



## **Audit Committee Agenda**

**Wyre Borough Council**  
**Date of Publication: 16 July 2018**  
**Please ask for : Roy Saunders**  
**Democratic Services and Scrutiny**  
**Manager**  
**Tel: 01253 887481**

**Audit Committee meeting on Tuesday, 24 July 2018 at 6.00 pm  
in the Civic Centre, Poulton-le-Fylde**

**1. Apologies for absence**

**2. Declarations of interest**

Members and officers will disclose any pecuniary and any other significant interests they may have in relation to any matters on the agenda.

**3. Confirmation of minutes**

(Pages 1 - 6)

To confirm as a correct record the minutes of the last meeting of the Audit Committee held on 19 June 2018.

**4. Statement of Accounts (Post Audit) 2017/18**

(Pages 7 - 138)

Report of the Head of Finance (Section 151 officer).

**5. Management Representation Letter 2017/18**

(Pages 139 -  
146)

Letter signed by the Chairman of the Audit Committee and the Head of Finance (Section 151 officer).

**6. Report of those charged with governance (ISA 260) 2017/18**

Report of the Head of Finance (Section 151 officer) – Report to follow.

**7. Next Meeting**

The next meeting of the Committee is scheduled for Tuesday 13 November 2018, in the Council Chamber at the Civic Centre.

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## Audit Committee Minutes

The minutes of the Audit Committee meeting of Wyre Borough Council held on Tuesday, 19 June 2018 at the Civic Centre, Poulton-le-Fylde.

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**Audit Committee members present:**

Councillors Rita Amos, Emma Anderton, Lorraine Beavers, Ron Greenhough, Tom Ingham, Lesley McKay, Paul Moon, Cheryl Raynor, Brian Stephenson, Ann Turner, Lynn Walmsley and Val Wilson

**Apologies:**

Councillor(s) Tom I Balmain and Graham Holden

**Other councillors present:**

None.

**Officers present:**

Clare James, Head of Finance and Section 151 Officer  
Joanne Billington, Head of Governance  
Roy Saunders, Democratic Services and Scrutiny Manager

Harriet Fisher, KPMG (External Auditor) was also present.

No members of the public or press attended the meeting.

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**1 Election of Chairman**

Cllr McKay was elected as Chairman of the Committee for the 2018/19 municipal year.

**2 Election of Vice Chairman**

Cllr A Turner was elected as Vice Chairman of the Committee for the 2018/19 municipal year.

**3 Declarations of interest**

None.

#### **4 Confirmation of minutes**

**Agreed** that the minutes of the Audit Committee meeting held on 8 May 2018 be confirmed as a correct record.

#### **5 Training: Statement of Accounts 2017/18**

The Head of Finance (Section 151 Officer) made a presentation on the format and contents of the council's accounts in advance of the requirement for the Committee to approve the 2017/18 Statement of Accounts at its next meeting on 24 July.

Copies of the slides presented by Head of Finance (Section 151 Officer) are appended to the minutes.

When making her presentation, the Head of Finance (Section 151 Officer) said that the information in her slides was consistent with a guidance document published by the Chartered Institute of Public Finance and Accountancy (CIPFA), which members of the Committee had previously been referred to and was available on CIPFA's website. She referred during her presentation to the latest draft version of the Statement of Accounts for 2017/18, copies of which had been made available to members of the Committee. She said that the draft accounts did not yet include an independent auditor's report, which would be inserted when the auditing work they were currently undertaking had been completed.

The Head of Finance (Section 151 Officer) explained what had to be included in the Statement of Accounts. She stressed, in particular, the need for members of the Committee to be familiar with and be able to consider effectively at its next meeting the Narrative Report section, which provided a summary of the whole document and was a very useful overview of the accounts which 'told the story'.

She provided a number of examples to illustrate where information could be found within the statement of accounts to obtain answers to the sorts of questions Members might want to ask at the next meeting of the Committee (pages 57 and 58 of the slides).

**Agreed** that the contents of the presentation be noted and that members of the Committee be asked to read through the copies of the slides before the next meeting.

#### **6 Peer Review of Internal Audit: External Assessment**

The Head of Governance submitted a report of the Peer Review Team which had recently completed a review of the council's Internal Audit service. She explained that, in addition to the annual self-assessment which the council had to undertake, an external peer review had to be carried out every five years. The current review had been undertaken by Audit Managers from Allerdale and Preston Council's.

The outcome of the review, as set out in the report, had been very positive, confirming that Wyre's internal audit service 'conformed' to the required professional standards.

Only three 'minor observations' on areas of possible improvement or development had been identified, which were referred to in paragraph 3.4 of the report. Suggested actions were listed in Appendix C. The Head of Governance said that she had been aware of the issues raised, but each of the points raised would be considered further. The Head of Governance (with reference to paragraph 3.4.1) was wary of spending too much time collecting purely quantitative performance information, but she would look again for possible qualitative measures which would be relatively easy to obtain and which would provide added value. She said (with reference to paragraph 3.4.2) that she would also look again at ways of including some, although probably not all, third tier managers in the council's established processes for identifying and assessing risks. She said (with reference to paragraph 3.4.3) that arrangements were already being made to do more sampling and follow up work on lower priority actions identified in audit reports. She stressed that checks were already routinely made on the implementation of all high priority audit recommendations.

The Head of Governance also submitted a letter from the Peer Review Moderation Team (comprising the Chief Auditors of Hyndburn, Burnley and South Ribble and Chorley Councils) confirming that the review and resulting report on Wyre Council's conformance with the UK Public Sector Internal Audit Standards was fair and consistent with the expected standards established for the peer review process.

**Agreed** that the outcome of peer review process be noted and that the positive conclusion reached be welcomed.

## **7 Risk Management Policy: Annual Review**

The Head of Finance (Section 151 Officer) submitted a report on the annual review of the council's risk management policy.

The Head of Governance said that the council's arrangements for regularly assessing and mitigating both strategic and operational risks were well established and worked well. She said that only very minor amendments had been made to the policy, for example, to reflect changes to job titles.

The Head of Governance drew attention to the responsibilities of Councillors with regard to risk management, which were set out in paragraphs 3.1 to 3.3 of the policy.

**Agreed** that the Risk Management Policy attached as Appendix 1 to the report be approved.

## **8 Annual Governance Statement 2017/18**

The Head of Finance (Section 151 Officer) submitted a report on the draft

Annual Governance Statement 2017/18. The Head of Governance introduced the report and said that this high level strategic document was the second most important document considered by the Committee (after the statement of accounts). It was still currently a draft version, which Members still had the opportunity to challenge.

The Head of Governance drew attention to the information in Section 5 of the Statement providing evidence to demonstrate how the council had complied in 2017/18 with the seven core principles set out in the CIPFA/SOLACE framework. She also referred, in particular, to the review of the effectiveness of the council's internal financial controls in Section 7 of the Statement.

The Head of Governance said that there were no significant governance issues which needed to be specifically identified in Section 9 of the Statement. She reminded Members that reference to the preparation for the introduction of the General Data Protection Regulations 2018 had been included in the Statement for the previous year but, although there was still a considerable amount of work to be done on data protections issues, the necessary steps had been taken prior to the implementation of the Regulations on 25 May 2018 for that reference to be removed from the Statement.

The Head of Governance also referred to the list of actions set out in the Action Plan attached as Appendix 2 of the report. She responded to questions from members of the Committee about:

- the involvement of councillors in the proposed ongoing review of the Constitution;
- the appointment of councillors to regulatory committees;
- a proposed further review of the performance appraisal process for staff.

**Agreed**, having reviewed the documents submitted, that the draft Annual Governance Statement 2017/18, incorporating the Council's Code of Corporate Governance, be formally approved.

## **9 Housing Benefit Payments**

The External Auditor provided an update on the latest position with regard to minor housing benefit payment errors reported to the Committee on 13 March 2018. Further sampling was still being carried out and would be completed in time for a report to be submitted to the Committee in July. It was not yet clear whether the extrapolated total over-payment and under-payment figures would increase or decrease as a result of the larger number of claims being sampled.

**Agreed** that the position be noted.

## **10 Periodic private discussion with External Auditor**

In accordance with the Audit Committee's work programme, the Audit Committee Members were given their annual opportunity to speak in confidence to the External Auditor at the end of the meeting.

The Head of Finance, the Head of Governance and the Democratic Services and Scrutiny Manager left the room for this item.

No significant issues were raised or required actions identified.

**Appendix to Minutes: Training Slides - Statement of Accounts (minute 5)**

The meeting started at 6pm and finished at 7.26pm.

**Date of Publication: 26 June 2018**







Report of:	Meeting	Date	Item No.
Head of Finance	Audit Committee	24 July 2018	

<b>STATEMENT OF ACCOUNTS 2017/18 (Post Audit), CAPITAL FINANCING AND REVENUE OUTTURN</b>
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## 1. Purpose of Report

- 1.1 To approve the Council's published Statement of Accounts, following the completion of the audit, and the final capital and revenue position for the financial year 2017/18.

## 2. Outcomes

- 2.1 Evidence that the Council produces accounts in accordance with relevant standards and timetables, supported by comprehensive working papers and promotes external accountability.
- 2.2 Compliance with the requirements of the Accounts and Audit Regulations.

## 3. Recommendations

### 3.1 Members are requested to:

- i. Approve the Accounting Policies selected and applied by the Council, as required by International Accounting Standard No. 8: Accounting Policies, Changes in Accounting Estimates and Errors, which are set out as Note 2 to the Financial Statements attached;
- ii. Approve the Council's Audited Statement of Accounts 2017/18;
- iii. Note the major variations in expenditure and income, the proposed slippage and the resulting impact on the level of the Council's reserves and balances at 31 March 2018; and
- iv. Ensure that the accounts are subject to robust member scrutiny/discussion.

## 4. Background

- 4.1 The Accounts and Audit Regulations 2015 require the Council's responsible financial officer to certify that the accounts 'present a true

and fair view of the financial position' for the 2017/18 financial year by the 31 May 2018. The Council is then formally required to approve and publish the Statement of Accounts no later than 31 July 2018. Following approval, the Statement of Accounts must be signed and dated by the member presiding at the meeting at which approval is given.

- 4.2 The Audit Committee received training on the unaudited accounts for the 2017/18 financial year at their meeting on the 19 June 2018.

**5. Key issues and proposals**

- 5.1 An Executive Summary setting out the main details in a format that is straightforward and easy to understand is included in the Statement of Accounts as part of the Narrative Report. The Narrative Report also includes non-financial information as part of the 'Telling the Story' requirement in the Code of Practice. The audited Statement of Accounts is attached at Appendix 1 for consideration and any issues raised by the external auditors have been reflected in this version.
- 5.2 Details of the issues raised can be seen in the External Auditor's Report to those charged with governance (ISA 260) 2017/18, which is considered later on the agenda.
- 5.3 The Capital Financing Report is attached at Appendix 2 (Table 1) and a comparison of actual capital expenditure to the 2017/18 updated revised budget, illustrating the nature of the variance e.g. advance spend, over spend, under spend or slippage to future years can be seen at Appendix 2 (Table 2).
- 5.4 A report identifying major variations in revenue expenditure and income compared to the levels budgeted for the year is attached at Appendix 3a and the proposed revenue slippage into 2018/19 and future years is included at Appendix 3b.
- 5.5 The resulting impact of these changes, such as additional expenditure or reduced income, on the level of the Council's reserves and balances at 31 March 2018 is shown at Appendix 4.
- 5.6 It should be noted that non-compliance with the requirements of the Accounts and Audit Regulations would be reflected in the Annual Audit Letter received from the Council's External Auditors and be reported publically impacting on the Council's reputation.

<b>IMPLICATIONS</b>	
Finance	There are no immediate financial implications arising from this report. The final outturn position has been incorporated within the Medium Term Financial Plan 2018/19 to 2021/22 which aims to provide detailed proposals for corporately managing the council's resources in the years ahead and is subject to continuous

	monitoring to ensure its effectiveness.
Legal	The approval of the recommendation will help ensure that the statutory requirements have been complied with.

### **OTHER RISKS/IMPLICATIONS: CHECKLIST**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>Implications</b>	<b>✓ / x</b>
Community Safety	x
Equality and Diversity	x
Sustainability	x
Health and Safety	x

<b>Risks/Implications</b>	<b>✓ / x</b>
Asset Management	x
Climate Change	x
Data Protection	x

<b>Report Author</b>	<b>Telephone No.</b>	<b>Email</b>	<b>Date</b>
Clare James	01253 887370	Clare.james@wyre.gov.uk	06.07.2018

<b>List of Background Papers:</b>		
<b>Name of Document</b>	<b>Date</b>	<b>Where available for inspection</b>
None		

### **LIST OF APPENDICES**

- Appendix 1 – Statement of Accounts for the year ended 31 March 2018
- Appendix 2 (Table 1) - Capital Financing Report
- Appendix 2 (Table 2) - Comparison of Capital Expenditure to Budget
- Appendix 3a – Major Revenue Variances
- Appendix 3b – Revenue Budget Savings - Slippage into Future Years
- Appendix 4a – Reserves and Balances Statement
- Appendix 4b – Transfers to and from Reserves

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# STATEMENT OF ACCOUNTS

For the Year Ended

31 March 2018

C James CPFA

Head of Finance

(s151 Officer)

Considered and confirmed (post Audit) by:

Chairmen of Audit Committee

Audit Committee 24 July 2018

Councillor L McKay

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## NARRATIVE REPORT

### Message from the Head of Finance

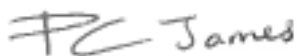
The financial year 2017/18 has been focused on driving forward the new Strategic Narrative and in particular the growing emphasis on Commercialism. The Financial Services team plays a key role in this emerging agenda and is committed to continuing to undertake the high standard of work for which it has earned an excellent reputation. As such, the accounts have been prepared to exacting standards, submitted to the External Auditor by 31<sup>st</sup> May 2018.

For the first time, new legislation requires that an Authority's audited Statement of Accounts is submitted to the appropriate body (in Wyre, the Audit Committee) for approval by 31<sup>st</sup> July after the end of the financial year. In order to aid transparency, it also requires all Local Authorities to have a common thirty day public inspection period which includes the first ten working days in June. As a result, the council's 2017/18 accounts cannot be formally approved until after the tenth working day in June. There is no longer a requirement for the Audit Committee to review the draft accounts; however, training took place with the Audit Committee on 19<sup>th</sup> June using the draft accounts to facilitate their ability to review the accounts prior to formally receiving the final audited version at its meeting on 24<sup>th</sup> July.

The preparation of the accounts in a timely manner provides the council with the opportunity to report its financial position and then move on to address the challenges arising from the continued reduction in Government funding. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we will pursue our efforts to deliver on-going improvement and excellence.

Working to our final accounts deadlines and the achievement of such high standards is only possible because of the hard work and dedication of officers across the council but especially the staff in Financial Services. This is reflected not just in our timely production of the accounts but in all aspects of the work that the service undertakes. During 2017/18 Financial Services continued to lead and support transformational council initiatives including major capital projects.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). The style and format of the accounts, complies with CIPFA standards and is similar to that of previous years. This Narrative Report provides information about Wyre, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2018.



Clare James

Head of Finance (s.151 Officer)

## ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

### An Introduction to Wyre

Wyre Council is one of fourteen District or Unitary Authorities in the Lancashire County region and is named after the River Wyre, which runs through the borough, and gives Wyre its motto “*utraque parte fluminis*” meaning ‘on either side of the river’. The borough covers 283 square kilometres and shares its borders with Blackpool, Fylde, City of Lancaster, City of Preston and Ribble Valley. Wyre enjoys an enviable location with coastal borders to the west enjoyed by residents of Fleetwood, Cleveleys and Knott End and scenic countryside to the east including the Forest of Bowland, an area of Outstanding Natural Beauty.

Wyre’s population in June 2016 based on the Mid-Year Estimates provided by the Office for National Statistics was 109,550.

### Elected Members

There are 50 Wyre Councillors in total and all are elected every four years in local elections with the next election to be held in May 2019. They represent 24 wards and work to support the best interests of the borough, their local neighbourhood and must also represent public interest generally as well as individuals in their ward.

Councillors are usually, but not always, aligned with one of the main national political parties and the position in Wyre at 31 March 2018 was as follows:

Conservative Councillors = 36; Labour Councillors = 13, and; Independent Councillors = 1.

As shown above, the Conservative Party has the most number of Councillors and as such they have control of the Council as the ruling group.

Councillors decide how the council should carry out its various activities. They are responsible for:

- Deciding how council services are provided
- Ensuring that the services that the council provides are delivered in the most efficient and effective way
- Fixing the rates of council tax and the fees that the council charges for its services
- Determining how the council's money should be spent

### The Council’s Spending

The council has two types of expenditure:

*Revenue expenditure:* the everyday costs incurred with running the council such as employee costs, premises related expenditure and various supplies and services

*Capital expenditure:* the more sizeable costs, which usually relate to the acquisition of new assets, or significant enhancement of existing assets to extend the economic benefit to the council.

### Enterprising Wyre

Business creation and expansion is a priority at Wyre and we have an excellent track record in supporting businesses through our Wyred Up network. The aim is to bring businesses together to buy from each other and as their businesses grow, they then employ more people in the local economy who spend their wages locally.



As accountable body, Wyre's role in the successful bid for Hillhouse Business Park in Thornton to become an Enterprise Zone, means it will now benefit from investment worth millions of pounds and government support to expand, potentially creating many jobs in the area. Working with our partners we are developing a Masterplan for the site using £50,000 of Commercial Support Grant from central government to help build and strengthen our plans for this important business zone.

The 4th annual Wyre Business Awards event was held in November at the Marine Hall, Fleetwood attracting a record number of nominations (70) and attendees making it a great success and a fitting showcase for Wyre business.

The Mount in Fleetwood is currently undergoing a revival and we have restored the seaward side of the Grade II registered gardens to their original 19th century design. A bid to the Heritage Lottery Fund to transform the landward side including pavilion, rose garden and gate lodge is currently being considered.

Wyre's Local Plan was submitted in January to the Planning Inspectorate, a significant step in the approval process with further stages taking place in 2018.

A new Blackpool, Fylde and Wyre Economic Prosperity Board has been established, replacing the former Economic Development Company, to better drive forward economic growth and regeneration projects across the Fylde Coast.

### Engaging Wyre

The Waste and Recycling Service were successfully shortlisted in both the Best Public – Private Sector Partnership and Best Team of the Year categories in the National Association of Public Excellence Service Awards competing against other service sectors and all Local Authorities.

The public toilets provided in Wyre continue to be of a high standard and the Authority was placed in the top 5 in the National Loo of the Year Awards.

Four parks in Wyre have Green Flag Awards, including Memorial Park, Fleetwood which also received the prestigious Green Heritage Award, all in recognition of how well they are cared for. In addition, there was double success at the RHS North West in Bloom awards with Vicarage Park, Poulton-le-Fylde winning a gold medal and Memorial Park winning a distinction in the municipal parks category and finally The Mount won the prized Heritage award (The Civil Mayor of Tameside trophy).

Three of Wyre's beaches have achieved Seaside Awards acknowledging them as being among the best in the country.

Our latest Life in Wyre Survey results show that 82% of our residents are satisfied or very satisfied with where they live.

### Healthier Wyre

We have committed, for the sixth year running, to protect our most vulnerable residents by limiting the contribution to the localised council tax support scheme for those previously on full benefit to 8.5%, which is significantly lower than neighbouring local authorities.

