	44	44
Fees for the certification of grant claims and returns	7	7
Total	51	51

33. Grant income

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

	2016/17 £'000	2017/18 £'000
Credited to Taxation and Non-Specific		
National non-domestic rates	(590)	(1,110)
Revenue support grant	(1,099)	(437)
Grants – New Homes Bonus	(1,748)	(1,669)
Community Infrastructure Levy	(174)	(611)
Grants & Contributions - Other	(134)	(1,918)
Total	(3,745)	(5,745)
Credited to Services		
Grants – benefits related	(22,064)	(20,929)
Grants & Contributions – other	(2,353)	(2,433)
Contribution – County Council waste recycling	(909)	(909)
Total	(25,326)	(24,271)
Grand Total	(29,071)	(30,016)

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

	2016/17 £'000	2017/18 £'000
Various contributions	794	558
Total	794	558

34. Related parties

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

◆ **Central Government**

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

◆ **Members of the Council**

Councillors have direct control over the council's financial and operating policies. Elected members are required to complete a Notice of Registerable Interests and notify the council of any changes within 28 days. Declarations of interests in meetings, including the personal interest of partners, relatives or friends, are also recorded in the minutes of the meeting and in a register, both of which are open to public inspection.

Note 30 refers to the allowances paid to members. A detailed breakdown of these figures can be found on the Council's website.

The Council has representation on various voluntary bodies. During 2017/18, the Council paid grants totalling £0.022m (2016/17 £0.021m) to some of these organisations.

◆ **Officers**

If appropriate, Directors complete a voluntary declaration of transactions involving related parties. During 2017/18 Joanne Platt Associates Limited were paid £0.116m in respect of the temporary services of the Interim Improvement Manager (see also note 31 Officers' remuneration).

◆ **Partnerships, Companies and Trusts**

Financial & Assurance Shared Services Partnership (F&ASSP) – In January 2009 this partnership was established under an Administrative Collaboration Agreement entered into by South Ribble and Chorley Borough Councils. This provides for the provision of accountancy, exchequer, treasury management, procurement and assurance services across the administrative areas of the two Councils. A Shared Services Joint Committee has been established to discharge the Chorley and South Ribble Councils' functions of providing these services.

In 2017/18 gross expenditure of £1.581m (2016/17 1.534m) was incurred on the shared services which was fully funded by recharges to the two Councils.

An outstanding F&ASSP creditor as at 31st March 2018 amounts to £0.015m.

◆ **Simple Investment**

In 2005/06 the Council's leisure centre operation transferred to South Ribble Community Leisure Limited (SRCLL), which is a company with charitable objectives. The Council pay SRCLL a Leisure Services Fee (LSF) for the running of its leisure centres. The contract with SRCLL is for a period of 15 years and 10 months which commenced on 1 June 2005.

Name of Undertaking	South Ribble Community Leisure Limited
Type of Organisation	Limited liability.
Nature of Business	Provision and Development of leisure facilities in South Ribble
SRBC share holding	14.2%
Grant Paid in the Year	£0.021m

Leisure Services Fee
Creditor/Debtor

£0.189m

There were no outstanding debtor or creditor balances at 31 March 2018

35. Capital expenditure and financing

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

The statement incorporates details of the movements in the Capital Financing Requirement. This is a measure of the capital expenditure historically incurred by the Authority that has yet to be financed. This will be discharged by future charges to the revenue account.

	2016/17 £'000	2017/18 £'000
Opening Capital Financing Requirement	5,902	5,302
<i>Capital investment:</i>		
Property, Plant and Equipment	1,730	1,540
Investment property	(6)	0
Intangible Assets	79	93
Revenue Expenditure Funded from Capital under Statute	550	794
Surplus Assets	0	7
<i>Sources of finance:</i>		
Capital Receipts	(21)	(174)
Government Grants and Other Contributions	(1,026)	(1,279)
<i>Sums set aside from revenue:</i>		
Earmarked Reserves	(888)	(668)
Revenue Financing	(12)	0
Minimum Revenue provision	(761)	(743)
Voluntary Revenue Provision	(246)	(246)
Closing Capital Financing Requirement	5,302	4,626
<i>Explanation of movements in year:</i>		
Assets financed by prudential borrowing	216	55
Assets acquired under deferred purchase arrangement	189	257
Provision made for debt repayment	(1,007)	(990)
Increase / (Decrease) in Capital Financing Requirement	(601)	(678)

36. Leases

36a Authority as lessee

Finance leases

Works have been done to leisure centres owned by the Authority under a deferred purchase arrangement. The expenditure incurred, net of repayments made, is shown in the table below:

	31 March 2017 £'000	31 March 2018 £'000
Works to Leisure Centres	941	900

The Authority is committed to making minimum payments under these leases to discharge the outstanding liability plus finance costs that will accrue while the liability remains outstanding.