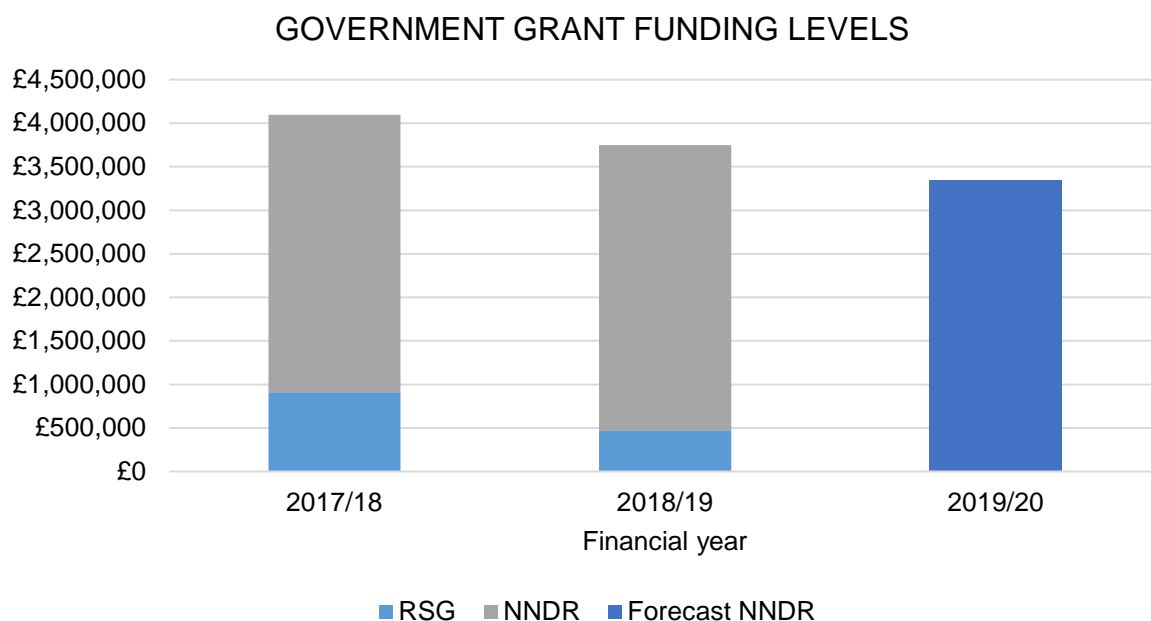
The Citizens Advice Bureau will continue to receive funding from Wyre at the same level and we continue to provide a free debt advice service, which helps those affected by welfare reforms, and a care and repair service which offers free advice and support to both the over 60s and disabled people.

## Council Funding

For 2018/19 we have received a reduction in funding of £356,000 or 9% compared to 2017/18, which is in line with the Government's multi-year settlement offer.

Spending power figures, which show a 4% reduction for 2017/18, include council tax receipts and new homes bonus grant, masking a 9% reduction in revenue support grant and baseline funding.

There will be a reduction in council funding (Revenue Support Grant (RSG) and National Non Domestic Rate (NNDR)) of nearly 20% from £4.1m in 2017/18 to £3.4m in 2019/20 represented by the graph below:



The Council has prepared for these reductions over the years by reducing spending, not increasing the level of borrowing and balancing the books through efficiency savings and prudent financial management.

We also have an excellent track record on efficiency savings which has protected residents from the full impact of reductions in funding. We've saved over **£5.6m** between 2010/11 and 2016/17, that's an average of **£808,000 per year** and we predict future savings will take us over the £6m mark.

Wyre has never shied away from challenging how we deliver services or making difficult decisions and will continue to do so. This means continually reviewing how we operate and whether services meet the needs of our communities.

## Significant Liabilities

As part of the terms and conditions of employment of its officers, the council offers retirement benefits. Although not required to be paid until employees retire, the council is committed to making the payments and is required to disclose the authority's liability at the time that employees earn their future entitlement. The scheme is funded, however, meaning that both the authority and its employees pay contributions into the fund calculated at a level intended to balance the pension liabilities with investment assets.

The underlying commitment that the authority has to pay retirement benefits is reflected in the net liability of £30,427,600. The net pension liability has reduced by £4.066m, this has been adjusted down for a £3.398m pre-payment for the lump sum payable to the fund for 2018/19 and 2019/20. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the Scheme Actuary.

### Principal Risks and Uncertainties

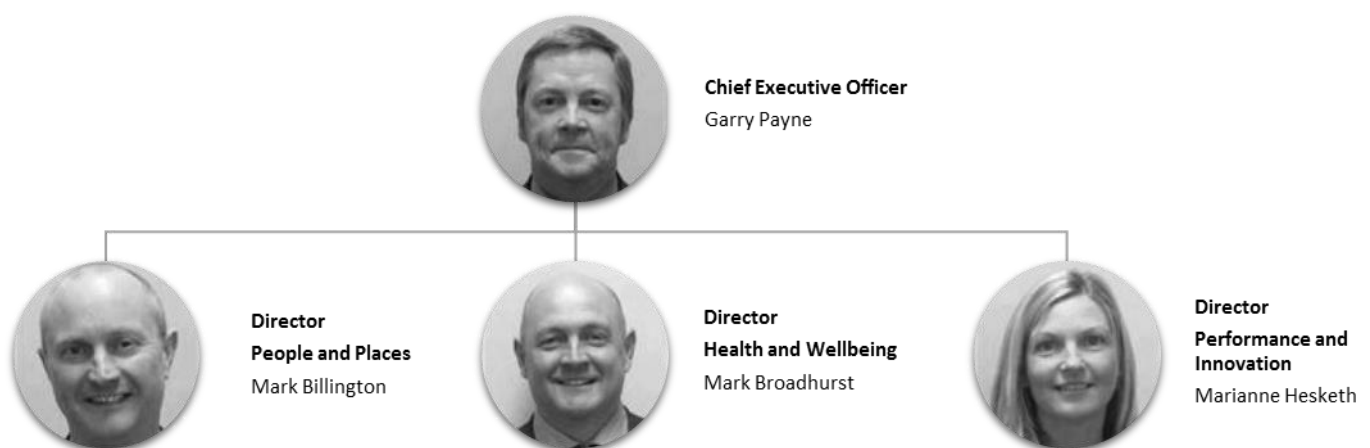
The Council manages its significant business risks and recognises that effective risk management is integral to the Council’s corporate governance arrangements. The council’s Corporate Management Team meets annually to review the Council’s strategic risks as identified on the Council’s strategic risk register, and identify any new risks that may prevent the Council from achieving its long-term corporate objectives.

The Council uses Zurich Municipal’s STORM methodology (Strategic and Tactical Organisational Risk Management); a structured, systematic methodology that identifies, evaluates, prioritises and manages opportunities and risk at strategic and operational levels. The Audit Committee are required to review the Risk Management Policy on an annual basis with the last review being completed in May 2018 and this and further updates can be found on the council’s website [www.wyre.gov.uk](http://www.wyre.gov.uk).

### Our People

It is vital to ensure that the workforce is highly skilled and motivated. We understand the importance of supporting all our employees to allow them to work in a safe environment and to continue to advance their knowledge and skills. Developing and retaining our workforce enables us to deliver our objectives and grow as a business. In 2017/18 we introduced a new ‘My 1-2-1’ appraisal process following work carried out by a cross-directorate working group reflecting the diverse workforce employed by the council and tailored to meet the needs of staff and managers to get the most out of the appraisal process.

The Council is overseen by the Chief Executive who is supported by three service directors who are responsible for the following Directorates:



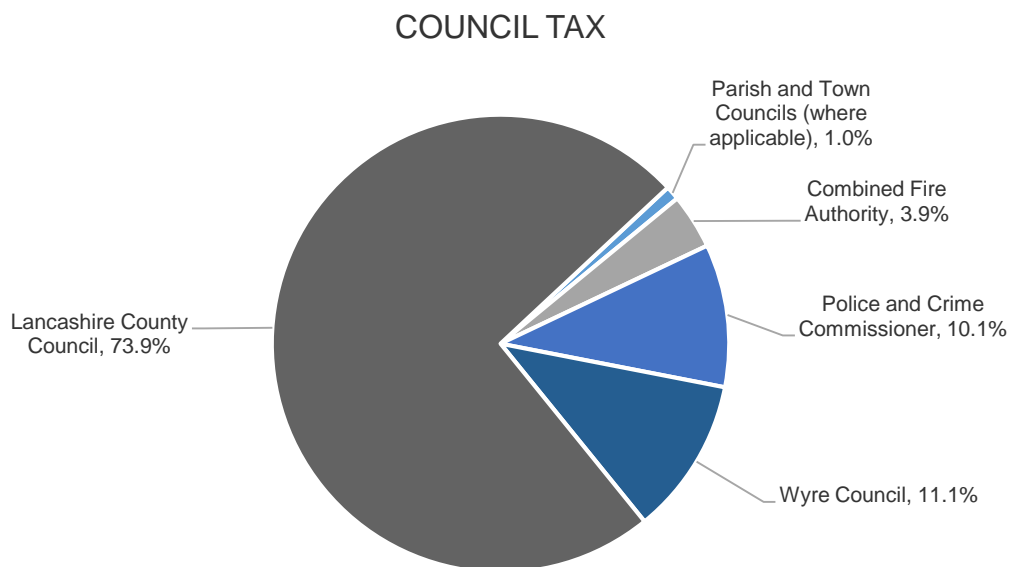
The Council is one of the largest employers in the borough employing 321 full time equivalents (53% female and 47% male). The workforce generally reflects the diversity of the resident in the borough.

**Council Tax 2018/19**

The Government announced last year that they would allow districts to increase council tax by up to 3% or £5 a year on a Band D equivalent property, if that is greater than 3%, without triggering a referendum. Their spending power calculation for 2018/19 assumes that districts will increase their council tax by the suggested 3%.

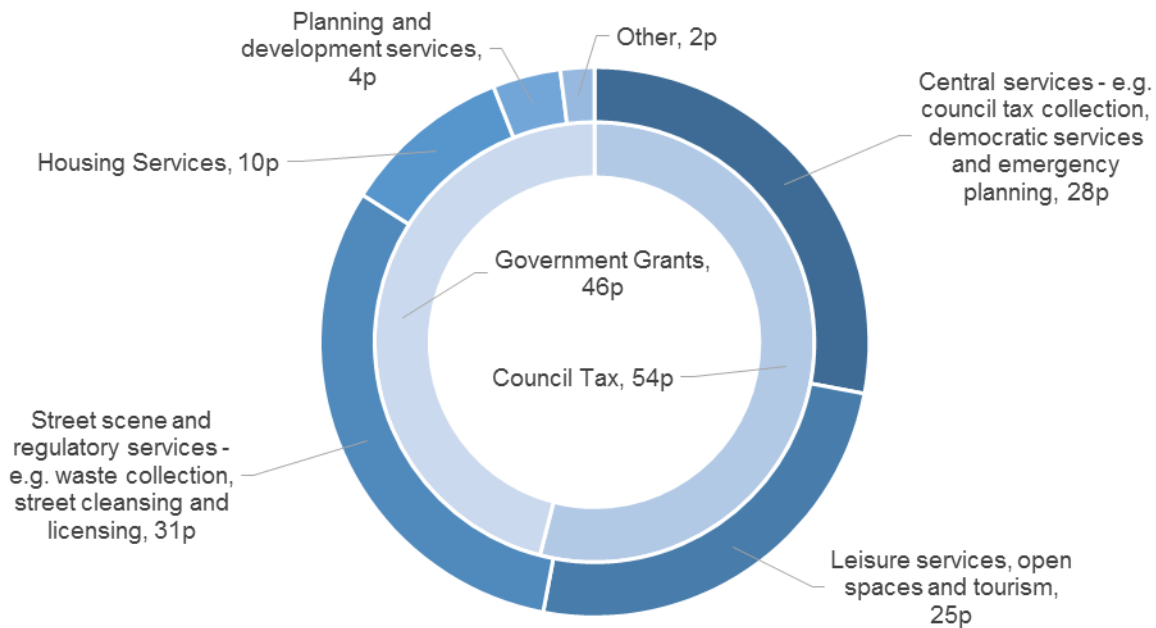
We have decided to follow the government’s lead to maximise our spending power potential whilst keeping costs low for residents and continue providing Wyre's vital front line services. This equates to a rise of £5.63 a year on a band D property, or just under 11p a week, and means that the overall cost for all Wyre's services will be **53p per day**.

Council tax is made up of a number of payments to the authorities that provide services in the area:



Wyre Council is the billing authority and collects council tax on behalf of all these agencies however Wyre's portion represents just over 11% or £193.94 (on a band D property) of the total amount of your bill. This compares to the equivalent figure of £188.31 (on a band D property) in 2017/18.

For every £1.00 the council receives in income it spends it in the following council areas:



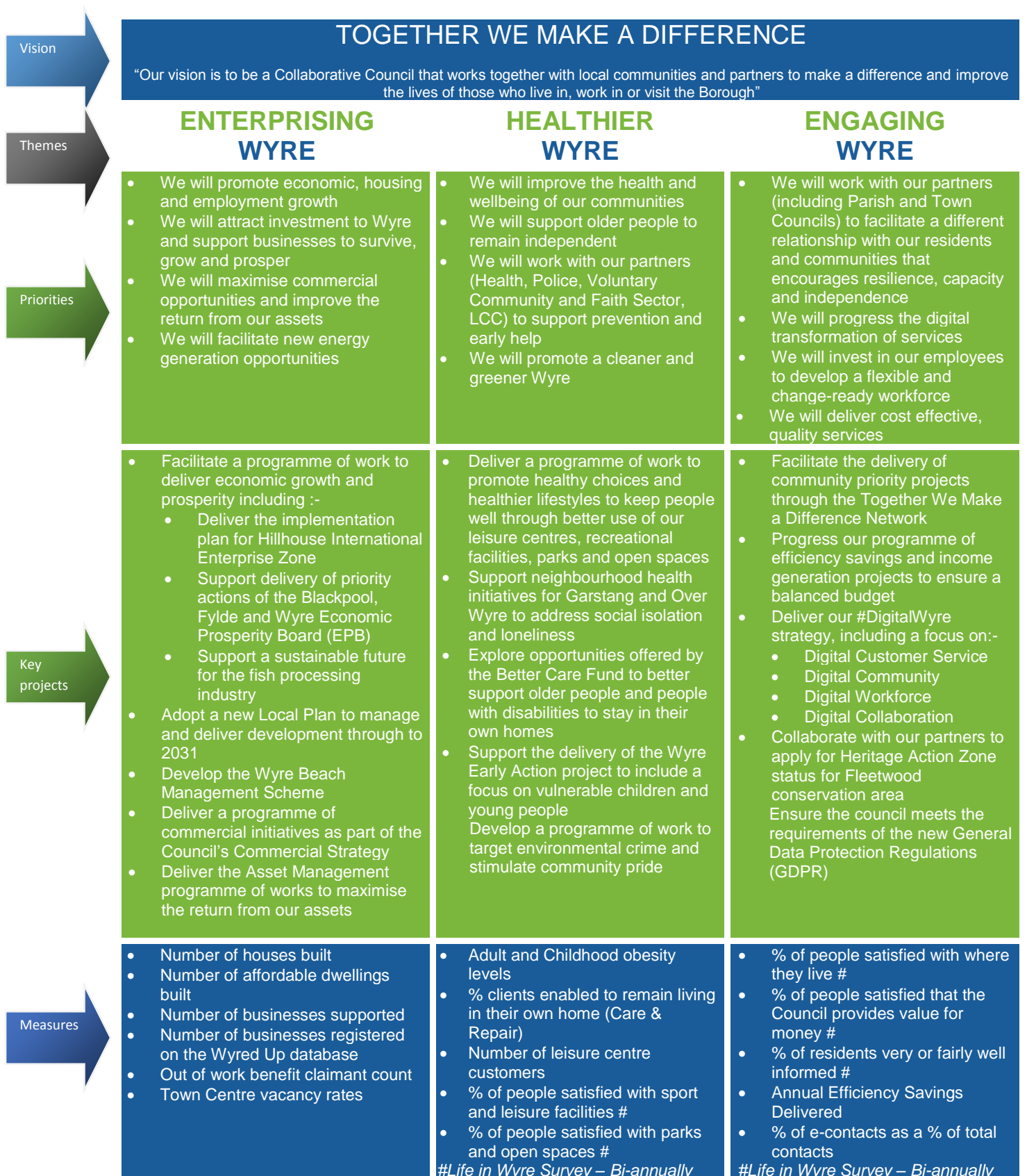
### Business Plan 2015 to 2019 (2018 Update)

The Council's Business Plan sets out its vision, themes, priorities and key programmes and projects for a 4-year period, highlighting the issues upon which we have decided to focus in order to ensure that our vision is realised. All of this is captured under 'Together we make a difference - Our vision is to be a Collaborative Council that works together with local communities and partners to make a difference and improve the lives of those who live, work or visit the Borough' and the core priorities in the Business Plan are shown below.

In addition to the Business Plan, the Council has developed a Strategic Narrative which contains three 'Big Goals':

By 2020 we envisage the Council will be characterised by;

- ✓ Innovative, entrepreneurial and commercially minded ways of working. We will upskill our staff to think and act commercially and we will explore innovative delivery options.
- ✓ The skills and culture to work collaboratively. We recognise that the most appropriate response to the pressures on the public sector is to work with and through others. We will actively develop the skills that will make us more effective in building strong, trusting and outward-focussed working relationships with other councils, partners and organisations; delivering excellent joined up services for the residents of Wyre.
- ✓ Highest levels of performance with a culture of responsibility and empowerment. We will make sure that everyone is clear about the part they play in delivering high impact outcomes. We will invest and develop the skills and culture of individuals and promote team working, allowing teams and team members to have greater flexibility, authority and control. Employees will have the opportunity to gain new skills and experiences through cross-Directorate working.