The agreement commits the lessor to invest £4.819m in their refurbishment in the years 2005/06 to 2020/21. As at 31 March 2018 £4.691m had been spent (£4.433m to 31 March 2017). The minimum payments under the lease total £6.638m of which, £1.307m is still to be paid. Payments in 2017/18 totalled £0.436m and the same amount is due in 2018/19.

The minimum lease payments in respect of the completed works to leisure centres are shown below. These minimum payments are different to the £1.307m still to be paid and identified above. This is because the figure of £1.307m represents amounts still to be paid under the terms of the contract and takes into account capital expenditure yet to be incurred, whereas the minimum payments below relate to the actual capital expenditure incurred at the Balance Sheet date.

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
Not later than 1 year	436	436	295	304
Later than 1 year but less than 5	742	683	646	596
Total	1,178	1,119	941	900

Operating leases

The Authority operates office equipment under an operating lease. The future minimum lease payments are as follows:

	31 March 2017 £'000	31 March 2018 £'000
Not later than one year	40	20
Later than one year but less than one	56	21
Total	96	41

The operating lease rentals charged in the Comprehensive Income and Expenditure Statement during the year were as follows:

	2016/17 £'000	2017/18 £'000
Minimum lease payments	5	21
Total	5	21

36b Authority as lessor

Finance Leases

The Council has leased one property for 125 years. In the following table the gross investment in the lease is reconciled to the present value of the minimum lease payments:

	31 March 2017 £'000	31 March 2018 £'000
Finance lease debtor (present value of minimum lease payments)	20	20
Unearned finance income	90	89
Total	110	109

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum lease payments	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
Not later than 1 year	1	1	1	1
Later than 1 year but less than 5	5	5	5	5
Later than 5 years	104	103	104	103
Total	110	109	110	109

No contingent rents were receivable in the years of account.

Operating leases

The Council lets certain offices and industrial units. The future minimum lease payments receivable are:

	31 March 2017 £'000	31 March 2018 £'000
Not later than one year	801	736
Later than one and not later than five years	1,709	1,478
Later than five years	15,784	14,344
Total	18,294	16,558

37. Defined benefit pension scheme

37a Governance

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits through the Local Government Pension Scheme. This scheme is administered by Lancashire County Council who have appointed a Pension Fund Committee (comprising a mix of County Councillors and representatives from other employers) to manage the Fund. The Committee is assisted by an investment panel which advises on investment strategy and risk management. The scheme is funded and pays defined benefits based on how long employees

are active members, and their salary when they leave (a "final salary" scheme) for service up to 31 March 2014 and on revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

37b Funding the liabilities

Regulations require actuarial fund valuations to be carried out every 3 years. Contributions for each employer are set having regard to their individual circumstances. Contributions must be set with a view to targeting the Funds solvency (the detailed provisions are set out in the Fund's Funding Strategy Statement). The latest valuation, carried out as at 31 March 2016, showed a shortfall for all employers of £690m or 10%. Employers are paying additional contributions over 16 years to meet the shortfall. For the three year valuation period beginning 1st April 2017 the Council opted to pre-pay the new future service rate and deficit recovery payments as a single amount in April each year of the 3 year valuation period to 2019/20 in return for a small overall discount. The discounted sum paid in April 2018 was £0.921m for the future service rate and £0.547m for the deficit recovery sum.

37c Risks

The primary risk is that the Fund's assets will, in the long-term, fall short of its liabilities to pay benefits to members.

Investment risk management seeks to balance the maximisation of the opportunity for gain and minimise the risk of loss, on the fund's investments. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk), by ensuring counterparties meet credit criteria, and that investments are within the limits set by the investment strategy.

Other risks - The fund managers have to ensure that the fund has adequate liquidity to meet its obligations as they arise. They must also be sensitive to any actions of government or changes in European legislation which might affect funding requirements.

Sensitivity to these risks is estimated in paragraph 37i.