## Financial Performance in 2017/18

### Revenue

The council's net expenditure, i.e. after income from fees and charges that we receive from users of the facilities, and grants and contributions is primarily funded by the government in the form of grants (approximately 54%) and the balance is funded by the council tax payer (approximately 46%). The following table sets out the comparison between the Updated Revised Budget and the outturn position, and how this expenditure has been funded:

Description	Updated Revised Budget £	Outturn £	Variance £
Expenditure	12,476,835	12,572,206	95,371
(Use of)/additions to balances	1,308,956	1,260,900	(48,056)
<b>TOTAL</b>	<b>13,785,791</b>	<b>13,833,106</b>	<b>47,315</b>
<i>Resources</i>			
Government grant			
- Revenue Support Grant	(912,199)	(912,199)	0
- Transitional Grant	(5,126)	(5,126)	0
- New Homes Bonus	(2,103,112)	(2,103,111)	1
- New Homes Bonus adjustment	(7,600)	(7,597)	3
- Non Domestic Rate Redistribution (net of tariff)	(3,382,617)	(3,382,617)	0
- Other Government Grants	139,745	92,426	(47,319)
Council tax			
- Precept on the Collection Fund – Wyre Council	(6,738,630)	(6,738,630)	0
- Precept on the Collection Fund – Parishes	(644,769)	(644,769)	0
- Previous year's surplus	(131,483)	(131,483)	0
<b>TOTAL</b>	<b>(13,785,791)</b>	<b>(13,833,106)</b>	<b>(47,315)</b>

The main reasons for the reduction in balances of £48,056 are listed below:

Description	£	£
<i>Increased Spending/Reduced Income</i>		
Capital Investment Reserve - Top Up	184,260	
IT Reserve – Top Up	92,011	
Vehicle Replacement/St Cleansing Reserve – Top Up	1,915,000	
Benefits and rent allowances income	141,044	
<b>TOTAL</b>		<b>2,332,315</b>
<i>Reduced Spending/Increased Income</i>		
Slippage to 2018/19 (net of reserve funding)	(1,260,900)	
Cemeteries	(20,513)	
Marine Hall	(21,193)	
Planning Application Fees	(23,369)	
Planning Consultants	(21,542)	
Planning Policy	(35,485)	
Enterprise Zone Growth – Consultants and In-House Fees	(42,849)	
Audit, Risk and Insurance	(23,301)	
Council Tax Collection – Summons Fee Income	(119,931)	
Domestic Waste Collection	(27,447)	
Public Conveniences	(12,495)	

Bulky Household/Clinical/Hazardous Waste	(25,507)
Employee Costs (including car allowances)	(344,117)
Fuel Costs	(14,355)
Business Rates	(74,489)
Printing and Stationery	(10,639)
Tools and Equipment	(13,646)
Tenants' Service Charge	(10,218)
Interest Received	(20,614)
Other Net Savings	(161,649)
<b>TOTAL</b>	<b>(2,284,259)</b>
<b>GRAND TOTAL</b>	<b>48,056</b>

Some of the spending that was planned to take place during 2017/18 has slipped in to 2018/19 and will be covered by an increase in balances at year end. Spending officers ask for unspent budgets to be moved to the next financial year to avoid paying for previously committed works from their new year's budget. The under spend against their budget is slipped so that next year they can spend their full budget and underspend from the previous year. The slippage for 2017/18 includes:

Description	Amount £
<i>Revenue Slippage</i>	
Community Safety Initiatives	24,120
Sea Defences and Land Drainage	60,920
Homelessness	216,080
Local Plan - Consultancy fees	178,230
Contingency Provision – Building Maintenance	100,100
Contingency Provision – Waste Management	50,000
Contingency Provision – VAT adjustment	291,160
Contingency Provision – Car Parking Machines	23,580
Employee and Training costs	118,520
Memorial Park (Heritage Lottery Funded)	36,100
Domestic Waste Management - Various	42,290
Revenue Funding for Capital Schemes	2,200
Other Minor Slippage	119,800
Less Reserve Funded Items	(2,200)
<b>TOTAL</b>	<b>1,260,900</b>

The council maintains revenue balances to protect against unforeseen sudden costs which might occur during the year. The current levels of balances, compared to the anticipated position is as follows:

	Anticipated position £	Actual position £
Opening balance	10,531,480	10,531,480
Additions/(Withdrawals) in year	1,308,956	1,260,900
<b>Closing balance</b>	<b>11,840,436</b>	<b>11,792,380</b>



## Capital

The council spent a total of £12,640,477 (2016/17 £21,928,843) on capital investment in the year compared with an Update Revised Budget of £15,645,818. A summary of the main items of expenditure is shown below:

Main items of expenditure	2016/17 £	2017/18 £
Housing Grants	1,012,516	1,862,259
Environmental Improvements	38,720	0
Sea Defences	18,975,445	9,968,006
Cultural and Leisure Facilities	763,303	100,431
Other Asset Management (inc. vehicles)	527,195	415,563
Parks and Open Spaces	416,129	138,705
Flood Grants	195,535	155,513
<b>TOTAL</b>	<b>21,928,843</b>	<b>12,640,477</b>

The main reasons for the variation of £3,005,341 when compared to the Updated Revised Budget are listed below:

Description	£	£
<i>Capital slippage into future years</i>	(3,041,362)	
<b>TOTAL</b>		<b>(3,041,362)</b>
<i>Increased spending/Advanced spending*</i>		
Garstang Pool Sandfilters	413	
Disabled Facilities Grants*	81,191	
Cell Eleven Monitoring	1,299	
Rossall Sea Wall Improvement Works – In-house fees	396	
Fleetwood Market Digital Hub	9,770	
<b>TOTAL</b>		<b>93,069</b>
<i>Reduced spending/Rephased spending**</i>		
Thornton Little Theatre Boilers	(341)	
Vehicle Fleet Replacement Programme**	(13,384)	
Cell Eleven Monitoring – In-house fees	(1,298)	
Rossall Sea Wall Improvement Works	(1,151)	
Flood Grants	(1,239)	
Wyre Beach Management Study	(22,862)	
MOT Test Centre	(2,251)	
IT Server and Storage	(1)	
Mount Grounds	(14,521)	
<b>TOTAL</b>		<b>(57,048)</b>
<b>GRAND TOTAL</b>		<b>(3,005,341)</b>

Capital expenditure can be funded from earmarked reserves which have been built up from revenue contributions, prudential borrowing, capital grants and contributions from both government and non-government departments, or by using the proceeds from the disposal of non-current assets (e.g. land and buildings). In 2017/18 capital expenditure was funded as follows:

Resources	Amount £
Grants and contributions	
Better Care funding towards Disabled Facilities Grants (DFG)	1,790,259
Regenda/Great Places funding towards DFGs	72,000
EA funding for Coastal Defence Works, Beach Mgmt and Cell Eleven	9,937,257
Flood Grants (DEFRA via LCC)	155,513
Heritage Lottery and Benefactor Funding for Mount Restoration	135,404
Other Contributions e.g. s106, Regenda, Fleetwood Town Council	34,050
Capital Receipts	89,579
Revenue	426,415
<b>TOTAL</b>	<b>12,640,477</b>

The council maintains a fund of capital receipts from the disposal of non-current assets to fund capital expenditure. At 31 March 2018 the funds available were:

Description	Revised £	Actual £
Opening balance	224,310	224,310
Received in year	12,000	12,000
Applied in year	(144,975)	(89,579)
<b>Closing balance</b>	<b>91,335</b>	<b>146,731</b>

### Resources Available for Capital Investment

The table below summarises the approved resources available for the 2017/18 Capital Programme and the indicative programme to 2021/22. This level of resources ensures that overall planned spending and funding are in balance.

Resource	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
<i>No revenue implications</i>					
Capital Receipts	89,579	98,742	0	0	0
Grants and contributions	12,124,483	12,646,435	1,653,469	1,653,469	1,633,469
<b>SUB TOTAL</b>	<b>12,214,062</b>	<b>12,745,177</b>	<b>1,653,469</b>	<b>1,653,469</b>	<b>1,633,469</b>
<i>With revenue implications</i>					
Other revenue contributions	426,415	432,200	344,500	426,700	221,500
<b>SUB TOTAL</b>	<b>426,415</b>	<b>432,200</b>	<b>344,500</b>	<b>426,700</b>	<b>221,500</b>
<b>TOTAL</b>	<b>12,640,477</b>	<b>13,177,377</b>	<b>1,997,969</b>	<b>2,080,169</b>	<b>1,854,969</b>

### Levels of Borrowing

In an effort to reduce the council's reliance on borrowing and following concerns about the sustainability of continuing to borrow in the current economic climate, a Capital Investment Reserve was created as part of the 2009/10 closure of accounts. The council has the following outstanding long term borrowing:

Date	Loan ref.	Value (£)	Period (Years)	Rate (%)	Maturing
05/03/2008	494404	552,000	30	4.48	September 2037
05/03/2008	494405	1,000,000	50	4.41	September 2057
<b>Total</b>		<b>1,552,000</b>			

### Non-Financial Performance Indicators

The council undertakes a biennial resident survey. Some of the key results from the Life in Wyre 2016 survey are shown in the table below:

Key comparisons	2016	2014	Movement
Very satisfied or satisfied with where they live	82%	82%	0%
Strongly or tend to agree that 50p a day for Wyre Council's services and facilities is value for money	55%	46%	9%
Wyre Council keeps residents very or fairly well informed	63%	59%	4%
Residents who access the internet at least weekly	88%	84%	4%

### The following statistics relate to 2017/18 unless otherwise stated:



**436** homes built of which 36 are affordable homes



**1,192** Businesses supported, with 4,725 registered to Wyred Up



**1,672** handy person jobs completed



**82%** of people satisfied with where they live \*



**55%** strongly or tend to agree council services are value for money \*



**207** volunteers contributing 33,770 hours



**4.9m** visitors to Wyre



**398** incidents of dog fouling cleared up



**228** Disabled Facilities Grants awarded of over £1.862m in value



Over **5m** bins emptied



**97.07%** of Council Tax collected



**97.82%** of business rates collected



**142,574** public enquiries dealt with



**3.69 days** average time taken to process housing or council tax benefit claim



**10,758** Twitter followers

\* Bi annual life in Wyre survey completed last completed 2016/17

### Trade Union (Facility Time Publication Requirements) Regulations 2017

Under new requirements introduced from April 2017, information must be published on the council's website by 31 July in relation to union officials and time spent on trade union activities. This information can be found on [www.wyre.gov.uk](http://www.wyre.gov.uk).

## OUTLOOK

### Current Economic Climate

In the current economic climate it is especially important that the Council considers its future budgets and continues to closely monitor the Medium Term Financial Plan. The identification of earmarked reserves often takes account of risk assessments and contingency planning with funding being provided for known events such as the rolling replacement of IT equipment and vehicles. The level of general balances also supports contingency planning and recognises anticipated future financial pressure on revenue resources and the difficulties of securing immediate savings. The Council's Policy on the level of reserves and balances is included as part of the Medium Term Financial Plan which is considered annually by Cabinet in October.

### How Does the Future Look?

Residents will continue to benefit from investment thanks to an approach of investing now to save money in the future and our track record of bringing in external funding.

We endeavor to make the best possible use of our assets, so that taxpayers can be assured of value for money and be reassured that we will negotiate improved community facilities where alternative options are required.

We will continue to generate investment and encourage development in the borough by providing a supportive business environment and making Wyre an attractive place to live and work.

Communities remain at the heart of everything we do and we will continue to find new ways of working, improving our services and providing excellent value for money.

With an excellent track record in identifying efficiency savings and doing more for less, Wyre is in a strong financial position and we're planning ahead for continued reductions in funding over the coming years.

This is not to say there will not be challenges ahead and despite reducing our costs and generating new income streams we still have significant savings to make. Our forecast funding gap in 2021/22 is £2m and we must all work together, Members, Council officers, businesses and residents to achieve a sustainable financial future.

## EXPLANATORY FOREWORD TO THE STATEMENT OF ACCOUNTS

This Statement of Accounts covers the financial year ended 31<sup>st</sup> March 2018 (2017/18). It has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. The main Accounting Statements within this document are:

**Comprehensive Income and Expenditure Statement** – This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

**Movement in Reserves Statement** – This statement shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

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

**Cash Flow Statement** – The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

**Collection Fund Account** – There is a 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 preceptors (Lancashire County Council, Police and Crime Commissioner for Lancashire, Lancashire Combined Fire Authority and Wyre Borough Council) and Government of council tax and non-domestic rates.

These statement are supported by:

- a) **Statement of Responsibilities** - this sets out the responsibilities of the Authority and the Corporate Director of Resources (Chief Financial Officer) in respect of the Statement of Accounts.
- b) **Annual Governance Statement** - this statement sets out the framework that forms the basis of the Code of Corporate Governance and reviews the Authority's arrangements in the light of the code.
- c) **Notes to the Financial Statements** - these allow information about the basis of preparation e.g. the accounting policies used and the disclosure / provision of information not presented elsewhere in the statements which is relevant to the readers' understanding.
- d) **Notes to the Collection Fund** - these allow information about the basis of preparation e.g. the accounting policies used and the disclosure / provision of information not presented elsewhere in the statements which is relevant to the readers' understanding.

## FURTHER INFORMATION

Further information about the Accounts is available from:

Financial Services, Wyre Council, Civic Centre, Breck Road, Poulton-le-Fylde, Lancashire, FY6 7PU

Via the Council's website at [www.wyre.gov.uk](http://www.wyre.gov.uk)

If you would like this information in another language or format please contact our Contact Centre –

Tel: 01253 891000 Email: [mailroom@wyre.gov.uk](mailto:mailroom@wyre.gov.uk)

## STATEMENT OF RESPONSIBILITIES

### The Authority's Responsibilities

The Authority is required:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has responsibility for the administration of those affairs;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

### The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Statement of

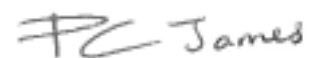
Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether owing to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial

position of the Authority at 31 March 2018 and of its income and expenditure for the year then ended.



C JAMES

HEAD OF FINANCE (CHIEF FINANCIAL OFFICER)

(Authorised for issue) 31 May 2018



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WYRE BOROUGH COUNCIL

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Wyre Borough Council ('the Authority') for the year ended 31 March 2018 which comprise the Authority's Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, Cash Flow Statement, the Collection Fund and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information published with the financial statements

The Chief Financial Officer is responsible for the other information published with the financial statements, including the Narrative Statement and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.



## **Chief Financial Officer's responsibilities**

As explained more fully in the statement set out on page 18, the Chief Financial Officer is responsible for: the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

## **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Wyre Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

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

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether Wyre Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Wyre Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

### **Statutory reporting matters**

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### **CERTIFICATE OF COMPLETION OF THE AUDIT**

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

Amanda Latham  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Manchester

30<sup>th</sup> July 2018

## ANNUAL GOVERNANCE STATEMENT

### 1.0 INTRODUCTION TO CORPORATE GOVERNANCE

1.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately leads to good outcomes for the citizens and the service users of Wyre. Good governance also enables the council to pursue its corporate vision effectively, as well as underpinning that vision, with mechanisms for control and management of risks.

### 2.0 SCOPE OF RESPONSIBILITY

2.1 Wyre Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that funding is used economically, efficiently and effectively. Wyre Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.2 In discharging this overall responsibility, Wyre Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and includes arrangements for the management of risk.

2.3 Wyre Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework.

### 3.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

3.3 The governance framework has been in place at Wyre Council for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts.

#### 4.0 WYRE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

- 4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have published a framework and guidance for delivering good governance in local government. The guidance helps local authorities to interpret the overarching principles contained in the framework prior to developing and maintaining their own 'local' corporate governance arrangements. The framework recognises that effective governance is achieved through seven core principles and 21 sub-principles.
- 4.2 It should be noted that the CIPFA/SOLACE guidance is not prescriptive and authorities are encouraged to use it in a way that best reflects their structure, type, functions and size.

#### 5.0 HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

- 5.1 Set out below is how the council has complied with the seven core principles set out in the CIPFA/SOLACE framework during 2017/18.

#### **Core Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

##### **Behaving with integrity**

- Established codes of conduct define expected standards of personal behaviour for both staff and Members.
- The Council has a set of values for its staff reflecting public expectations about the conduct and behaviour of individuals.
- The Council has a Member Code of Conduct in place that helps to achieve high standards of conduct for elected Members.
- Induction training is in place for both staff and newly elected Members.
- Arrangements are in place to ensure that Members and employees of the council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.
- A register of interests is maintained for Members and officers.
- An up-to-date register of gifts and hospitality is maintained and is reviewed annually by the Monitoring Officer and the Audit Committee.
- There is an efficient Standards Committee.
- Arrangements are in place for whistleblowing, to which all officers, Members and all those contracting with the council have access. The policy is reviewed annually by the Audit Committee.
- Arrangements are in place so that conflicts of interest on behalf of Members and officers are avoided.
- Effective, transparent and accessible arrangements are in place for dealing with complaints.

## Demonstrating strong commitments to ethical values

- The Head of Governance (Chief Internal Auditor) champions ethical compliance for both officers and Members.
- Protocols are in place for partnership working. These are documented in the council's Financial Regulations and Financial Procedure Rules.
- A competency framework, listing required behaviours and values, is currently used to drive recruitment and performance reviews are undertaken as part of the performance appraisal system.
- Policies and procedures are in place and are regularly reviewed for dealing with unacceptable behaviours.

## Respecting the rule of law

- The authority has complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government.
- The Constitution sets out the responsibilities of elected Members by defining the decision-making powers of the Council, Executive, Overview and Scrutiny and regulatory and other committees, providing clear terms of reference, and describing roles and functions.
- The Head of Governance (Chief Internal Auditor) has extensive internal audit experience and is professionally qualified. She is a certified and chartered auditor (CIA, CMIIA) and also holds a Qualification in Internal Audit Leadership (QIAL).
- Anti-fraud and anti-corruption policies are in place and reviewed annually by Audit Committee.
- The Monitoring Officer is responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Up to date job descriptions and person specifications are maintained for the Chief Executive, Section 151 Officer and the Monitoring Officer.
- All staff have completed training in respect of the Data Protection Act 2018 and the incorporated General Data Protection Regulations.
- Regular training is provided to elected Members who sit on regulatory committees such as Planning, Licensing and the Audit Committee.
- Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principle of good administrative law, rationality, legality and natural justice form part of procedures and decision-making.
- Proper professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision-making.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- All allegations concerning breaches of the code by elected Members are thoroughly investigated.

## **Core Principle B – Ensuring openness and comprehensive stakeholder engagement.**

### **Openness**

- A business plan is published annually giving information on the council's strategic narrative, priorities and performance measures which is shared with all officers, Members, partners and the community.
- An annual statement of accounts is produced with an easy to read narrative report.
- The annual efficiency statement is published with the revenue estimates.
- The Head of Finance (Section 151 Officer) is responsible for publishing annual accounts, in a timely manner and within statutory deadlines, to communicate the council's activities and achievements, its financial position and performance.
- The council as a whole is open and accessible to the community, service users and its officers and is committed to openness and transparency in all its dealings, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- The council has recently participated in a Local Government Association peer review.
- Annual staff meetings are held encouraging staff engagement.
- The council has been awarded a 4 star rating in the last annual SOCITM (Society of Information Technology Management) review.
- The council complies with the Local Government Transparency Code 2015 and a recent audit review gave 'substantial assurance' that the council was complying with the Code.
- Wyre Voice, an information leaflet produced by the council, is delivered to every household twice a year. The autumn edition includes an annual report highlighting achievements.
- Periodic reports are produced on Overview and Scrutiny function activity.
- Key decisions are published in the schedule of executive decisions.
- Audio recordings of Council meetings are available on the council's website.

### **Engaging comprehensively with institutional stakeholders**

- The leisure management partnership board meets regularly to oversee the operation of the council's leisure centres and pools.
- Key partnerships are periodically reviewed through the internal audit plan and the Financial Regulations and Financial Procedure Rules include advice and guidance which can assist officers in managing the key risks of partnership arrangements.
- Corporate guidance has been issued on consultation and public involvement mechanisms offering practical steps and advice.



- The council maintains links with the parish and town councils by regular attendance at the Lancashire Association of Local Councils (LALC) meetings and has recently held training for them in relation to the new Data Protection Act and the General Data Protection Regulations.
- Clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively, e.g. flood forums, the Fylde and Wyre Health and Wellbeing Partnership Board, the Waste Management Partnership Board and the Leisure Management Partnership Board.

### **Engaging with individual citizens and service users effectively**

- The council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and are clearly articulated and disseminated.
- Arrangements are in place to enable the council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands.
- In February 2018 a Digital Hub was launched at Fleetwood Market in partnership with the Citizens Advice Bureau to provide additional support to residents to help them develop their digital skills.
- The council has undertaken significant stakeholder engagement as part of the preparation of the local plan.
- The council commissions a biennial 'Life in Wyre' survey. The last survey took place in 2016.
- A 'together we make a difference network' is in place which is essentially asset based community development. This informal membership network led by the council is made up of council officers, elected Members and partners from all sectors with the aim to enable local people to make a difference in their local communities.
- A consultation portal is available which lists details on the consultations that are taking place across the Borough.

### **Core Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

#### **Defining outcomes**

- The Council has made a clear statement of its vision, priorities, key programmes and projects in its business plan (2015 – 2019) which is used for service and corporate planning.
- The business plan includes a set of measures defining outcomes which are reported quarterly to the Overview and Scrutiny Committee.
- Quarterly performance monitoring is publically reported.
- There are effective arrangements to deal with failure in service delivery.
- There is a corporate complaints procedure with annual reports from the Local Government Ombudsman being available on the website.

- The medium term financial plan (MTFP) / revenue estimates and capital programme are soundly based and are designed to deliver the council's strategic priorities.
- The value for money indicators are reviewed annually with the results being reported to Cabinet and Overview and Scrutiny Committee annually.
- The council's approach to value for money is reflected in the annual efficiency statement reported to Cabinet with targets and achievements being regularly reported.
- Strategic and operational risk registers are maintained and workshops are held throughout the year to review current risks and identify new risks. The risk registers are reviewed quarterly, in line with the business plan and the efficiency programme.

### **Sustainable economic, social and environmental benefits**

- The council embraces community engagement and involvement and encourages neighbourhood engagement and works collectively with ward councillors, parish and town councillors, community groups and other partner organisations to identify local issues and priorities.
- Our business plan states a number of priorities which will improve the health and wellbeing of our communities.
- Relationships have been established with clinical leads from the Blackpool, Preston, Morecambe Bay and Fylde and Wyre clinical commissioning groups with a view to influencing service provision.
- The business plan is subject to an equality impact assessment on an annual basis and equality objectives are established and published on the website.
- The development of the local plan has been subject to extensive consultation.
- Individual capital projects are equality impact assessed promoting access to services.
- Our 'together we make a difference' initiative works with the community to identify priority projects, makes links with partners, develops relationships with key stakeholders and helps facilitate the delivery of community priorities.

### **Core Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.**

#### **Determining interventions**

- There are mechanisms in place for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Those making decisions are provided with information that is fit for purpose and relevant.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- Proper, professional advice on matters that have legal or financial implications is available and when sought, recorded in advance of decision making.
- The Section 151 Officer now sits on the Digital Transformation Board.



## Planning interventions

- The Council's business plan is refreshed annually and is subject to review by Overview and Scrutiny prior to approval by Full Council. The business plan is refreshed and published annually.
- Business plan actions are managed by officers and monitored by Cabinet and the Overview and Scrutiny Committee.
- The business plan is developed taking into account the life in Wyre survey and other demographic information, including locality plans, neighbourhood profiles, state of Wyre reports and public health reports.
- Service quality is regularly reviewed via the council's formal complaints system, the Waste Management Partnership board and the Leisure Management Partnership Board.
- The business plan includes a set of measures which are reported quarterly to the Overview and Scrutiny Committee.
- The MTFP, revenue estimates and capital programme are published annually and are key documents for forecasting our budget requirements and planning ahead.
- An efficiency programme compliments the MTFP ensuring sustainability going forward.
- We explore opportunities to work with our partners and collaborate on funding applications.

## Optimising achievement of intended outcomes

- The MTFP is agreed annually in October and updated regularly with a revised projection being presented to Management Board and published with the revenue estimates in February.
- The MTFP, revenue estimates and capital programme are soundly configured to meet the requirements of the business plan.
- The MTFP sets out the framework for corporately managing the council's resources in the years ahead.

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

### Developing the Entity's capacity

- There is an agreement between the council and the YMCA identifying arrangements for the management of the council's health and fitness centres.
- Effective mechanisms exist to monitor service delivery through the Overview and Scrutiny arrangements and quarterly performance reports highlight where corrective action is necessary.
- A key activity in the council's business plan is to continue the programme of works to maximise the use of our assets.
- The council subscribes to the APSE advisory service, with a view to benchmarking its front line services.

- Benchmarking is undertaken via relevant Lancashire professional groups e.g. revenues, audit, finance etc.
- The council plays an active role in the Fylde and Wyre health and wellbeing partnership.
- The council's performance appraisal system allows for documentation of the development of the individual through their personal development plan.
- Commercial awareness training has been provided for all staff.
- The council's Chief Internal Auditor and Insurance Officer are currently undertaking these roles for Lancaster City Council on a contractual basis.
- The Internal Audit Service recently received a 'full compliance' overall opinion when assessed against the Public Sector Internal Audit Standards (PSIAS).
- The council regularly benchmarks Member's allowances as part of the review undertaken by the independent remuneration panel.

#### **Developing the capacity of the entity's leadership and other individuals**

- The Chief Executive is responsible and accountable to the council for all aspects of operational management and is required to attend regular performance appraisal meetings with the Leader of the Council.
- The Head of Finance (Section 151 officer) is responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- There is an established pay and grading structure for employees referred to as the job evaluation system and a process for appeals.
- There is a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a protocol for officer / Member relations.
- There are published job descriptions and established protocols, which ensure that the Leader and Chief Executive establish their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- Financial Regulations and Financial Procedure Rules are reviewed annually by the Audit Committee.
- Career structures are in place for Members and officers to facilitate succession planning.
- Effective management arrangements are in place both at the top of and throughout the organisation to support the health and wellbeing of officers.
- The council assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively.
- The council ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the council.

- Training programmes are tailored to meet individual needs and there are opportunities for Members and officers to update their knowledge on a regular basis.
- All elected Members and staff have personal development plans.
- Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Arrangements are in place via the volunteering initiative to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority.
- A competency framework exists to ensure that all staff have appropriate skills enabling them to deliver high quality services.

**Core Principle F – Managing risks and performance through robust internal control and strong public financial management.**

**Managing risk**

- Risk management is embedded into the culture of the council, with Members and managers at all levels recognising that risk management is part of their job.
- The risk management policy is refreshed annually and approved by the Audit Committee.
- Following an ICT service review by SOCITM, the council has recently implemented an IT risk register which will be reviewed on a quarterly basis.
- Strategic and operational risk registers are maintained and workshops are held regularly to review current risks and identify any new risks.
- Information asset registers are in place ensuring compliance with legislation and demonstrating best practice in information governance.

**Managing performance**

- Performance is regularly reported to Corporate Management Team and Cabinet.
- The council has an Overview and Scrutiny Committee which allows for constructive challenge and enhances the council's performance overall.
- There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- There is a calendar of dates for submitting, publishing and distributing timely reports to the council's committees.
- An Annual Report is published quarterly on the council's website.
- Robust internal control
- An effective internal audit function is adequately resourced and maintained.
- Internal audit reviews are conducted under the Auditing Practices Board guidelines and in line with Public Sector Internal Audit Standards (PSIAS).

- In accordance with the Accounts and Audit Regulations 2015, an annual assessment of the council's systems of internal audit is carried out using the PSIAS and the checklist provided in the Local Government Application Note published by CIPFA. The standards also require an external assessment be carried out every five years. In April 2018 the Internal Audit Services received a 'full compliance' overall opinion following an external assessment carried out by Allerdale Borough Council and Preston City Council.
- The Head of Governance (Chief Internal Auditor) has developed a quality assurance improvement programme to ensure the continual improvement of the internal audit service.
- An effective Audit Committee is in place, which is independent of the Executive and the Overview and Scrutiny function.
- The Audit Committee undertakes an annual review of its own effectiveness against the checklist in the CIPFA guidance 'effective audit committees' and is satisfied that it meets the required standard.
- Both the Head of Governance (Chief Internal Auditor) and Senior Auditor have extensive experience and are both professionally qualified. The Chief Internal Auditor is a Chartered Auditor and also holds a Qualification in Internal Audit Leadership. The Senior Auditor is a Certified Auditor.
- The implementation of internal audit reports recommendations is monitored by the Internal Audit Team and the Audit Committee.
- Counter-fraud policies are in place and reviewed annually. The effectiveness of these policies is reviewed on a regular basis.
- Robust whistleblowing arrangements are in place.

### **Managing data**

- The council has recently trained all staff on the new General Data Protection Regulations (GDPR) using an e-learning package.
- The council has appointed a Data Protection Officer who is responsible for ensuring the council's compliance with the Data Protection Act 2018 and the incorporated GDPR.
- Information Asset Registers are in place to demonstrate the council knows what data it processes, where it is stored and how it is shared internally and externally.
- Information is stored securely and confidential waste disposal arrangements are in place. Regular security sweeps of the council's buildings take place to test compliance.
- Key performance data is regularly reviewed for accuracy by internal audit.

### **Strong public financial management**

- Those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications.
- An up to date register of gifts and hospitality is held and is annually inspected by the council's Audit Committee and the Monitoring Officer.
- There is an established pay and grading structure in place for employees.

- Financial Regulations and Financial Procedures Rules are reviewed annually and any changes are presented to the Audit Committee for approval.
- Registers of interests are maintained for both officers and elected Members.
- The External Auditors issued an unqualified value for money conclusion for the 2016/17 financial year.

**Core Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

- Implementing good practice in transparency
- The council complies with the Local Government Transparency Code 2015.
- Wyre Voice, an information leaflet produced by the council is delivered to every house in the Borough.
- An easy to read ‘narrative report’ accompanies the Statement of Accounts.
- The Local Government Ombudsman annual report is published on the council’s website.

**Implementing good practices in reporting**

- Annual presentations are delivered for elected Members concerning the council’s finances as part of the production of the revenue estimates, the capital programme and the update of the MTFP.
- A set of questions and answers supports the financial position at the year-end illustrating key issues for members of the Audit Committee and the relevant stakeholders.
- The annual efficiency statement is published alongside the revenue estimates as part of the report to Cabinet in February.
- The Annual Governance Statement is regularly reviewed by the Section 151 Officer and the Head of Governance (Chief Internal Auditor). The action plan is monitored by the Corporate Management Team and reported to Audit Committee.
- The value for money indicators are reviewed annually with the results being reported to Cabinet.
- Project management information is available for elected Members to view using the TEN system.
- Executive update reports are prepared and delivered by portfolio holders to Full Council.
- Assurance and effective accountability
- The council ensures that all priority one audit recommendations and a sample of priority two and three recommendation are subject to a follow-up audit ensuring that recommendations are acted upon.
- An effective internal audit function is resourced and maintained enabling them to deliver an annual internal audit opinion.
- In accordance with the Audit and Account Regulations 2015, an annual assessment of the effectiveness of the internal audit function is completed.

- The Audit Committee work programme provides the opportunity for the Head of Governance (Chief Internal Auditor) to have a private and confidential discussion with the Audit Committee Members.
- The council participates in RIPA inspections every three years. All recommendations following the last review in 2015 have been implemented.
- The recent SOCITM inspection of the authority's website resulted in a 4 star rating.
- Key partnerships are periodically reviewed through the internal audit plan with delivery via third parties being included in the assurance reviews undertaken annually.
- The Financial Regulations and Financial Procedure Rules include partnership guidance which can assist officers in managing the key risks of any partnership arrangements.
- Clear terms of reference exist for the key partnerships, clarifying arrangements for accountability, for example the Waste Management Partnership, the Leisure Management Partnership, Fylde and Wyre Health and Wellbeing Board and the Community Safety Partnership.

## **6.0 RISK MANAGEMENT**

- 6.1 The council has adopted a corporate risk management policy and operates a fully integrated risk management system across the organisation. Relevant officers have received training in risk management enabling the production of operational risk registers with associated risk action plans, which are reviewed on a regular basis.
- 6.2 Each year the council's Corporate Management Team (CMT) holds a strategic risk workshop, to identify and prioritise strategic risks and to produce an action plan. Significant business risks that may impact upon the council's priorities have been identified and assessed, and appropriate control measures are in place. The report and associated action plan is presented to Management Board and Audit Committee and progress is monitored on a regular basis through the CMT.
- 6.3 Following a recent review of the ICT Service by SOCITM, the council has now formulated an ICT risk register. This is reviewed quarterly by Internal Audit and the Service Director for Performance and Innovation.

## **7.0 REVIEW OF EFFECTIVENESS**

- 7.1 In accordance with the Accounts and Audit Regulations 2015, the council must ensure that it has a sound system of internal control which:
- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
  - b) ensures that the financial and operational management of the council is effective; and
  - c) includes effective arrangements for the management of risk.
- 7.2 The council is also responsible for conducting a review each financial year of the effectiveness of the system of internal control.
- 7.3 The Head of Finance (Section 151 Officer) is responsible for the proper administration of the council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations and Financial Procedure Rules, to ensure they remain fit for purpose, submitting any additions or changes necessary to the Audit Committee for approval and reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council.



- 7.4 The Head of Finance (Section 151 Officer) also has responsibility for:
- overseeing the implementation and monitoring the operation of the Code of Corporate Governance;
  - maintaining and updating the Code in the light of latest guidance on best practice; and
  - reporting annually to the Corporate Management Team and to Members on compliance with the Code and any changes that may be necessary to maintain it and ensure effectiveness in practice.
- 7.5 Wyre Council's internal audit service, via a specific responsibility assigned to the Head of Governance (Chief Internal Auditor) is required to provide an independent and objective opinion to the council on its risk management, governance and internal control environment. The Chief Internal Auditor's Annual report for 2017/18 concluded that the council has in place satisfactory controls to be able to maintain an adequate and effective internal control environment.
- 7.6 The Chief Internal Auditor also stated that whilst significant progress has been made in ensuring the council's readiness for compliance to the Data Protection Act and the incorporated GDPR, there is still a considerable amount of work to be completed going forward and therefore recommended that this be documented in the AGS.
- 7.7 Following an AGS workshop with key officers across the council, compliance to the governance framework and the core principles has been reviewed by the Head of Finance (Section 151 Officer), the Head of Governance (Chief Internal Auditor) and the Audit Committee.

## **8.0 VALUE FOR MONEY CONCLUSION**

- 8.1 The External Auditors issued an unqualified value for money conclusion in their most recent review for 2016/17. This means that they are satisfied that the council has proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at that conclusion they looked at the council's financial governance, financial planning and financial control processes, as well as reviewing how the council prioritises its resources, improves efficiency and productivity.

## **9.0 SIGNIFICANT GOVERNANCE ISSUES**

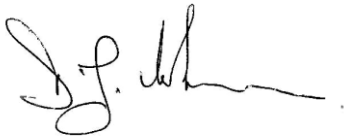
- 9.1 No significant governance issues have been raised that require documenting separately in the Annual Governance Statement.
- 9.2 Following the workshop with the council's key officers, minor issues have been identified which have been documented in an action plan that will be monitored by Corporate Management Team and reported to the Audit Committee in November each year.

## 10.0 REVIEWING AND REPORTING ARRANGEMENTS

- 10.1 The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.
- 10.2 Each year, normally in April / May, a governance workshop is held with key officers of the council who have the most appropriate knowledge, expertise and levels of seniority to consider the extent to which the organisation complies with the principles set out in the good governance framework. The principles are discussed in length and evidence is put forward to demonstrate how the council is meeting each of the principles. It is also an opportunity to identify any issues or gaps that could lead to a weaker governance structure. Following this meeting, the AGS and an action plan of minor issues is submitted for consideration by the Leader and Chief Executive who then sign to certify they are aware of the governance issues within the Authority and of the measures that are required to improve the controls around the council's governance framework.

## 11.0 CERTIFICATION

***As the Leader of the Council, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2018 is satisfactory.***



**COUNCILLOR D HENDERSON**

**LEADER OF THE COUNCIL**

***As the Chief Executive, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2018 is satisfactory.***



**G PAYNE**

**CHIEF EXECUTIVE**



## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2016/17 (Restated)				2017/18			
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure	
£	£	£		£	£	£	
831,957	(283,795)	548,162	Health and Community Engagement	818,798	(285,396)	533,402	
3,399,054	(863,512)	2,535,542	Leisure and Culture	3,782,373	(976,848)	2,805,525	
35,634,640	(34,245,240)	1,389,400	Neighborhood Services and Community Safety	34,816,486	(33,516,929)	1,299,557	
3,302,254	(1,946,503)	1,355,751	Planning and Economic Development	3,486,542	(1,918,673)	1,567,869	
4,179,195	(1,517,093)	2,662,102	Resources	4,600,721	(1,562,021)	3,038,700	
5,756,408	(2,119,490)	3,636,918	Street Scene, Parks and Open Spaces	6,037,509	(2,169,844)	3,867,665	
102,000	0	102,000	Pension curtailments	0	0	0	
<b>53,205,508*</b>	<b>(40,975,633)*</b>	<b>12,229,875</b>	<b>Cost of Services</b>	<b>53,542,429</b>	<b>(40,429,711)</b>	<b>13,112,718</b>	
635,430	(263,497)	371,933	Other Operating Income and Expenditure	10	676,769	(12,000)	664,769
1,196,905	(1,569,105)	(372,200)	Financing and Investment Income and Expenditure	11	947,848	(563,919)	383,929
		0	(Surplus) or Deficit on discontinued operations			0	
0	34,187,993	(34,187,993)	Taxation and Non-Specific Grant Income	12	0	25,090,543	(25,090,543)
		<b>(21,958,385)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>(10,929,127)</b>	
		(3,326,648)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	25		(3,150,074)	
		0	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			0	
		3,888,000	Remeasurements of the Net Defined Benefit Liability/ (Asset)	39		(5,248,000)	
		<b>561,352</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(8,398,074)</b>	
		<b>(21,397,033)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(19,327,201)</b>	

\*The restated Gross Expenditure and Income for 2016/17 has been reduced by £693,797 to negate the effect of double counting.

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £	Earmarked Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied Reserve £	Total Usable Reserves (Note 24) £	Unusable Reserves (Note 25) £	Total Authority Reserves £
<b>Balance at 31 March 2016</b>	<b>8,022,011</b>	<b>6,361,141</b>	<b>251,474</b>	<b>634,326</b>	<b>15,268,952</b>	<b>52,088,676</b>	<b>67,357,628</b>
<b>Movement in Reserves during 2016/2017</b>							
Total Comprehensive Income and Expenditure	21,958,385	0	0	0	21,958,385	(561,352)	21,397,033
Adjustments between accounting basis and funding basis under Regulations (Note 8)	(18,340,709)	0	(27,164)	156,559	(18,211,314)	18,211,314	0
<b>Net Increase / (Decrease) before transfers to Earmarked Reserves</b>	<b>3,617,676</b>	<b>0</b>	<b>(27,164)</b>	<b>156,559</b>	<b>3,747,071</b>	<b>17,649,962</b>	<b>21,397,033</b>
Transfer to or from Earmarked Reserve (Note 9)	(1,108,207)	1,108,207	0	0	0	0	0
<b>Increase/(Decrease) Movement in 2016/17</b>	<b>2,509,469</b>	<b>1,108,207</b>	<b>(27,164)</b>	<b>156,559</b>	<b>3,747,071</b>	<b>17,649,962</b>	<b>21,397,033</b>
<b>Balance at 31 March 2017 carried forward (Note 24 and 25)</b>	<b>10,531,480</b>	<b>7,469,348</b>	<b>224,310</b>	<b>790,885</b>	<b>19,016,023</b>	<b>69,738,638</b>	<b>88,754,661</b>
<b>Movement in Reserves during 2017/2018</b>							
Total Comprehensive Income and Expenditure	10,929,127	0	0	0	10,929,127	8,398,074	19,327,201
Adjustments between accounting basis and funding basis under Regulations (Note 8)	(7,623,696)	0	(77,579)	(89,683)	(7,790,958)	7,790,958	0
<b>Net Increase / (Decrease) before transfers to Earmarked Reserves</b>	<b>3,305,431</b>	<b>0</b>	<b>(77,579)</b>	<b>(89,683)</b>	<b>3,138,169</b>	<b>16,189,032</b>	<b>19,327,201</b>
Transfer to or from Earmarked Reserve (Note 9)	(2,044,531)	2,044,531	0	0	0	0	0
<b>Increase/(Decrease) Movement in 2017/18</b>	<b>1,260,900</b>	<b>2,044,531</b>	<b>(77,579)</b>	<b>(89,683)</b>	<b>3,138,169</b>	<b>16,189,032</b>	<b>19,327,201</b>
<b>Balance at 31 March 2018 carried forward (Note 24 and 25)</b>	<b>11,792,380</b>	<b>9,513,879</b>	<b>146,731</b>	<b>701,202</b>	<b>22,154,192</b>	<b>85,927,670</b>	<b>108,081,862</b>

## BALANCE SHEET

For the year ended 31<sup>st</sup> March 2018

31st March 2017 £	Description	Note	31st March 2018 £
113,004,152	Property, Plant and Equipment	13	123,926,676
293,725	Heritage Assets	14	293,725
7,192,256	Investment Property	15	7,192,256
80,612	Intangible Assets	16	50,871
19	Long Term Investments	17	19
0	Long Term Debtors	17	0
<b>120,570,764</b>	<b>Long Term Assets</b>		<b>131,463,547</b>
0	Assets Held for Sale	21	0
0	Short Term Investments	17	0
59,963	Inventories	18	73,696
3,007,815	Short Term Debtors	19	4,667,249
19,014,222	Cash and Cash Equivalents	20	14,249,478
<b>22,082,000</b>	<b>Current Assets</b>		<b>18,990,423</b>
0	Bank Overdrafts	20	0
0	Short Term Borrowing	17	0
(5,703,482)	Short Term Creditors	22	(5,177,091)
(1,390,371)	Provisions	23	(1,783,032)
<b>(7,093,853)</b>	<b>Current Liabilities</b>		<b>(6,960,123)</b>
0	Long Term Creditors		0
0	Provisions		0
(1,552,000)	Long Term Borrowing	17	(1,552,000)
(7,996)	Deferred Liabilities		(7,276)
(37,892,000)	Liability related to Defined Benefit Pension Scheme	39	(30,427,600)
(7,352,254)	Capital Grants Received In Advance	34	(3,425,109)
<b>(46,804,250)</b>	<b>Long Term Liabilities</b>		<b>(35,411,985)</b>
<b>88,754,661</b>	<b>Net Assets</b>		<b>108,081,862</b>
(19,016,023)	Usable Reserves	24	(22,154,192)
(69,738,638)	Unusable Reserves	25	(85,927,670)
<b>(88,754,661)</b>	<b>Total Reserves</b>		<b>(108,081,862)</b>