37d Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the revenue account in the Cost of Services, when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge required to be made against council tax is based on the cash payable to the fund during the year. An adjustment is therefore made to the General Fund via the Movement in Reserves Statement. The following table shows the transactions made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2016/17 £'000	2017/18 £'000
<i>Comprehensive Income and Expenditure Statement</i>		
<i>Cost of Services:</i>		
Administration	31	31
Current service cost	1,403	2,106
Past service cost	0	0
Effect of curtailments	0	32
<i>Net interest on the net defined benefit liability:</i>		
Interest costs	3,352	2,865
Expected return on scheme assets	(2,314)	(1,977)
Total post-employment benefit charged to the (Surplus) / Deficit on the Provision of Service	2,472	3,057
<i>Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement</i>		
Re-measurement of the net defined benefit liability		
Return on plan assets, excluding amount included in interest expense	(11,886)	(863)
Experience gain & loss	(3,036)	0
Actuarial gains & losses from changes in demographic assumptions	(789)	0
Actuarial gains & losses from changes in financial assumptions	20,693	(4,214)
Total re-measurements recognised in Other Comprehensive Income	4,982	(5,077)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	7,454	(2,020)
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the (Surplus) / Deficit on the Provision of Services	(2,472)	(3,057)
Actual amount charged against the General Fund Balance for pensions in the year	1,003	1,722

37e Pension assets and liabilities recognised in the balance sheet

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

	Scheme Liabilities Local Government Pension Scheme	
	2016/17 £'000	2017/18 £'000
Present value of the defined benefit obligation	(116,140)	(113,858)
Fair value of plan assets	79,489	80,942
Net liability arising from defined benefit obligation	(36,651)	(32,916)

37f Reconciliation of fair value of the scheme (plan) assets

	Scheme Assets Local Government Pension Scheme	
	2016/17 £'000	2017/18 £'000
1 April	66,906	79,489
Interest on plan assets	2,314	1,977
Re-measurement gain/(loss)		
Return on plan assets, excluding amount included in interest expense	11,886	863
Employer contributions	1,006	1,715
Employee contributions	395	406
Benefits paid	(2,987)	(3,477)
Other	(31)	(31)
31 March	79,489	80,942

The actual return on the plan assets was £2,840k in 2017/18 (£12,840k 2016/17).

37g Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Scheme Liabilities Local Government Pension Scheme	
	2016/17 £'000	2017/18 £'000
1 April	(97,109)	(116,140)
Current service cost	(1,403)	(2,106)
Interest cost	(3,352)	(2,865)
Contributions by scheme participants	(395)	(406)
Re-measurement gains and (losses)		
Changes in financial assumptions	(20,693)	4,214
Experience gains & losses	3,036	0
Gains & losses from changes in demographic assumptions	789	0
Curtailments	0	(32)
Benefits paid	2,987	3,477
31 March	(116,140)	(113,858)

37h Local Government Pension Scheme assets comprised

	Fair value of scheme assets			
	2016/17 £'000	Percentage total of asset	2017/18 £'000	Percentage total of asset
Cash				
Cash and cash equivalents	825	1.0%	(1,956)	(2.4%)
Cash accounts	0	0.0%	3,416	4.2%
Net Current Assets	0	0.0%	(1,798)	(2.2%)
	825	1.0%	(338)	(0.4%)
Bonds				
UK corporate	290	0.4%	461	0.6%
Overseas corporate	1,016	1.3%	961	1.2%
Government	1,573	2.0%	1,931	2.4%
Overseas fixed interest	0	0.0%	78	0.1%
Subtotal bonds	2,879	3.7%	3,431	4.3%
Property				
Retail	2,164	2.7%	2,226	2.8%
Commercial	4,840	6.1%	5,386	6.7%
Subtotal property	7,004	8.8%	7,612	9.5%
Private equity				
UK	901	1.1%	0	0.0%
Overseas	39,356	49.5%	41,840	51.6%
Subtotal private equity	40,257	50.6%	41,840	51.6%
Other				
Infrastructure	9,591	12.1%	10,257	12.6%
Property funds	1,121	1.4%	1,229	1.5%
Credit funds	17,812	22.4%	14,914	18.4%
Pooled income fund	0	0.0%	1,997	2.5%
Subtotal alternatives	28,524	35.9%	28,397	35.0%
Total	79,489	100.0%	80,942	100.0%

37i Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31 March 2016.