## CASH FLOW STATEMENT

As at 31<sup>st</sup> March 2018

2016/17 £		Note	2017/18 £
(21,958,384)	Net (Surplus) or Deficit on the Provision of Services		(10,929,127)
(823,782)	Adjustments to Net Surplus or Deficit on the Provision of Services for Non-cash Movements	26	790,247
21,199,201	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing activities	26	12,046,792
<b>(1,582,965)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>1,907,912</b>
(2,061,098)	Investing Activities	27	3,575,246
818,043	Financing Activities	28	(718,414)
<b>(2,826,020)</b>	<b>Net (Increase) or Decrease in Cash and Cash Equivalents</b>		<b>4,764,744</b>
(16,188,202)	Cash and Cash Equivalents at the beginning of the reporting period		(19,014,222)
<b>(19,014,222)</b>	<b>Cash and Cash Equivalents at the end of the reporting period</b>		<b>(14,249,478)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis 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 Portfolio's. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Net expenditure chargeable to the General Fund balances	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments	Net expenditure in the comprehensive income and expenditure statement
	£	£	£	£	£	£
Health and Community Engagement	533,420	0	0	(17)	(17)	533,403
Leisure and Culture	1,610,113	1,195,614	0	(203)	1,195,411	2,805,524
Neighborhood Services and Community Safety	332,065	967,683	0	(190)	967,493	1,299,558
Planning and Economic Development	1,323,112	244,850	0	(93)	244,757	1,567,869
Resources	2,805,866	237,897	0	(5,064)	232,833	3,038,699
Street Scene, Parks and Open Spaces	3,565,276	302,747	0	(358)	302,389	3,867,665
Pension curtailments	0	0	0	0	0	0
<b>Net Cost of Services</b>	<b>10,169,852</b>	<b>2,948,791</b>	<b>0</b>	<b>(5,925)</b>	<b>2,942,866</b>	<b>13,112,718</b>
Other income and expenditure	676,769	(12,000)	0	0	(12,000)	664,769
Financing and investment income and expenditure	(276,098)	(521,973)	1,182,000	0	660,027	383,929
Taxation and non-specific grant income and expenditure	(13,875,954)	(10,085,816)	0	(1,128,773)	(11,214,589)	(25,090,543)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services (Note 8)</b>	<b>(3,305,431)</b>	<b>(7,670,998)</b>	<b>1,182,000</b>	<b>(1,134,698)</b>	<b>(7,623,696)</b>	<b>(10,929,127)</b>
Transfers to/from earmarked reserves	2,044,531			(2,044,531)	(2,044,531)	0
<b>(Surplus)/Deficit</b>	<b>(1,260,900)</b>	<b>(7,670,998)</b>	<b>1,182,000</b>	<b>(3,179,229)</b>	<b>(9,668,227)</b>	<b>(10,929,127)</b>
Opening General Fund Balance at 31 March 2017	(10,531,480)					
Less (Surplus)/Deficit on General Fund Balance in Year	(1,260,900)					
<b>Closing General Fund balance at 31 March 2018</b>	<b>(11,792,380)</b>					

2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Net expenditure chargeable to the General Fund balances	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments	Net expenditure in the comprehensive income and expenditure statement
	£	£	£	£	£	£
Health and Community Engagement	548,176	0	0	(14)	(14)	548,162
Leisure and Culture	1,586,462	949,254	0	(174)	949,080	2,535,542
Neighborhood Services and Community Safety	(780,549)	2,170,112	0	(163)	2,169,949	1,389,400
Planning and Economic Development	1,129,175	226,656	0	(80)	226,576	1,355,751
Resources	2,409,164	257,284	0	(4,346)	252,938	2,662,102
Street Scene, Parks and Open Spaces	3,367,028	270,198	0	(308)	269,890	3,636,918
Pension curtailments	102,000	0	0	0	0	102,000
<b>Net Cost of Services</b>	<b>8,361,456</b>	<b>3,873,504</b>	<b>0</b>	<b>(5,085)</b>	<b>3,868,419</b>	<b>12,229,875</b>
Other income and expenditure	633,180	(261,247)	0	0	(261,247)	371,933
Financing and investment income and expenditure	544,446	(1,708,646)	792,000	0	(916,646)	(372,200)
Taxation and non-specific grant income and expenditure	(13,156,758)	(20,880,966)	0	(150,269)	(21,031,235)	(34,187,993)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services (Note 8)</b>	<b>(3,617,676)</b>	<b>(18,977,355)</b>	<b>792,000</b>	<b>(155,354)</b>	<b>(18,340,709)</b>	<b>(21,958,385)</b>
Transfers to/from earmarked reserves	1,108,207	0	0	(1,108,207)	(1,108,207)	0
<b>(Surplus)/Deficit</b>	<b>(2,509,469)</b>	<b>(18,977,355)</b>	<b>792,000</b>	<b>(1,263,561)</b>	<b>(19,448,916)</b>	<b>(21,958,385)</b>
Opening General Fund Balance at 31 March 2016	(8,022,011)					
Less (Surplus)/Deficit on General Fund Balance in Year	(2,509,469)					
<b>Closing General Fund balance at 31 March 2017</b>	<b>(10,531,480)</b>					

### 1) Adjustments for Capital Purposes

Adjustments for Capital purposes – This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating expenditure – adjusts for capital disposals with a transfer of income disposal of assets and the amounts written off for those assets.
- Financing 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.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

### 2) Net change for the Pensions Adjustments

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

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

### 3) Other Differences

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

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to the General Fund for the timing difference for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in the future Surpluses or Deficits on the Collection Fund.

## NOTE 2 ACCOUNTING POLICIES

### General Principles

The Statement of Accounts summarises the Council's transactions in the 2017/18 financial year and its position for the year-ended 31 March 2018. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the Service Reporting Code of Practice 2017/18, 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.

The provisions in the Code on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for their financial statements to be prepared on anything other than a going concern basis.

### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made 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.
- 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 is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature no more than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

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

## Prior Period Adjustments, changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement referred to as the Minimum Revenue Provision (MRP) and equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution, 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 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. 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 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 NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of the accrued income for the year. However, regulations determine the amount of the council tax and NDR that must be included in the authority's general fund. Therefore, the difference between the income included in the CIES 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.

## Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

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

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

### Post-Employment Benefits

Employees of the Authority are members of the Local Government Pension Scheme, administered by Lancashire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

## The Local Government Pension Scheme

- The liabilities of the Lancashire County Council pension scheme 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (based on the indicative rate of return on high quality Corporate bond).
- The assets of the Lancashire County Council pension 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 the net pensions liability is analysed into the following components:

- Service Cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets - excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
  - actuarial gains and losses - changes in net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Lancashire County Council 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 Authority to the pension fund or directly to pensioners in the year, not that amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and 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 estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### Events after the Reporting Period

Events after the Balance Sheet date are those events both favourable and unfavourable that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Adjusting events: Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements and notes to the accounts are adjusted to reflect such events.
- Non-adjusting events: Those that are indicative of conditions that arose after the reporting period – the financial statements and notes to the accounts are not amended to reflect such events, but where material, disclosure is made of the nature of the event and the estimated financial impact.

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

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

## Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

### Loans and Receivables

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

The Authority has not made any loans to voluntary organisations at less than market value (soft loans).

### Available-for-sale Assets

The Authority has no available for sale assets, which includes instruments with quoted market prices, other instruments with fixed and determinable payments or equity share with no quoted market prices.

## Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with conditions attached to the payments, and
- The grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and most capital grants) in the Comprehensive Income and Expenditure Statement.

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

### Heritage Assets

A tangible heritage asset has historical, artistic, scientific, technological, geophysical or environmental qualities and is held and maintained principally for its contribution to knowledge and culture. An intangible heritage asset has cultural, environmental or historical significance and would include recordings of significant historical events.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. The carrying amounts of heritage assets are reviewed where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. The Authority's collection of tangible heritage assets includes the following:

#### Eros Statue

The bronze statue of Eros in Fleetwood is an exact replica of the London original and was donated permanently to the Authority, provided it remained in Fleetwood.

This item is reported in the Balance Sheet at the valuation used for insurance purposes which is based on market values. The insurance valuation is updated on an annual basis. The item is deemed to have an indeterminate life and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

#### Civic Regalia

The collection consists of assorted items kept by the Authority as part of its civic role. The items are carried on the Balance Sheet at the valuation used for insurance purposes, which is based on market values. The items are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

### Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Expenditure is capitalised where it can be measured reliably as attributable to that asset and does not include research expenditure.

Expenditure on the development of the Authority's website is capitalised as the website is not solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.



The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### Interests in Companies and other Entities

The Authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, which require the Authority to prepare group accounts.

### Inventories

Inventories are included in the Balance Sheet at the lower of the cost and net realisable value.

### Investment Property

Investment properties are those used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, Investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. The Authority does not have any finance leases or operating leases.

## Overheads and Support Services

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

## Property, Plant and Equipment

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

*Recognition:* expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

*Measurement:* assets are initially measured at cost, comprising:

- the purchase price.
- any cost attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.



Assets included 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 matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.)

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

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

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

### Impairment

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

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

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

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

## Depreciation

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

Depreciation is calculated on the following bases:

- buildings / car parks – straight-line allocation over the useful life of the property as estimated by the valuer which can be up to 80 years.
- vehicles, plant and equipment – straight-line allocation over the life of the asset.
- infrastructure – straight-line allocation over 50 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to the disposal of housing assets, which the Authority no longer holds, (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

### Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate, at the balance sheet date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

#### Contingent Liabilities

A contingent liability arises when an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

#### Contingent Assets

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

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

## Reserves

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

Certain reserves are kept to manage, for example, the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

## Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

In 2017/18 Wyre's REFCUS expenditure related to Disabled Facilities Grants and Flood Relief Grants.

## VAT

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

## Fair Value Measurement

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

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

The authority 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 authority 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 authority 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 authority'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 authority can access at the measurement date,

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, or

Level 3 – unobservable inputs for the asset or liability.

### NOTE 3 ACCOUNTING STANDARDS THAT HAVE BEEN PUBLISHED, BUT HAVE NOT YET BEEN ADOPTED

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IFRS 9 Financial Instruments**, which introduces extensive changes to the classification and measurement of financial assets, and a new “expected credit loss” model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets. There are not expected to be any changes in the measurement of financial assets.
- **IFRS 15 Revenue from Contracts with Customers** presents new requirements for the recognition of revenue, based on a control-based revenue recognition model.
- **IAS 7 Statement of Cash Flows (Disclosure Initiative)** will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 33) in future years.
- **IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses)** applies to deferred tax assets related to debt instruments measured at fair value.
- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases).

It is anticipated that the amendments above will not have a material impact on the information provided in the financial statements.

### NOTE 4 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 2 the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future event. 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 provision.

## Investment Properties

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

### NOTE 5 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increase and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase for every year that useful lives has to be reduced.</p>
Fair Value Estimations	<p>When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using the following valuation techniques:</p> <p>Level 2: inputs that are observable for the asset or liability either directly or indirectly, such as quoted prices for identical or similar assets or liabilities in markets that are not active.</p> <p>Level 3: inputs that are unobservable, and are based on best information available in the circumstances such as the Authority's own data and indexations.</p>	<p>The significant observable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors,</p> <p>Changes in assumptions used could affect the fair value of assets and liabilities. Significant changes in any of the unobservable inputs would result in lower or higher fair value measurement for these assets.</p>
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effect on the net pension liability of changes in individual assumptions can be measured. For example, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability.



**Provision for doubtful debts** As at 31 March 2018, the Council had an outstanding balance of short term debtors. A review of the major areas of debt has led to an updated provision against doubtful debts. It is not certain that this provision would be sufficient as the Council cannot assess with certainty which debts will be collected or not.

An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The provisions held are based on policies adapted to the nature of the debt and service area, past experience and success rates experienced in collection. If collection rates were to deteriorate then the Council would need to review its policies on the calculation of its doubtful debt provisions.

## NOTE 6 EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## NOTE 7 EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	2016/17	2017/18
<i>Expenditure</i>		
Employee benefits expenses	10,335,415	10,893,706
Other services expenses	41,224,112	41,097,073
Support service recharges	11,972,979	11,869,743
Depreciation, amortisation, impairment	2,665,452	2,879,995
Interest payments	1,196,905	947,848
Precepts and levies	635,382	691,386
Gain on the disposal of assets	(261,247)	(12,000)
<b>Total expenditure</b>	<b>67,768,998</b>	<b>68,367,751</b>
<i>Income</i>		
Fees, charges and other service income	(22,405,568)	(23,200,578)
Interest and investment income	(1,571,355)	(563,919)
Income from council tax, non-domestic rates, district rate income	(10,699,056)	(11,161,111)
Government grants and contributions	(55,051,404)	(44,371,270)
<b>Total income</b>	<b>(89,727,383)</b>	<b>(79,296,878)</b>
<b>Surplus or deficit on the Provision of Services</b>	<b>(21,958,385)</b>	<b>(10,929,127)</b>

## NOTE 8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice, to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The reserves against which adjustments are made include:

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority 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.

### 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 Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Authority 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	Unusable Reserves			
	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied Reserve £	Movement in Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets.	2,657,930			(2,657,930)
Revaluation losses on Property, Plant and Equipment.	192,325			(192,325)
Movements in the market value of Investment Properties.	0			0
Amortisation of Intangible Assets.	29,741			(29,741)
Capital grants and contributions applied.	(10,313,329)			10,313,329
Movement in the Donated Assets Account.	0			0
Revenue expenditure funded from capital under statute.	2,017,772			(2,017,772)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	0			0
<b>2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment.	(95,559)			95,559
Capital expenditure charged against the General Fund (Direct Revenue Contributions).	(426,415)			426,415
<b>Adjustment primarily involving the Capital Grants Unapplied Reserve:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(1,721,463)		1,721,463	
Application of grants and capital financing transferred to the Capital Adjustment Account.			(1,811,146)	1,811,146
<b>Adjustment primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(12,000)	12,000		
Use of Capital Receipts Reserve to finance new capital expenditure.		(89,579)		89,579
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal.	0	0		
Contribution from the Capital Receipts Reserve to finance the payment to the Government capital receipts pool.	0	0		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash.		0		0

Unusable Reserves continued				
2017/18	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied Reserve £	Movement in Unusable Reserves £
<b><u>Adjustment primarily involving the Deferred Capital Receipts Reserve:</u></b>				
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement.	0			0
<b><u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u></b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	0			0
<b><u>Adjustments primarily involving the Pension Reserve:</u></b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39).	3,094,000			(3,094,000)
Employer's pension's contributions and direct payments to pensioner's payable in the year.	(1,912,000)			1,912,000
<b><u>Adjustments primarily involving the Collection Fund Adjustment Account:</u></b>				
Amount by which council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	(1,128,773)			1,128,773
<b><u>Adjustments primarily involving the Accumulated Absences Account:</u></b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(5,925)			5,925
<b>Total Adjustments</b>	<b>(7,623,696)</b>	<b>(77,579)</b>	<b>(89,683)</b>	<b>7,790,958</b>

2016/17	Unusable Reserves			
	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied Reserve £	Movement in Unusable Reserves £
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>1. Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Charges for depreciation and impairment of non-current assets.	2,491,676			(2,491,676)
Revaluation losses on Property, Plant and Equipment.	132,638			(132,638)
Movements in the market value of Investment Properties.	(754,050)			754,050
Amortisation of Intangible Assets.	41,138			(41,138)
Capital grants and contributions applied.	(19,452,847)			19,452,847
Movement in the Donated Assets Account.	0			0
Revenue expenditure funded from capital under statute.	1,208,051			(1,208,051)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	56,988			(56,988)
<b>2. Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment.	(95,559)			95,559
Capital expenditure charged against the General Fund (Direct Revenue Contributions).	(859,036)			859,036
<b>Adjustment primarily involving the Capital Grants Unapplied Reserve:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement.	(1,428,119)		1,428,119	
Application of grants and capital financing transferred to the Capital Adjustment Account.			(1,271,560)	1,271,560
<b>Adjustment primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(318,235)	318,235		
Use of Capital Receipts Reserve to finance new capital expenditure.		(345,399)		345,399
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposal.	0	0		
Contribution from the Capital Receipts Reserve to finance the payment to the Government capital receipts pool.	0	0		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash.		0		0

Unusable Reserves continued				
2016/17	General Fund Balance £	Capital Receipts Reserve £	Capital Grants Unapplied Reserve £	Movement in Unusable Reserves £
<b><u>Adjustment primarily involving the Deferred Capital Receipts Reserve:</u></b>				
Transfer of deferred sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement.	0			0
<b><u>Adjustments primarily involving the Financial Instruments Adjustment Account:</u></b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements.	0			0
<b><u>Adjustments primarily involving the Pension Reserve:</u></b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 39).	2,791,000			(2,791,000)
Employer's pension's contributions and direct payments to pensioner's payable in the year.	(1,999,000)			1,999,000
<b><u>Adjustments primarily involving the Collection Fund Adjustment Account:</u></b>				
Amount by which council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements.	(150,269)			150,269
<b><u>Adjustments primarily involving the Accumulated Absences Account:</u></b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	(5,085)			5,085
<b>Total Adjustments</b>	<b>(18,340,709)</b>	<b>(27,164)</b>	<b>156,559</b>	<b>18,211,314</b>

## NOTE 9 MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General fund expenditure in 2017/18.

General Fund	Balance at 1 April 2016 £	Transfers in 2016/17 £	Transfers out 2016/17 £	Balance at 31 March 2017 £	Transfers in 2017/18 £	Transfers out 2017/18 £	Balance at 31 March 2018 £
Building Control	7,320	4,879	0	12,199	0	(162)	12,037
Business Growth Incentive	9,424	0	0	9,424	0	(9,424)	0
Capital Investment	796,180	595,135	(574,785)	816,530	283,850	(29,121)	1,071,259
Elections	18,842	41,217	(30,000)	30,059	41,217	0	71,276
Insurance Reserve	0	40,000	(11,270)	28,730	40,000	(8,042)	60,688
IT Strategy	324,786	230,024	(218,210)	336,600	151,551	(188,880)	299,271
Land Charges	21,608	7,522	(78)	29,052	0	2,872	31,924
Leisure Management	151,542	73,344	(38,828)	186,058	23,219	0	209,277
New Homes Bonus	2,478,020	1,162,031	(568,749)	3,071,302	341,192	(568,749)	2,843,745
Non-Domestic Rates Equalisation	1,439,929	657,840	(331,828)	1,765,941	1,387,784	(1,480,210)	1,673,515
Performance Reward Initiative	49,973	0	(13,606)	36,367	0	(3,418)	32,949
Value for Money	570,646	89,621	(26,747)	633,520	94,480	(9,052)	718,948
Vehicle Replacement/Street Cleansing Maintenance	492,871	225,159	(204,464)	513,566	2,183,123	(207,699)	2,488,990
<b>TOTAL</b>	<b>6,361,141</b>	<b>3,126,772</b>	<b>(2,018,565)</b>	<b>7,469,348</b>	<b>4,546,416</b>	<b>(2,501,885)</b>	<b>9,513,879</b>

- **Building Control** – a fundamental principle of the Building Regulations Scheme, introduced 1 April 1999 and subsequently amended by the 2010 Regulations, is that there is a three to five year rolling accounting period over which costs should equate with charge income. This reserve assists with achieving that aim in future periods or fund expenditure promoting increased efficiency and reduced costs.
- **Business Growth Incentive** – established in 2005/06 to raise the prosperity of all communities and release the economic potential of the area, funded from increased income from National Non-Domestic Rates on new developments.
- **Capital Investment** – established in 2009/10 to fund capital investment, thereby avoiding the need to borrow in the future.
- **Elections** – established in 2008/09 to fund Borough Elections, which occur every four years.
- **Insurance Reserve** – established in 2016/17 to fund the increased level of excesses following a review of the council’s insurance arrangements and related risk management costs.
- **IT Strategy** – to meet costs of the rolling replacement of IT equipment, infrastructure and other known future costs.

- **Land Charges** – Councils are required to assess the cost of providing a service, the projected take-up of that service and thus the charge should be made over a period of between 1 and 3 years. This reserve, following receipt of a ‘new burdens’ payment from DCLG, will also contribute to the cost of the personal search revocation implications.
- **Leisure Management** – established to fund the Council’s 50% share of costs above the agreed operational subsidy level or fund service improvements.
- **New Homes Bonus** – established in 2011/12 using funding encouraging local authorities to facilitate housing growth to compensate for the impact of accepting the Council Tax Freeze grant.
- **Non-Domestic Rates Equalisation** – established in 2013/14 to protect against the volatility in funding associated with the new Business Rate Retention Scheme.
- **Performance Reward Initiatives** – established in 2009/10 using performance reward grant which was previously administered by the Local Strategic Partnership until its dissolution at the end of March 2013. The monies have subsequently been used to promote the Shaping Your Neighbourhood initiative, which was agreed by the Council in April 2012.
- **Value for Money** – originally established in 2005/06 for future value for money initiatives and now incorporates supplementary grants awarded for the administration of council tax, localised council tax support, NDR and housing benefit.
- **Vehicle Replacement/Street Cleansing Maintenance** – originally established in 2005/06 to fund the future replacement of the mobile advice centre, but now reflects the current and anticipated requirements for the vehicle fleet council wide and the maintenance of Street Cleansing vehicles.

#### NOTE 10 OTHER OPERATING EXPENDITURE

2016/17 £		2017/18 £
603,430	Parish Council Precepts	644,769
32,000	Pension administration costs	32,000
(263,497)	(Gains)/losses on disposal of non-current assets (excl. investment assets)	(12,000)
<b>371,933</b>	<b>TOTAL</b>	<b>664,769</b>

#### NOTE 11 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2016/17 £		2017/18 £
68,905	Interest payable and similar charges	68,848
1,128,000	Net interest on defined benefits liability / (asset)	879,000
(95,871)	Interest receivable and similar income	(82,834)
(1,473,234)	Income and Expenditure in relation to Investment properties and changes to their fair value (See Note 15)	(481,085)
<b>(372,200)</b>	<b>TOTAL</b>	<b>383,929</b>

## NOTE 12 TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2016/17 £		2017/18 £
(7,207,803)	Council Tax income	(7,510,497)
(3,165,627)	Non-domestic rates income and expenditure	(3,031,796)
(4,629,328)	Non-ringfenced government grants (See Note 34)	(4,462,434)
(19,185,235)	Capital grants and contributions (See Note 34)	(10,085,816)
<b>(34,187,993)</b>	<b>TOTAL</b>	<b>(25,090,543)</b>

## NOTE 13 PROPERTY PLANT AND EQUIPMENT

### Movements in 2017/18

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
<b>B/fwd at 01/04/17</b>	<b>59,637,911</b>	<b>4,985,976</b>	<b>30,870,665</b>	<b>3,628,196</b>	<b>40,349,688</b>	<b>0</b>	<b>139,472,436</b>
Additions	166,364	349,629	35,696	138,705	9,932,310	0	10,622,704
Revaluation increase/decreases to the revaluation reserve	2,078,854	0	0	0	0	0	2,078,854
Revaluation increase/decreases to the Surplus or Deficit on the Provision of Services	(173,333)	0	(15,691)	(3,300)	0	0	(192,324)
Derecognition – Disposals	0	0	0	0	0	0	0
Derecognition – Other	0	0	0	0	0	0	0
Reclassifications	0	0	50,281,998	0	(50,281,998)	0	0
Reclassified to Held for Sale	0	0	0	0	0	0	0
<b>Sub-Total</b>	<b>61,709,796</b>	<b>5,335,605</b>	<b>81,172,668</b>	<b>3,763,601</b>	<b>0</b>	<b>0</b>	<b>151,981,670</b>
<b>Depreciation</b>							
<b>B/fwd at 01/04/17</b>	<b>(16,100,504)</b>	<b>(2,970,043)</b>	<b>(7,397,737)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(26,468,284)</b>
Charge in year	(1,618,347)	(421,874)	(617,709)	0	0	0	(2,657,930)
Revaluations	1,071,220	0	0	0	0	0	1,071,220
Reclassification	0	0	0	0	0	0	0
<b>C/fwd at 31/03/18</b>	<b>(16,647,631)</b>	<b>(3,391,917)</b>	<b>(8,015,446)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(28,054,994)</b>
<b>Net Book Value at 31/03/18</b>	<b>45,062,165</b>	<b>1,943,688</b>	<b>73,157,222</b>	<b>3,763,601</b>	<b>0</b>	<b>0</b>	<b>123,926,676</b>

## Movements in 2016/17

	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
<b>B/fwd at 01/04/16</b>	<b>57,067,989</b>	<b>4,691,156</b>	<b>30,870,665</b>	<b>3,273,313</b>	<b>21,384,335</b>	<b>0</b>	<b>117,287,458</b>
Additions	954,352	298,957	10,092	381,205	18,965,353	0	20,609,959
Revaluation increase/decreases to the revaluation reserve	3,326,648	0	0	0	0	0	3,326,648
Revaluation increase/decreases to the Surplus or Deficit on the Provision of Services	(85,340)	(4,137)	(10,092)	(26,322)	0	0	(125,891)
Derecognition – Disposals	(25,000)	0	0	0	0	0	(25,000)
Derecognition – Other	0	0	0	0	0	0	0
Reclassifications	(1,600,738)	0	0	0	0	0	(1,600,738)
Reclassified to Held for Sale	0	0	0	0	0	0	0
<b>Sub-Total</b>	<b>59,637,911</b>	<b>4,985,976</b>	<b>30,870,665</b>	<b>3,628,196</b>	<b>40,349,688</b>	<b>0</b>	<b>139,472,436</b>
<b>Depreciation</b>							
<b>B/fwd at 01/04/16</b>	<b>(14,585,404)</b>	<b>(2,611,438)</b>	<b>(6,780,028)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(23,976,870)</b>
Charge in year	(1,515,362)	(358,605)	(617,709)	0	0	0	(2,491,676)
Revaluations	0	0	0	0	0	0	0
Derecognition disposals	262	0	0	0	0	0	262
Reclassification	0	0	0	0	0	0	0
<b>C/fwd at 31/03/17</b>	<b>(16,100,504)</b>	<b>(2,970,043)</b>	<b>(7,397,737)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(26,468,284)</b>
<b>Net Book Value at 31/03/17</b>	<b>43,537,407</b>	<b>2,015,933</b>	<b>23,472,928</b>	<b>3,628,196</b>	<b>40,349,688</b>	<b>0</b>	<b>113,004,152</b>

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation;

- Other Land and Buildings - up to 80 years.
- Vehicles, Plant, Furniture and Equipment - straight-line allocation over the life of the asset.
- Infrastructure - 50 years.

## Commitments on the Capital Programme

The following significant contracts for capital investment have been entered into:

Scheme	Purpose	Approx. Value £	Period over which investment will take place
Rossall Sea Wall	Improvement to coastal sea defences at Rossall	2,986,553	April 2018 to July 2018



## Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment is revalued at least every five years. 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. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The following statement shows the progress of the Authority's rolling programme for the revaluation of Property, Plant and Equipment.

Valued	Other land and buildings £000	Vehicle, plant, furniture and equipment £000	Infrastructure assets £000	Community assets £000	Surplus assets £000	Total £000
Valued in:						
2017/18	1,905	0	(16)	(3)	0	1,886
2016/17	3,241	(4)	(10)	(26)	0	3,201
2015/16	107	0	(129)	(1)	0	(23)
2014/15	4,295	0	0	0	(561)	3,734
2013/14	(94)	0	0	0	0	(94)
<b>Total</b>	<b>9,454</b>	<b>(4)</b>	<b>(155)</b>	<b>(30)</b>	<b>(561)</b>	<b>8,704</b>

## NOTE 14 HERITAGE ASSETS

### Movements in 2017/18

Cost or valuation	Civic Regalia £	Sculptures £	TOTAL £
Balance brought forward at 1 <sup>st</sup> April 2017	93,725	200,000	293,725
Movements in year	0	0	0
<b>Net book value carried forward 31<sup>st</sup> March 2018</b>	<b>93,725</b>	<b>200,000</b>	<b>293,725</b>

### Movements in 2016/17

Cost or valuation	Civic Regalia £	Sculptures £	TOTAL £
Balance brought forward at 1 <sup>st</sup> April 2016	93,725	200,000	293,725
Movements in year	0	0	0
<b>Net book value carried forward 31<sup>st</sup> March 2017</b>	<b>93,725</b>	<b>200,000</b>	<b>293,725</b>

## Depreciation

In accordance with FRS30 and the CIPFA Code of Practice heritage assets are not subject to depreciation.

The Authority's collection of Civic Regalia and the Eros Statue are both reported in the Balance Sheet at the valuation used for insurance purposes which is based on market values and updated periodically.

Information prior to 1 April 2010 is not available for Heritage Assets. The Code of Practice states that this information need not be given for any period before April 2010 where it is not practicable to do so.

## NOTE 15 INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement and together with the gain or loss on disposal of investment assets and gain or loss on revaluation total £0 at 31 March 2018 as reported in Note 11.

	2016/17 £	2017/18 £
Rental Income from Investment property	721,433	481,085
Direct operating expenses arising from Investment property	0	0
<b>Net gain/(loss)</b>	<b>721,433</b>	<b>481,085</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repair, maintain or enhance it.

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

	2016/17 £	2017/18 £
Balance brought forward	4,765,630	7,192,256
<i>Additions:</i>		
Purchases	0	0
Construction	0	0
Subsequent expenditure	104,088	0
Disposals	(32,250)	0
Net gain/(losses) from fair value adjustments	754,050	0
<i>Transfers:</i>		
To/from property plant and equipment	1,600,738	0
Other changes	0	0
<b>Balance carried forward</b>	<b>7,192,256</b>	<b>7,192,256</b>

### Fair Value Hierarchy

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes.

## Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. 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 as level 2 on the fair value hierarchy.

### NOTE 16 INTANGIBLE ASSETS

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use and the useful life assigned to software by the Authority is 5 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £29,741 charged to revenue in 2017/18 was charged to the relevant service headings in the Comprehensive Income and Expenditure Statement.

The movement on Intangible Asset balances during the year is as follows:

	2016/17 £	2017/18 £
<i>Balance at start of the year comprising:</i>		
Gross carrying amount	2,424,252	2,424,252
Accumulated amortisation	(2,302,501)	(2,343,640)
<b>Net carrying amount at start of the year</b>	<b>121,751</b>	<b>80,612</b>
Additions	6,746	0
Revaluations increases or decreases	(6,746)	0
Amortisation for the period	(41,139)	(29,741)
<b>Net carrying amount at end of period</b>	<b>80,612</b>	<b>50,871</b>
<i>Comprising:</i>		
Gross carrying amount	2,424,252	2,424,252
Accumulated amortisation	(2,343,640)	(2,373,381)
	<b>80,612</b>	<b>50,871</b>

## NOTE 17 FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long term		Current	
	31 March 2017 £	31 March 2018 £	31 March 2017 £	31 March 2018 £
<b>Investments</b>				
Loans and receivables (including short and long term investments and short term deposits Note 20)	19	19	19,191,041	14,425,250
<b>Total Investments</b>	<b>19</b>	<b>19</b>	<b>19,191,041</b>	<b>14,425,250</b>
<b>Short Term Debtors</b>				
Financial assets carried at contract amounts	0	0	3,007,815	4,667,249
<b>Total Short Term Debtors</b>	<b>0</b>	<b>0</b>	<b>3,007,815</b>	<b>4,667,249</b>
<b>Borrowings</b>				
Financial liabilities at amortised cost	(1,552,000)	(1,552,000)	0	0
<b>Total Borrowings</b>	<b>(1,552,000)</b>	<b>(1,552,000)</b>	<b>0</b>	<b>0</b>
<b>Short Term Creditors</b>				
Financial liabilities carried at contract amounts	0	0	(5,703,482)	(5,177,091)
<b>Total Short Term Creditors</b>	<b>0</b>	<b>0</b>	<b>(5,703,482)</b>	<b>(5,177,091)</b>

### Income, expense, gains and losses

2017/18

	Financial Liabilities measured at amortised cost £	Financial Assets Loans and receivables £	Financial Assets Available for sale £	Assets and Liabilities at Fair Value through Profit and Loss £	Total £
Interest Expense	(68,848)	0	0	0	(68,848)
<b>Total expense in Surplus or Deficit on the Provision of Service</b>	<b>(68,848)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(68,848)</b>
Interest Income	0	82,834	0	0	82,834
<b>Total income in Surplus or Deficit on the Provision of Service</b>	<b>0</b>	<b>82,834</b>	<b>0</b>	<b>0</b>	<b>82,834</b>
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0	0	0
<b>Surplus/Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net gain/(loss) for the year</b>	<b>(68,848)</b>	<b>82,834</b>	<b>0</b>	<b>0</b>	<b>13,986</b>

2016/17

	Financial Liabilities measured at amortised cost £	Financial Assets Loans and receivables £	Financial Assets Available for sale £	Assets and Liabilities at Fair Value through Profit and Loss £	Total £
Interest Expense	(68,905)	0	0	0	(68,905)
<b>Total expense in Surplus or Deficit on the Provision of Service</b>	<b>(68,905)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(68,905)</b>
Interest Income	0	95,871	0	0	95,871
<b>Total income in Surplus or Deficit on the Provision of Service</b>	<b>0</b>	<b>95,871</b>	<b>0</b>	<b>0</b>	<b>95,871</b>
Gains on revaluation	0	0	0	0	0
Losses on revaluation	0	0	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0	0	0
<b>Surplus/Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net gain/(loss) for the year</b>	<b>(68,905)</b>	<b>95,871</b>	<b>0</b>	<b>0</b>	<b>26,966</b>

### Fair Values of Assets and Liabilities

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

- the Authority has the choice of adopting either the new borrowing rate or the premature repayment rate as the discount factor for Public Works Loan Board (PWLB) borrowing. Whilst PWLB have indicated that they will be using the premature repayment rates, the authority has chosen to use the new borrowing rate as the Code's Guidance Notes for Practitioners confirms that it is acceptable for either or both valuations to be used.
- no early repayment or impairment is recognised.
- where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2017		31 March 2018	
	Carrying amount £	Fair Value £	Carrying amount £	Fair Value £
Market Debt	0	0	0	0
PWLB Debt (short and long term)	1,552,000	2,246,189	1,552,000	2,240,681
<b>Total Borrowings</b>	<b>1,552,000</b>	<b>2,246,189</b>	<b>1,552,000</b>	<b>2,240,681</b>
Creditors	5,703,482	5,703,482	5,177,091	5,177,091
<b>Total Financial Liabilities</b>	<b>7,255,482</b>	<b>7,949,671</b>	<b>6,729,091</b>	<b>7,417,772</b>

The fair value of the liabilities is greater than the carrying amount in 2017/18 because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2017		31 March 2018	
	Carrying amount £	Fair Value £	Carrying amount £	Fair Value £
Investments (short term investments and short term deposits Note 20)	19,191,041	19,208,140	14,425,250	14,425,250
Long Term Debtors	0	0	0	0
Debtors	3,007,815	3,007,815	4,667,249	4,667,249
<b>Total Loans and Receivables</b>	<b>22,198,856</b>	<b>22,215,955</b>	<b>19,092,499</b>	<b>19,092,499</b>

The fair value of the assets is the same as the carrying amount in 2017/18. The materiality of the less than 1 year fair value adjustments means there is very little impact on the overall figure.

### NOTE 18 INVENTORIES

2016/17 £	Analysis	2017/18 £
<b>Consumable Stores:</b>		
65,117	<b>Balance at 1 April</b>	59,963
436,865	Purchases	424,104
(442,019)	Recognised as an expense in the year	(410,371)
0	Written (off)/on balances	0
0	Reversal of write-offs in previous years	0
<b>59,963</b>	<b>Balance at 31 March</b>	<b>73,696</b>

*There was no work in progress at 31 March 2018.*

### NOTE 19 SHORT TERM DEBTORS

2016/17 £	Analysis	2017/18 £
<b>Amounts falling due in one year:</b>		
575,915	Central Government Bodies	1,512,455
513,460	Other Local Authorities	1,089,777
0	NHS Bodies	314
0	Public Corporations	0
1,918,440	Other Entities and Individuals	2,064,703
<b>3,007,815</b>	<b>Total</b>	<b>4,667,249</b>

## NOTE 20 CASH AND CASH EQUIVALENTS

2016/17 £	Analysis	2017/18 £
2,547	Cash held by the Authority	2,669
0	Bank current accounts	0
(179,366)	Bank overdrafts	(178,441)
19,191,041	Short term deposits	14,425,250
<b>19,014,222</b>	<b>Total</b>	<b>14,249,478</b>

## NOTE 21 ASSETS HELD FOR SALE

The Authority had no assets held for sale either as at 31st March 2017 or as at 31st March 2018.

## NOTE 22 SHORT TERM CREDITORS

2016/17 £	Analysis	2017/18 £
793,767	Central Government Bodies	1,802,440
690,342	Other Local Authorities	502,831
0	NHS Bodies	195,990
0	Public Corporations	0
4,219,373	Other Entities and Individuals	2,675,830
<b>5,703,482</b>	<b>Total</b>	<b>5,177,091</b>

## NOTE 23 PROVISIONS

Changes to the Business rates system came into force with effect from 1 April 2013 under the Localism Act. The Authority, County Council and Combined Fire Authority now retain 50% of rates collected, and also assume responsibility for 50% of any losses due to appeals. The process for lodging and processing appeals is beyond the control of the Authority, and reductions can be backdated. The Business Rates provision is to cover the backdating of appeals lodged, but not yet heard. From April 2017 a new Check, Challenge, Appeal process was launched by the Valuation Office Agency (VOA). As yet no appeals have been lodged under the new system in Wyre. However the provision has been increased to reflect potential backdated appeals not yet lodged.

2016/17 £	Analysis	2017/18 £
(1,248,763)	<b>Balance at 1 April 2017</b>	(1,390,371)
(141,608)	Additional Provisions made 2017/18	(392,661)
0	Amounts used in 2017/18	0
<b>(1,390,371)</b>	<b>Balance at 31 March 2018</b>	<b>(1,783,032)</b>

## NOTE 24 USABLE RESERVES

Movements in the Authority’s usable reserves are detailed in the Movement in Reserves Statement at page 37.