The main assumptions used in their calculations have been as follows:-

	Local Government Pension Scheme	
	2016/17	2017/18
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	22.6 yrs.	22.7 yrs.
Women	25.2 yrs.	25.4 yrs.
Longevity at 65 for future pensioners		
Men	24.9 yrs.	25 yrs.
Women	27.9 yrs.	28 yrs.
Rate of inflation (CPI)	2.3%	2.1%
Rate of increase in salaries	3.8%	3.6%
Rate of increase in pensions	2.3%	2.2%
Rate for discounting scheme liabilities	2.5%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting period, and for each assumption assumes that other factors remain unchanged.

	Impact on the defined benefit obligation in the scheme £'000
Longevity (increase 1 year)	2,292
Rate of inflation (increase of 0.1% p.a.)	1,902
Salary inflation (increase of 0.1% p.a.)	286
Rate for discounting scheme liabilities (increase of 0.1%)	(1,870)

37j Impact on the Authority's Future Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 16 years. Funding levels are monitored on an annual basis. The next triennial valuation of the Fund is due as at the 31st March 2019. Based on the results of that valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2020.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipates paying £1.724m expected contributions to the scheme in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 17 years.

38. Contingent liabilities

Many councils, including South Ribble Borough Council, have received claims for mandatory charitable business rates relief from NHS Trusts and NHS Foundation Trusts. The backdated relief could be worth hundreds of millions of pounds in total for all of the councils. The councils have rejected the claims on the grounds that the NHS bodies are not charities, and therefore the claims are unfounded. The value of the appeals received by South Ribble Borough Council are estimated at £0.890m.

Collection Fund Statement

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers, and distribution to local authorities and the Government, of council tax and non-domestic rates (Business Rates).

2016/17 Business Rates £'000	2016/17 Council Tax £'000		2017/18 Business Rates £'000	2017/18 Council Tax £'000
		Income		
	57,711	Council Tax Receivable		59,979
39,508		Business Rates Receivable	37,930	
39,508	57,711	Total Income	37,930	59,979
		Expenditure		
		Apportionment of Previous Year Surplus/(Deficit)		
382		Central Government	314	
306	(9)	South Ribble Borough Council (note 14 page 76)	251	145
69	(44)	Lancashire County Council	57	783
	(6)	Police & Crime Commissioner for Lancashire		108
8	(3)	Lancashire Combined Fire Authority	6	44
		Precepts, Demands and Shares		
19,473		Central Government	16,372	
15,578	7,575	South Ribble Borough Council (note 14 page 76)	13,098	7,751
3,505	40,903	Lancashire County Council	2,947	43,112
	5,648	Police & Crime Commissioner for Lancashire		5,838
389	2,280	Lancashire Combined Fire Authority	327	2,311
39,710	56,344	Total Expenditure	33,372	60,092
		Charges to Collection Fund		
13	238	Write offs of uncollectable amounts	41	162
97	69	Increase / (Decrease) in Bad Debt Provision	335	108
(300)		Increase / (Decrease) in Provision for Appeals	1,250	
128		Cost of Collection Allowance	124	
		Disregarded Amounts (Renewable Energy Scheme)	9	
(26)		Transitional Protection Payments	2,990	
(88)	307	Total Charges to the Collection Fund	4,749	270
(114)	1,060	Surplus / (deficit) arising during the year	(191)	(383)
		Collection Fund Balance		
776	488	Surplus / (deficit) brought forward at 1 April	662	1,548
(114)	1,060	Surplus / (deficit) arising during the year	(191)	(383)
662	1,548	Surplus / (deficit) carried forward at 31 March	471	1,165
		Allocated to		
265	207	Transfer to / (from) Collection Fund Adjustment Account (Note 25f page 92)	188	150
331		Central Government	235	
59	1,125	Lancashire County Council	43	854
7	62	Lancashire Combined Fire Authority	5	45
	154	Police & Crime Commissioner for Lancashire		116
662	1,548	Surplus / (deficit) carried forward at 31 March	471	1,165

Notes to the Collection Fund

1. Accounting for Council Tax

The amount of Council Tax to be credited to the Comprehensive Income and Expenditure Statement for both billing authorities and major preceptors is their share of the accrued income. However, statute requires that the amount to be credited to the General Fund should be the authority's precept or demand for the year plus its share of the previous year's Collection Fund surplus or deficit. The difference between this regulatory charge and the accrued income is taken to the Collection Fund Adjustment Account, as revealed in the Movement in Reserves Statement. See also note 10.

Revenue relating to council tax shall be 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.