2016/17 £	Analysis	2017/18 £
10,531,480	General Fund	11,792,380
7,469,348	Earmarked Reserves	9,513,879
224,310	Capital Receipts Reserve	146,731
790,885	Capital Grants Unapplied Reserve	701,202
<b>19,016,023</b>	<b>Total</b>	<b>22,154,192</b>

## NOTE 25 UNUSABLE RESERVES

2016/17 £	Analysis	2017/18 £
15,616,091	Revaluation Reserve	18,119,740
93,406,096	Capital Adjustment Account	101,890,780
(37,892,000)	Pensions Reserve	(33,826,000)
(1,254,206)	Collection Fund Adjustment Account	(125,432)
(137,343)	Accumulated Absences Account	(131,418)
<b>69,738,638</b>	<b>Total</b>	<b>85,927,670</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. 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 contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2016/17 £		£	2017/18 £
12,847,690	<b>Balance at 1 April</b>		15,616,091
3,380,258	Upward revaluation of assets	3,150,074	
(53,610)	Downward revaluation of assets and impairment losses not charged to the Surplus or (Deficit) on the Provision of Services	0	
3,326,648	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or (Deficit) on the Provision of Services		3,150,074
(553,531)	Difference between fair value depreciation and historic cost depreciation	(646,425)	
(4,716)	Accumulated gains on assets sold or scrapped	0	
(558,247)	Amounts written off to the Capital Adjustment Account		(646,425)
<b>15,616,091</b>	<b>Balance at 31 March</b>		<b>18,119,740</b>



## Capital Adjustment Account

The Capital Adjustment 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 under statutory provisions. The Account is debited with costs such as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2016/17 £		£	2017/18 £
73,999,888	<b>Balance at 1 April</b>		93,406,096
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,491,676)	- Charges for depreciation and impairment of non-current assets	(2,657,930)	
(132,637)	- Revaluation losses on Property, Plant and Equipment	(192,325)	
(41,138)	- Amortisation of intangible assets	(29,741)	
(1,208,051)	- Revenue expenditure funded from capital under statute	(2,017,772)	
(56,988)	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	
(3,930,490)			(4,897,768)
558,247	Adjusting amounts written out of the Revaluation Reserve		646,425
(3,372,243)	Net written out amount of the cost of non-current assets consumed in the year		(4,251,343)
	Capital financing applied in the year:		
345,399	- Use of the Capital Receipts Reserve to finance new capital expenditure	89,579	
19,452,847	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	10,313,329	
1,271,560	- Application of grants to capital financing from the Capital Grants Unapplied Reserve	1,811,145	
95,559	- Statutory provision for the financing of capital investment charged against the General Fund	95,559	
859,036	- Capital expenditure charged against the General Fund	426,415	
22,024,401			12,736,027
754,050	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		0
0	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		0
<b>93,406,096</b>	<b>Balance at 31 March</b>		<b>101,890,780</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2016/17 £		2017/18 £
(33,212,000)	<b>Balance at 1 April</b>	(37,892,000)
(3,888,000)	Remeasurement of the net defined benefit liability / (asset)	5,248,000
(792,000)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,182,000)
0	Employer’s pensions contributions and direct payments to pensioners payable in the year	0
<b>(37,892,000)</b>	<b>Balance at 31 March</b>	<b>(33,826,000)</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic 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 £		2017/18 £
(1,404,474)	<b>Balance at 1 April</b>	(1,254,206)
(2,652)	Council Tax	(4,384)
97,631	Non-Domestic Rates	908,010
55,289	Enterprise Zone Growth	225,148
<b>150,268</b>	<b>Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements</b>	<b>1,128,774</b>
(118,890)	Council Tax	(114,506)
1,428,385	Non-Domestic Rates	520,375
(55,289)	Enterprise Zone Growth	(280,437)
<b>(1,254,206)</b>	<b>Balance at 31 March</b>	<b>(125,432)</b>

### Accumulated Absences Account

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

2016/17 £		£	2017/18 £
(142,428)	<b>Balance at 1 April</b>		(137,343)
142,428	Settlement or cancellation of accrual made at the end of the preceding year	137,343	
(137,343)	Amounts accrued at the end of the current year	(131,418)	
<b>5,085</b>	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		<b>5,925</b>
<b>(137,343)</b>	<b>Balance at 31 March</b>		<b>(131,418)</b>

### NOTE 26 CASHFLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2016/17 £		2017/18 £
(95,871)	Interest received	(82,834)
68,905	Interest paid	68,848
0	Dividends received	0
<b>(26,966)</b>	<b>Total</b>	<b>(13,986)</b>

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

2016/17 £		2017/18 £
2,491,676	Depreciation	2,657,930
132,637	Impairment and downward valuations	192,325
41,140	Amortisation	29,741
0	Increase / (decrease) in impairment of bad debts	0
(1,929,438)	Increase / (decrease) in creditors	(751,265)
(153,932)	(Increase) / decrease in debtors	(1,081,506)
5,154	(Increase) / decrease in inventories	(13,733)
792,000	Movement in pension liability (Retirement benefits)	(2,216,400)
56,988	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
(612,443)	Movement in Investment Property values (Net gain/losses from fair value adjustments) and Provisions	392,661
<b>823,782</b>	<b>Total</b>	<b>(790,247)</b>

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

2016/17 £		2017/18 £
0	Proceeds from short term (not considered to be cash equivalents) and long term investments	0
(318,235)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(12,000)
(20,880,966)	Capital Grants credited to surplus or deficit on the provision of services	(12,034,792)
<b>(21,199,201)</b>	<b>Total</b>	<b>(12,046,792)</b>

## NOTE 27 CASHFLOW STATEMENT – INVESTING ACTIVITIES

2016/17 £		2017/18 £
(19,480,838)	Purchase of property, plant and equipment, investment property and intangible assets	(11,694,893)
0	Purchase of short term and long term investments	0
0	Other payments for investing activities	0
318,235	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	12,000
0	Proceeds from short term and long term investments	0
21,223,701	Other receipts from investing activities	8,107,647
<b>2,061,098</b>	<b>Total</b>	<b>(3,575,246)</b>

## NOTE 28 CASHFLOW STATEMENT – FINANCING ACTIVITIES

2016/17 £		2017/18 £
0	Cash receipts of short and long term borrowing	0
0	Other receipts from financing activities	0
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	0
(660)	Repayments and Receipts from short and long term borrowing	(720)
(817,383)	Billing Authorities - Council Tax and NNDR adjustments	719,134
0	Other payments for financing activities	0
<b>(818,043)</b>	<b>Total</b>	<b>718,414</b>

## NOTE 29 TRADING OPERATIONS

In accordance with the Service Reporting Code of Practice (SeRCOP) trading services or undertakings with the public or with third parties includes, amongst other categories, catering undertakings, industrial units and markets.

The aim of this note to the accounts reflects considerations of stewardship in that where the authority is trading and taking commercial risks then there should be assurance that the authority is not exposing itself unreasonably to loss.

Where trading accounts are an integral part of the total cost of particular services they should be fully consolidated into the total cost of that service and this is the case for those services listed below. Some are an integral part of the Authority's services to the public such as the operation of Fleetwood Market or the letting of industrial units and others are support services such as the bar facility at the Marine Hall.

Income £	2016/17 Expenditure £	(Surplus)/Deficit £	Trading operations	Income £	2017/18 Expenditure £	(Surplus)/Deficit £
(70,735)	99,259	28,524	Catering	(86,929)	115,492	28,563
(666,890)	279,913	(386,977)	Industrial Sites	(449,356)	378,893	(70,463)
(30,992)	21,712	(9,280)	Poulton Market	(26,117)	11,827	(14,290)
(538,891)	477,506	(61,385)	Fleetwood Market*	(533,199)	570,829	37,630
<b>(1,307,508)</b>	<b>878,390</b>	<b>(429,118)</b>	<b>Total</b>	<b>(1,095,601)</b>	<b>1,077,041</b>	<b>(18,560)</b>

### Catering

The Catering operation relates to the bar/catering facility at the Marine Hall which primarily operates as an events, functions and wedding venue. There has been a slight increase in the deficit from £28,524 in 2016/17 to £28,563 and this relates to minor variances across the board. Running costs at Marine Hall (excluding capital charges) have reduced from £553,737 in 2007/08 to £323,519 in 2017/18, a reduction of £230,218 or 42% over the period.

### Industrial sites

This group includes a variety of land and building holdings including Fleetwood Golf Course, the waste disposal site, Copse Road and Thornton depots and industrial units. Compliance with International Financial Reporting Standards (IFRS) means that any revaluation gains or losses on investment properties together with any rental income is now shown in the financing and investment income and expenditure section of the Comprehensive Income and Expenditure Statement as opposed to net cost of services. The surplus/deficit reported above is therefore shown partly in the net cost of services and partly in the financing and investment section. Whilst it appears the financial position has worsened significantly, the true position excluding capital charges is that a surplus was achieved of £167,194 in 2017/18 (£440,663 in 2016/17). The reduction in surplus is mostly owing to the loss of income on the Fleetwood Marsh Development (£255,311), net increased recharges from the Estates and Engineering Teams across all sites (£45,104) offset by an increased recharge income at Copse Road Depot (£30,646).

## Markets

### *Fleetwood Market*

Fleetwood Market is a busy traditional market with over 150 indoor and outdoor stalls. However in 2017/18 the outturn shows a deficit of £37,630 (compared to a surplus in 2016/17 of £61,385). The picture is distorted by capital charges and once these are stripped out the true position is a surplus of £52,856 compared to a surplus of £147,120 in 2016/17 (\*restated for late recharges). This represents a reduction of £94,264. Whilst income has remained constant across both years, increased premises related costs of £29,944 (largely building maintenance), advertising, promotions and special events related costs of £22,863, employee costs of £14,695 (including a one-off redundancy payment) and increased support service recharges of £29,999 have reduced the surplus.

### *Poulton Market*

Poulton Market is a weekly market held every Monday in the historic Market Square. Stalls at the outdoor market sell a wide range of goods and local produce. The surplus for the market has increased to £14,290 in 2017/18 (£9,280 in 2016/17). This is largely as a result of a decrease in recharges (£7,772) reflecting the new structure and a reduced requirement for equipment now that the market is established (£1,232) against a reduced income of £4,875.

## NOTE 30 AGENCY SERVICES

The Highways Partnership agency arrangement was terminated at the end of June 2006, with Lancashire County Council assuming direct responsibility for the delivery of highway related functions from 1 July 2006. There remains a residual agreement in place which covers the maintenance of highway verges and roundabouts, weed control, leaf sweeping, tree maintenance and the management of Public Rights of Way. Total reimbursement in 2017/18 was £67,702 (2016/17 £54,000). The above sums are not included in the Comprehensive Income and Expenditure Statement.

## NOTE 31 MEMBERS' ALLOWANCES

The Authority's Members' Allowance Scheme is based on recommendations from an Independent Remuneration Panel. Basic Allowance is an annual sum payable to all Members and a Special Responsibility Allowance is paid to certain Members with specific additional responsibilities. The Authority paid the following amounts to Members of the Council during the year:

	2016/17 £	2017/18 £
Allowances	317,053	309,191
Travel and subsistence	5,219	3,856
Dependent's carers allowance	0	0
<b>Total</b>	<b>322,272</b>	<b>313,047</b>

## NOTE 32 OFFICERS' REMUNERATION

Statutory provisions exclude senior employees whose remuneration is disclosed within the accounts from being included in the table below. However, the authority has decided to include them in the banding note in the interest of transparency.

The number of employees whose remuneration including reimbursement for election work and redundancy payments but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

Remuneration Bands	Number of employees 2016/17	Number of employees 2017/18
£50,000 - £54,999	1	2
£55,000 - £59,999	3	0
£60,000 - £64,999	1	3
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	0	0
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	1	0
£105,000 - £109,999	0	1
£110,000 - £114,999	0	0
£115,000 - £119,999	0	0
£120,000 - £124,999	0	0

Senior employees whose salary is £50,000 or more per year but less than £150,000, are required to be listed individually by way of job title. Persons whose salary is £150,000 or more per year must be identified by name. The Authority has no employees with a salary greater than £150,000.

### Senior Officers' emoluments-Salary is between £50,000 and £150,000 per year

Post holder information (Post title)	Year	Salary (Including fees and Allowances) £	Expenses Allowances £	Compensation for loss of office (Redundancy payments) £	Pension contributions (Incl. strain / augmented costs) £	Total Remuneration £
Chief Executive	2017/18	107,974	348	0	15,715	124,037
	2016/17	103,945	438	0	13,145	117,528
Service Director Health & Wellbeing	2017/18	61,547	1,182	0	9,550	72,279
	2016/17	58,176	760	0	7,956	66,892
Service Director Performance & Innovation	2017/18	61,041	170	0	9,550	70,761
	2016/17	54,914	162	0	7,508	62,584
Service Director People and Places	2017/18	61,041	289	0	9,550	70,880
	2016/17	58,287	276	0	7,956	66,519
Corporate Director of Resources*	2017/18	0	0	0	0	0
	2016/17	24,046	38	0	2,673	26,757

\*The Corporate Director of Resources left the authority in June 2016.



### NOTE 33 EXTERNAL AUDIT COSTS

The Authority incurred the following fees relating to external audit and inspection:

2016/17 £	Audit Fee Type	2017/18 £
48,662	Fees payable to KPMG with regard to external audit services carried out by the appointed auditor	48,661
0	Rebate from Public Sector Audit Appointments Limited (PSAA).	(7,230)
2,300	Fees payable to the Audit Commission in respect of the National Fraud Initiative	0
0	Fees payable in respect of other services provided by KPMG	12,674
5,580	Fees payable to KPMG for the certification of grant claims and returns	6,799
<b>56,542</b>	<b>Total</b>	<b>60,904</b>

### NOTE 34 GRANT INCOME

The Authority credited the following grants to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement:

	2016/17 £	2017/18 £
<b>Non-ringfenced Government Grants</b>		
Revenue Support Grant	1,631,266	912,199
New Homes Bonus	2,303,128	2,110,708
NNDR Section 31 Grant	689,792	1,434,401
Transitional Grant	5,142	5,126
	<b>4,629,328</b>	<b>4,462,434</b>
<b>Capital Grants and Contributions</b>		
Heritage Lottery	10,975	117,680
DCLG Coastal Communities Fund	156,656	0
Environment Agency	18,933,449	9,921,566
S106 Contributions	26,798	3,300
Other Contributions	57,357	43,270
	<b>19,185,235</b>	<b>10,085,816</b>

The Authority has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require monies to be returned to the awarding body. The balance at year-end is £3,425,109 and has been recognised in the Balance Sheet as Capital Grants Received in Advance.

### NOTE 35 RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.



Related parties include:

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities Controlled or Significantly Influenced by the Authority

### **Central Government**

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in Note 12 with Note 34 providing a further analysis.

### **Members**

The council maintains a register of all members' disclosable pecuniary interests. Within 28 days of election, Councillors are legally required to inform the council's Monitoring Officer of any pecuniary interests they have. If a Councillor is present at a meeting of the authority, or any committee, subcommittee, joint committee or joint subcommittee of the authority, and has a disclosable pecuniary interest then, if that interest is not registered they must disclose that interest to the meeting and notify the Council's Monitoring Officer to have that interest added to the register of interests.

The register of members' interests is open to public inspection as required by Section 29 of the Localism Act 2011. Copies of the Registration of Interest Forms completed by members are also available to view on the council's website. Where a member has a disclosable pecuniary interest they are precluded from taking part in meetings or decisions related to their previously disclosed interest, unless an appropriate dispensation has been granted.

In respect of 2017/18 financial year a number of council members had a controlling interest in a company, partnership, trust or equity. The controlling interest was by way of ownership, or as a director, trustee, governor or partner of an organisation. The existence of the procedures described above ensures that the council is able to both identify where a member has an interest, and take action to ensure that there is no participation in any decisions relevant to their interest. All major decisions are available for public scrutiny and challenge as part of the council's constitutional arrangements.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 31. During 2017/18, some Councillors of Wyre Borough acted in a number of other capacities for related parties, namely being either employed by other local organisations or serving on the management boards of companies, schools and voluntary bodies.

There are two transactions to disclose in 2017/18 relating to payments of £748 to Pam's Kitchen for catering provided at five events, in which Councillor Murphy has an interest and £475 to Poulton Press Printers for printing council business cards and programmes and tickets for a local festival, in which Councillor Henderson has an interest. These are recorded in the register of Members' interests.

## Officers

There are no material transactions to disclose in respect of officers.

## Other Public bodies

The following transactions involving related parties to the Council are disclosed elsewhere within the accounts:

### Payments to the Local Government Pension Scheme – see Note 39.

Precepts in relation to Lancashire County Council, the Police and Crime Commissioner for Lancashire and Lancashire Combined Fire Authority – see the Collection Fund Account and Notes to the Collection Fund.

## Entities Controlled or Significantly Influenced by the Authority

The Authority does not have any control or significant influence on any other entity.

## NOTE 36 CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2016/17 £	2017/18 £
<b>Opening Capital Financing Requirement</b>	<b>2,139,577</b>	<b>2,044,018</b>
<b>Capital Investment</b>		
Property, Plant and Equipment*	20,609,959	10,622,704
Investment Property*	104,088	0
Intangible Assets*	6,746	0
Revenue Expenditure Funded from Capital under Statute	1,208,050	2,017,772
<b>Sources of Finance</b>		
Capital Receipts	(345,399)	(89,579)
Government grants and other contributions	(20,724,408)	(12,124,482)
Other contributions	0	0
<b>Sums set aside from Revenue</b>		
Direct revenue contributions	(859,036)	(426,415)
Minimum Revenue Provision	(95,559)	(95,559)
<b>Closing Capital Financing Requirement</b>	<b>2,044,018</b>	<b>1,948,459</b>
<b>Explanation of movement in the year</b>		
Increase in underlying need to borrow (unsupported by government financial assistance)	0	0
Minimum Revenue Provision set aside to repay debt	(95,559)	(95,559)
<b>Increase / (decrease) in Capital financing Requirement</b>	<b>(95,559)</b>	<b>(95,559)</b>

\* These figures match to the Additions lines in the notes detailing movements on the non-current asset balances.

### NOTE 37 LEASES

The Authority as a lessee has no Operating or Finance leases and no un-discharged obligations for future years.

### NOTE 38 TERMINATION BENEFITS

The Authority terminated the contracts of 3 employees in 2017/18 (14 employees in 2016/17), incurring liabilities of £8,939 (£180,838 in 2016/17), who left the Authority following a review of service delivery arrangements. These figures include an under-provision of £535 in respect of 2016/17.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies (a)		Number of other departures agreed (b)		Total number of exit packages by cost band (a) + (b)		Total cost of exit packages in each band	
	2016/17 £	2017/18 £	2016/17 £	2017/18 £	2016/17 £	2017/18 £	2016/17 £	2017/18 £
£0 - £20,000	1	1	10	2	11	3	73,329	£8,404
£20,001 - £40,000	0	0	2	0	2	0	64,413	£0
£40,001 - £60,000	0	0	1	0	1	0	43,096	£0
£60,001 - £80,000	0	0	0	0	0	0	0	£0
£80,001 - £100,000	0	0	0	0	0	0	0	£0
£100,001 - £150,000	0	0	0	0	0	0	0	£0
Over £150,000	0	0	0	0	0	0	0	£0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>13</b>	<b>2</b>	<b>14</b>	<b>3</b>	<b>180,838</b>	<b>£8,404</b>

### NOTE 39 DEFINED PENSION BENEFIT SCHEME

The Authority participates in one post-employment scheme, the Local Government Pension Scheme, administered by Lancashire County Council. This is a funded scheme, meaning that the Authority and employees pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. In 2017/18 the employer’s contribution rate was 15.8% plus a deficit recovery contribution of £702,933 an equated rate of 26.1%. This rate was determined following the 2016 triennial actuarial review of the Pension Fund, which impacts in the 2017/18, 2018/19, 2019/20 financial years.

The award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Lancashire County Council pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Lancashire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the Authority of the scheme are longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policy note.