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

2. Council Tax details of charge

For the purpose of calculating Council Tax residential properties are classified into eight valuation bands. Each valuation band is proportionate to the central Band D property. This enables calculation of the total tax base. The Council Tax Base for 2017/18 was calculated as follows: -

Band	No. Dwellings	Total No. Equivalent dwellings	Proportion of Band D Charge	Band D Equivalent
A (disabled)	0	14.25	5:9	7.9
A	9,959	8,283.90	6:9	5,522.6
B	13,013	11,447.85	7:9	8,903.9
C	12,097	10,875.40	8:9	9,667.0
D	7,864	7,293.80	9:9	7,293.8
E	3,950	3,709.80	11:9	4,534.2
F	1,585	1,508.50	13:9	2,178.9
G	519	472.55	15:9	787.6
H	28	18.75	18:9	37.5
Total	49,015	43,624.80		38,933.4
Less local Council Tax Support Scheme discounts				(3,031.4)
Less adjustments for losses on collection				(718.0)
Addition for anticipated changes in the base, reduced discount on second homes and other technical changes				103.6
Band D Equivalent Number of Properties				35,287.6

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities for the forthcoming year and dividing this by the council tax base. This results in a basic Band D charge (excluding Parish Precepts) of £1,661.07 for 2017/18 (£1,610.96 for 2016/17). The other valuation bands are proportionate to this. The full list of charges is as follows:

Band	Proportion of Band D Charge	Council Tax Levied Excluding Parish Precepts	
		2016/17 £	2017/18 £
A	0.67	1,073.98	1,107.38
B	0.78	1,252.96	1,291.93
C	0.89	1,431.97	1,476.51
D	1.00	1,610.96	1,661.07
E	1.22	1,968.96	2,030.21
F	1.44	2,326.94	2,399.32
G	1.67	2,684.94	2,768.45
H	2.00	3,221.92	3,322.14

3. Accounting for business rates

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding police bodies) and the Government. The amount credited to the General Fund under statute is the Authority's estimated share of NDR for the year from the National Non-Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement.

Revenue relating to non-domestic rates shall be 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.

The cash collected by the Authority from NDR payers belongs proportionately to all the major preceptors (excluding police bodies) and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Regulations require that only the deficit or surplus estimated in the annual National Non Domestic Rates (NNDR) 1 Return before the year-end be recovered from or shared with preceptors. Therefore, the surplus shared between preceptors during 2017/18 was £0.628m, being the estimate included in NNDR1 2017/18, whereas the actual deficit in the 2016/17 was £0.191m.

Note 14 Taxation and Non-Specific Grant Income and Expenditure shows net Non-Domestic Rates Income and Expenditure for 2017/18 to be £3.514m (2016/17 £3.769m). This can be reconciled to South Ribble Borough Council's share of Business Rates Income in the Collection Fund statement in the following table:

2016/17 £'000		2017/18 £'000
15,578	South Ribble Borough Council's share of Business Rates	13,098
(2)	Tariff payable to Central Government	0
(11,955)	Tariff Payable to the Lancashire Business Rates Pool	(9,644)
(112)	Levy Payable to the Lancashire Business Rates Pool	(124)
(46)	South Ribble Borough Council share of accumulated surplus or deficit for year (transferred to Collection Fund Adjustment Account - Note 25f)	(76)
306	South Ribble Borough Council share of previous year's estimated surplus or (deficit) as per NNDR1 under regulation	260
3,769	NNDR Net Income per Note 14	3,514

This Council is part of the Lancashire Business Rates Pool which began on 1 April 2016. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government. For more information on the Lancashire Business Rates Pool see note 14.

4. Business rates details of charge

Business Rates are organised on a national basis. In 2005/2006 the Government introduced a Small Business Rate Relief Scheme. This results in there being two multipliers – one for small businesses at 46.6p in 2017/18 (48.4p in 2016/17) and one for larger businesses at 47.9p in 2017/18 (49.7p in 2016/17).

The Business Rates income for 2017/18, after reliefs and provisions, was £36.304m (£39.697m in 2016/17).

The rateable value for the Council's area at the end of the financial year 2017/18 was £87.752m (£91.763m in 2016/17).

Glossary of Terms

Accounting Policies

The rules and practices adopted by the authority that determine how the transactions and events are reflected in the accounts.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Agency Services

These are services that are performed by or for another Authority or public body, where the principal (the Authority responsible for the service) reimburses the agent (the Authority carrying out the work) for the costs of the work.

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. This role was previously undertaken by The Audit Commission. Grant Thornton UK LLP is the Council's appointed Auditor.

Balances

The balances of the Authority represent the accumulated surplus of income over expenditure on any of the Funds.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Charges

This is the annual charge to the revenue account in respect of interest and principal repayments and payments of borrowed money, together with leasing rentals.

Capital Financing Requirement (CFR)

CFR is a measure of the capital expenditure historically incurred by the Authority that has yet to be financed. This will be discharged by future charges to the revenue account. In determining Council Tax charges, authorities have to make a specific provision for the financing of capital expenditure. The outstanding amount for which provision has to be made is known as the Capital Financing Requirement.

Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Code of Practice on Local Authority Accounting in the United Kingdom (The Code)

The Code incorporates guidance in line with IFRS, IPSAS and UK GAAP Accounting Standards. It sets out the proper accounting practice to be adopted for the Statement of Accounts to ensure they 'present fairly' the financial position of the Council. The Code has statutory status via the provision of the Local Government Act 2003.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to local government bodies and the Government.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's accounts.

Council Tax

A local tax on residential properties within the Council's area, set by the charging (South Ribble Borough Council) and precepting authorities. The level is determined by the revenue expenditure requirements for each authority divided by council tax base for the year.

Council Tax Base

The amount calculated for each billing authority from which the grant entitlement of its share is derived. The number of properties in each band is multiplied by the relevant band proportion in order to calculate the number of Band D equivalent properties in the area. The calculation allows for exemptions, discounts, appeals and a provision for non-collection.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

Creditors

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

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Curtailement

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consists of principal outstanding from the sale of council houses.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Department for Communities and Local Government (DCLG)

DCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property plant and equipment assets.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Discounts

Discounts represent the outstanding discount received on the premature repayment of Public Works Loan Board loans. In line with the requirements of the Code, gains arising from the repurchase or early settlement of borrowing have been written back to revenue. However, where the repurchase or borrowing was coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains have been recognised over the life of the replacement loan.

Earmarked Reserves

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

External Audit

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

Fair Value

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

Finance Lease

A finance lease is a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Authority and includes the net cost of all services financed by local taxpayers and Government grants.

Highways Network Asset

A grouping of interconnected components, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use. Components include carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. District Council's such as South Ribble Borough Council rarely hold such assets as they are not Highways Authorities.

Housing Benefit

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Authority's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses and patents.

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale

- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Joint Venture

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

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the basis of financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, and capital programme. At South Ribble Borough Council this usually covers a four year timeframe.

Minimum Revenue Provision (MRP)

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge. MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989 and calculated in accordance with The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

Non-Domestic Rate (NDR) (also known as Business Rates)

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

Net Book Value (NBV)

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

Net Realisable Value (NRV)

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

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Authority.

Precept

The amount levied by various Authorities that is collected by the Council on their behalf. The major precepting Authorities in South Ribble are Lancashire County Council, the Police and Crime Commissioner for Lancashire, and the Lancashire Combined Fire and Rescue Authority. Parish precepts are also collected on behalf of a number of Parish and Town Councils in the area.

Premiums

These are discounts that have arisen following the early redemption of long term debt, which are written down over the lifetime of replacement loans where applicable.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)

PPE are tangible assets (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Related Parties

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

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

Remeasurement of the Net Defined Benefit Liability

Remeasurement of the Net Defined Benefit Liability (asset) comprises:

- b) actuarial gains and losses
- c) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
- d) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Regulation(s)

Various Acts of Parliament, Statutory Instruments and Bills that require local authorities to account for transactions in a particular way which might depart from proper accounting practice, IFRS or other Reporting Standards.

Reserves

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Revaluation Reserve

The Revaluation Reserve records the accumulated gains on the non-current assets held by the Authority arising from increases in value as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Support Grant

The main Government grant paid to local authorities. It is intended to adjust for differences in needs between areas so that, if all local authorities were to spend at the level which the Government assess that they need to spend, the council tax would be the same across the whole country.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

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

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (RICS) is a professional body that accredits professionals within the land, property and construction sectors worldwide.

Members holding RICS qualifications may use the following designations after their name: MRICS (Member), FRICS (Fellow), AssocRICS (Associate). Those with the designation MRICS or FRICS are also known as chartered surveyors.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Voluntary Revenue Provision

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required, this is the Voluntary Revenue Provision (VRP).