The Authority recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2016/17 £	Local Government Pension Scheme	2017/18 £
Comprehensive Income and Expenditure Statement		
<b>Cost of Services</b>		
<b>Service cost comprising:</b>		
1,529,000	- Current Service Cost	2,181,000
0	- Past Service Cost	0
102,000	- (Gain)/Loss from Settlements and Curtailments	2,000
<b>Other Operating Expenditure</b>		
32,000	- Administration Expenses	32,000
<b>Financing and Investment Income and Expenditure</b>		
1,128,000	- Net Interest Expense	879,000
<b>2,791,000</b>	<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>3,094,000</b>
<b>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>		
<b>Remeasurement of the net defined benefit liability comprising:</b>		
(12,493,000)	- Return on plan assets (excluding amount included in the net interest expense)	(947,000)
(862,000)	- Actuarial gains and losses arising on changes in demographic assumptions	0
21,505,000	- Actuarial gains and losses arising on changes in financial assumptions	(4,301,000)
(4,262,000)	- Other	0
<b>3,888,000</b>	<b>Total Remeasurements charged to Other Comprehensive Income and Expenditure</b>	<b>(5,248,000)</b>
<b>6,679,000</b>	<b>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>(2,154,000)</b>
<b>Movement in Reserves Statement</b>		
(792,000)	Reversal of net changes made to the surplus or deficit on the provision of services for the post-employment benefits in accordance with the Code	(1,182,000)
<b>Actual amount charged against the General Fund Balance for pensions in the year</b>		
<b>1,999,000</b>	- Employer's contributions payable to scheme	<b>1,912,000</b>

### 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:

	2016/17 £	2017/18 £
Fair value of plan assets	86,107,000	87,073,000
Present value of the defined benefit obligation	(123,999,000)	(117,500,600)
<b>Net liability arising from defined benefit obligation</b>	<b>(37,892,000)</b>	<b>(30,427,600)</b>

## Reconciliation of the Movement in the Fair Value of Scheme (Plan) Assets

### Reconciliation of fair value of the scheme assets

	2016/17 £	2017/18 £
Opening fair value of scheme assets	72,653,000	86,107,000
Interest income	2,516,000	2,170,000
Remeasurements gain and (loss):		
- The return on plan assets, excluding the amount included in the net interest expense	12,493,000	947,000
Other Operating Expenditure - Administration	(32,000)	(32,000)
Contributions from Employer	1,999,000	1,912,000
Contributions from Employees	417,000	414,000
Benefits Paid	(3,939,000)	(4,445,000)
<b>Closing fair value of scheme assets</b>	<b>86,107,000</b>	<b>87,073,000</b>

### Reconciliation of present value of the scheme liabilities

	2016/17 £	2017/18 £
Opening balance at 1 April	(105,865,000)	(123,999,000)
Current Service Cost	(1,529,000)	(2,181,000)
Interest Cost	(3,644,000)	(3,049,000)
Contribution by Scheme Participants	(417,000)	(414,000)
Remeasurements gain and (loss):		
- Actuarial gains/losses arising from changes in demographic assumptions	862,000	0
- Actuarial gains/losses arising from changes in financial assumptions	(21,505,000)	4,301,000
- Other	4,262,000	0
Past Service Cost	0	0
Curtailements	(102,000)	(2,000)
Benefits Paid	3,939,000	4,445,000
Settlements	0	0
Other liabilities	0	3,398,400
<b>Closing balance at 31 March</b>	<b>(123,999,000)</b>	<b>(117,500,600)</b>

The liabilities show the underlying commitments that the Authority has in the long-run to pay retirement benefits. The net liability of £30,427,600 has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy as the deficit on the Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme Actuary.

### Local Government Pension Scheme assets comprised:

	2016/17 £	2017/18 £
<b>Cash:</b>		
- Cash and cash equivalents	894,000	1,569,000
- Net Current Assets	0	(1,934,000)
<b>Sub-total cash</b>	<b>894,000</b>	<b>(365,000)</b>
<b>Equity instruments:</b>		
<b>By industry type</b>		
- Consumer	0	0
- Manufacturing	0	0
- Energy and utilities	0	0
- Financial institutions	0	0
- Health and care	0	0
- Information technology	0	0
Miscellaneous/Unclassified	0	0
<b>Sub-total equity</b>	<b>0</b>	<b>0</b>
<b>Bonds:</b>		
<b>By sector</b>		
- Corporate	1,414,000	1,530,000
- Government	1,704,000	2,162,000
<b>Sub-total bonds</b>	<b>3,118,000</b>	<b>3,692,000</b>
<b>Property:</b>		
<b>By type</b>		
- Retail	2,344,000	2,394,000
- Commercial	5,242,000	5,794,000
- Residential	0	
<b>Sub-total property</b>	<b>7,586,000</b>	<b>8,188,000</b>
<b>Private equity:</b>		
- UK	976,000	0
- Overseas	4,566,000	6,320,000
<b>Sub-total private equity</b>	<b>5,542,000</b>	<b>6,320,000</b>
<b>Other investment funds:</b>		
- Infrastructure	10,390,000	11,034,000
- Indirect property funds	1,214,000	1,322,000
- Credit funds	19,295,000	16,044,000
- Emerging Markets ETF	0	0
- UK Pooled equity funds	0	2,148,000
- Overseas Pooled equity funds	38,068,000	38,690,000
<b>Sub-total other investment funds</b>	<b>68,967,000</b>	<b>69,238,000</b>
<b>Total Assets</b>	<b>86,107,000</b>	<b>87,073,000</b>

### Basis for Estimating Assets and Liabilities

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercers Limited, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

	2016/17	2017/18
<b>Mortality assumptions</b>		
Longevity at 65 for current pensioners		
- Men	22.6 years	22.7 years
- Women	25.2 years	25.4 years
Longevity at 65 for future pensioners		
- Men	24.9 years	25.0 years
- Women	27.9 years	28.0 years
Rate of CPI inflation		
	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%

(\*An adjustment has been made for short term pay restraint in line with the most recent actuarial valuation).

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions as set out above.

The sensitivity analysis below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### Sensitivity Analysis - Impact on the Defined Benefit liabilities obligation in the Scheme

	2016/17 £	2017/18 £
1 year increase in Members' Life Expectancy	2,502,000	2,439,000
0.1% increase in Discount Rate	(1,954,000)	(1,905,000)
0.1% increase in the Salary Increase Rate	345,000	265,000
0.1% increase in the Pension Increase Rate	1,985,000	1,935,000

### Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. The maximum deficit recovery period for the Fund has been set as 16 years. Funding levels are monitored on an annual basis. Following the 2016 valuation, the next triennial valuation is due to be completed 31 March 2019.

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 other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). 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.



The Actuary anticipates that the Authority will pay £1.922m contributions to the scheme in 2017/18

The weighted average duration of the defined benefit obligation for scheme members in 2017/18 is 16 years (16 years in 2016/17).

#### NOTE 40 CONTINGENT LIABILITIES

The council has no contingent liabilities as at 31 March 2018.

#### NOTE 41 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. The Treasury Management Practices are agreed annually by the Cabinet in March and the Treasury Management and Annual Investment Strategy is approved annually by Council in April.

#### Credit Risk

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

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

	31/03/2018 £000 a	Historical experience of default % b	Adjustment for market conditions at 31/03/17 % c	Estimated maximum exposure to default £ a x c
Deposits with banks and financial institutions (market value):				
High rated counterparties	14,425	0.00%	0.00%	0
Trade debtors (o/s Sundry Debtors at 31/03/18)	939	0.50%	4.00%	38

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.



The Authority does not generally allow credit for its trade debtors. Of the £938,617 outstanding for trade debtors, £570,926 is overdue. The overdue amount can be analysed by age as follows:

	2017/18 £000
Less than three months	154
Three months to one year	283
More than one year	134
<b>Total</b>	<b>571</b>

### Liquidity Risk

The Authority has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and the PWLB provides access to longer term funds. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code.

The Authority sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows:

	2017/18 £000
Less than one year (short term creditors and short term borrowing)	5,177
Between one and two years	0
Between two and five years	0
Between five and ten years	0
More than ten years (long term borrowing)	1,552
<b>Total</b>	<b>6,729</b>

### Market Risk

**Interest rate risk** - The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The in-house treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

**Price risk** - The Authority is not responsible for administering the pension fund and therefore does not invest in instruments with this type of risk.

**Foreign exchange risk** - The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

#### NOTE 42 LANCASHIRE BUSINESS RATES POOL

Wyre 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 Wyre council, the retained levy would be £466,171, hence under pooling we have benefitted from extra income of £419,554. 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 £2,000 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	Authority	In-Year Transactions Relating to Tariffs and Top-Ups	Retained Levy on Growth 2017/18	10% Retained Levy Payable to/Received by Lancashire County Council	Net Retained Levy 2017/18
Pool Members 2017/18	Type	£	£	£	£
Chorley Borough Council	Tariff	6,073,147	(843,563)	84,356	(759,207)
Fylde Borough Council	Tariff	7,565,517	(664,723)	66,472	(598,251)
Hyndburn Borough Council	Tariff	3,706,620	(432,570)	43,257	(389,313)
Pendle Borough Council	Tariff	3,164,521	(518,196)	51,820	(466,376)
Ribble Valley Borough Council	Tariff	4,026,300	(661,344)	66,134	(595,210)
Rossendale Borough Council	Tariff	2,534,068	(518,640)	51,864	(466,776)
South Ribble Borough Council	Tariff	9,644,242	(1,236,560)	123,656	(1,112,904)
West Lancashire Borough Council	Tariff	8,123,116	(669,688)	66,969	(602,719)
Wyre Borough Council	Tariff	6,385,329	(466,171)	46,617	(419,554)
Lancashire County Council	Top-Up	(147,643,257)	0	(601,145)	(601,145)
Central Government	-	96,420,397	0	0	0
<b>Total</b>		<b>0</b>	<b>(6,011,455)</b>	<b>0</b>	<b>(6,011,455)</b>

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.

## COLLECTION FUND ACCOUNT

### Foreword

The Collection Fund is a statement that reflects the statutory requirement contained in section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non-domestic rates (NNDR).

2016/17			2017/18			
Business Rates £	Council Tax £		Note	Business Rates £	Council Tax £	Total £
<b>INCOME</b>						
0	(58,179,250)	Council Tax Receivable	1	0	(60,782,419)	(60,782,419)
0	0	Council Tax Annex Grant		0	0	0
(27,077,593)	0	Business Rates Receivable	2	(26,236,652)	0	(26,236,652)
0	0	Transitional Protection Payment		0	0	0
(978,263)	0	Contributions to previous year's Collection Fund deficit	3	(3,700,524)	0	(3,700,524)
<b>(28,055,856)</b>	<b>(58,179,250)</b>	<b>TOTAL INCOME</b>		<b>(29,937,176)</b>	<b>(60,782,419)</b>	<b>(90,719,595)</b>
<b>EXPENDITURE</b>						
Precepts, Demands and Share						
13,485,608	0	- Central Government		12,209,931	0	12,209,931
2427,409	41,446,135	- Lancashire County Council		2,197,788	43,719,685	45,917,473
0	5,722,718	- Police and Crime Commissioner for Lancashire		0	5,920,590	5,920,590
269,712	2,310,677	- Lancashire Combined Fire Authority		244,199	2,343,902	2,588,101
10,788,486	7,070,150	- Wyre Borough Council		9,767,946	7,383,399	17,151,345
<b>26,971,215</b>	<b>56,549,680</b>			<b>24,419,864</b>	<b>59,367,576</b>	<b>83,787,440</b>
Charges to Collection Fund						
231,908	159,338	- Less Write offs of uncollectable amounts		388,158	414,232	802,390
(77,585)	369,766	- Less: Increase / (Decrease) in Bad Debt Provisions		(102,196)	(11,681)	(113,877)
354,019	0	- Less: Increase / (Decrease) in Provisions for Appeals		981,654	0	981,654
153,244	0	- Costs of Collection Allowance		149,805	0	149,805
123,156	0	- Transitional Protection Payments due for the year to Central Government		1,561,870	0	1,561,870
532	0	- Interest on Refunds		0	0	0
55,289	0	- Enterprise Zone disregard amount		267,997		267,997
<b>840,563</b>	<b>529,104</b>			<b>3,247,288</b>	<b>402,551</b>	<b>3,649,839</b>
Contributions						
0	1,117,943	- To previous year's Collection Fund surplus	3	0	1,051,653	1,051,653
<b>27,811,778</b>	<b>58,196,727</b>	<b>TOTAL EXPENDITURE</b>		<b>27,667,152</b>	<b>60,821,780</b>	<b>88,488,932</b>
<b>(244,078)</b>	<b>17,477</b>	<b>(Surplus) / Deficit arising during the year</b>		<b>(2,270,024)</b>	<b>39,361</b>	<b>(2,230,663)</b>
3,815,041	(967,877)	(Surplus) / Deficit B/fwd as at 1 April		3,570,963	(950,400)	2,620,563
<b>3,570,963</b>	<b>(950,400)</b>	<b>(Surplus) / Deficit C/fwd as at 31 March</b>	<b>4</b>	<b>1,300,939</b>	<b>(911,039)</b>	<b>389,900</b>

## NOTES TO THE COLLECTION FUND

### NOTE 1 COUNCIL TAX

The Council Tax base for 2017/18 was calculated at 35,785 and a Band D Council Tax set at £1,641. The tax base was calculated as follows:

Band	Total number of chargeable dwellings	**Relevant amount £
Additional band	26	14
A	11,570	6,703
B	11,703	8,153
C	12,188	9,880
D	7,289	6,790
E	4,834	5,588
F	2,304	3,154
G	988	1,572
H	57	109
	<b>50,959</b>	<b>41,963</b>
Less Council Tax Reduction		(5,448)
		36,515
Collection Rate 98% = Relevant Amount x 0.98		<b>35,785</b>

\*\* Total number of chargeable dwellings adjusted where discounts apply and converted to an equivalent number of Band D dwellings.

### NOTE 2 INCOME FROM BUSINESS RATE PAYERS

The total non-domestic rateable value at 31 March 2018 was £70,020,815. The Government set a National Non-domestic multiplier (rate in the pound) of 47.9 pence for 2017/18 and a Small Business non-domestic multiplier of 46.6 pence. This rateable value figure is different from the figure in the accounts owing to various relief awards.

### NOTE 3 DISTRIBUTION OF COLLECTION FUND PRIOR YEAR BALANCE

2016/17			2017/18		
Business Rates £	Council Tax £		Business Rates £	Council Tax £	Total £
<b>Attributable to Central Government and other Local Authorities as follows:</b>					
(489,131)	0	Central Government	(1,850,262)	0	(1,850,262)
(88,044)	815,924	Lancashire County Council	(333,047)	770,773	437,726
0	114,873	Police and Crime Commissioner for Lancashire	0	106,425	106,425
(9,783)	46,842	Lancashire Combined Fire Authority	(37,005)	42,972	5,967
(391,305)	140,304	Wyre Borough Council	(1,480,210)	131,483	(1,348,727)
<b>(978,263)</b>	<b>1,117,943</b>	<b>Total</b>	<b>(3,700,524)</b>	<b>1,051,653</b>	<b>(2,648,871)</b>

## NOTE 4 CLOSING (SURPLUS)/DEFICIT BALANCE ON THE COLLECTION FUND

2016/17			2017/18		
Business Rates £	Council Tax £		Business Rates £	Council Tax £	Total £
<b>Attributable to Central Government and other Local Authorities as follows:</b>					
1,785,481	0	Central Government	650,470	0	650,470
321,387	(696,208)	Lancashire County Council	117,084	(669,921)	(552,837)
0	(96,328)	Police and Crime Commissioner for Lancashire	0	(90,297)	(90,297)
35,710	(38,974)	Lancashire Combined Fire Authority	13,009	(36,315)	(23,306)
1,428,385	(118,890)	Wyre Borough Council	520,376	(114,506)	405,870
<b>3,570,963</b>	<b>(950,400)</b>	<b>(Surplus)/Deficit as at 31 March</b>	<b>1,300,939</b>	<b>(911,039)</b>	<b>389,900</b>

## GLOSSARY OF ACCOUNTING TERMS

### Accounting policies

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

### Accruals

Spending and income included in the accounts for the year in which relevant services or goods have been supplied.

### Accumulated absences

Absences earned but not taken by the end of a given period i.e. Holiday pay entitlement.

### Agency services

Services provided by the authority, as an agent on behalf of the responsible body, where the authority is acting as an intermediary.

### Amortisation

A measure of the costs of economic benefits consumed for intangible assets during the year.

### Assets

An item which is measurable in monetary terms.

### Auditor's opinion

The opinion required by statute from the authority's external auditors, indicating whether the accounting statements give a true and fair view of the financial position of the authority.

### Balance sheet

A statement of the recorded assets, liabilities and reserves at the end of an accounting period.

### Budget

A statement of the authority's spending plans for a financial year.

### Capital adjustment account

The capital adjustment 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 under statutory provisions.

### Capital expenditure

Expenditure on the acquisition and/or improvement of assets, which adds to, and not merely maintains, its value.

### Capital receipts

Income from asset disposals with a value in excess of £10,000.

### Cash and cash equivalents

Cash on hand and demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash which are not subject to significant risk of changes in value.

### CIPFA (Chartered Institute of Public Finance and Accounting)

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

### Collection fund

An account, which shows the transactions of the authority in relation to non-domestic rates and council tax, and the distribution of these to preceptors and the general fund. The collection fund is consolidated with the other accounts of the authority.

### Comprehensive income and expenditure statement (CIES)

This statement details income and expenditure relating to the council as a whole, and the source of funding for all the councils expenditure.

### Consistency

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

### Contingency

A sum set-aside in addition to approved budgets to meet unforeseen items of expenditure, e.g. Excess inflation, pay awards.



### **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**

This is a property based local tax. Each domestic property is valued and placed in one of eight bands a to h; the tax paid is fixed in relation to the band d tax. Dwellings shown in 'additional band' refer to those dwellings in band a which it is estimated will qualify for a disabled persons reduction of an amount equal to 1/9 of the band d council tax.

### **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 assets**

Assets held by the authority which will be consumed or cease to have value within the next financial year e.g. Stock and debtors.

### **Current liabilities**

Amounts which will become payable or could be called in within the next accounting period, e.g. Creditors or cash overdrawn.

### **Curtailment cost**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces, for a number of employees, the accrual of defined benefits for some or all of their future service.

### **Debtors**

These are sums of money due to the council that have not been received at the date of the balance sheet.

### **Deferred liabilities**

Future income for the council that is not due in the following financial year such as money received from developers for maintenance of grounds and open spaces transferred to the council.

### **Defined benefit scheme**

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 Lancashire county pension fund is a funded scheme meaning that the authority and employees pay contributions into the fund calculated at a level intended to balance the pension liabilities with investment assets.

### **Depreciation**

A measure of the costs of economic benefits consumed for tangible assets during the year.

### **Expected rate of return on pensions assets**

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

### **Expenditure**

The costs incurred relating to the accounting period irrespective of whether or not the amounts due have been paid or not. The difference between expenditure and payments is calculated by reference to the levels of accruals.

### **Expenditure and Funding Analysis**

Shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

### **Fair value**

The fair value of an asset is the price at which it could be exchanged between knowledgeable, willing parties in an arm's length transaction.



## Financial instruments

Defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. This includes the borrowing and lending of money and the making of investments and also extends to include debtors and creditors.

### General fund

The main revenue fund of the authority. Day-to-day spending on services is met from the fund.

### Going concern

The concept that the authority will remain in operational existence for the foreseeable future with no consequential amendments being required to valuations of assets or a need for provisions for closure costs or redundancies.

### Gross expenditure

The cost of service provision before allowing for any income.

### Heritage asset

A tangible asset with historical, artistic, scientific, geophysical, technological, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### International financial reporting standard (IFRS)

Defined accounting standards that must be applied by reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position.

## Impairment

Assets are reviewed at the end of each financial year for evidence of material reductions in value.

### Income

Amounts due to the authority that have been or are due to be received. The difference between income and receipts is calculated by reference to the levels of accruals.

### Intangible assets

Expenditure on assets that do not have a physical substance but are identifiable such as software licenses.

### Inventories

Items of raw materials and stores the authority has procured to use on a continuing basis and which it has not yet used. These comprise the following categories:

- Consumable stores
- Maintenance materials
- Client services work in progress
- Property acquired or constructed for sale

### Leases

*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.

*Operating lease:* leases that do not meet the definition of a finance lease.

### Liabilities

Money the authority will have to pay to people or organisations in the future.

## Long term assets

Non-current assets that yield benefits to the authority and the services it provides for a period of more than one year.

### Long term borrowing

The total amount borrowed from external lenders for capital purposes which has not been repaid at the balance sheet date.

### Materiality

The concept that the financial statements should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion by a reader of those statements.

### Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an authority's revenue account each year and set aside as a provision for debt, as required by the local government and housing act 1989, i.e. an annual contribution from revenue towards the reduction in the overall borrowing requirement.

### Net assets

Assets less liabilities which are matched by the reserves held by the authority.

### Net expenditure

Gross expenditure less gross income.

### **Non-domestic rates**

A national non-domestic rate multiplier (rate in the pound) for commercial premises is set annually by the government and is applied to the rateable value collected by local authorities.

### **Non-ringfenced grant**

Grants received with no stipulations imposed as to their use, ensuring full local control over how funding can be used.

### **Outturn**

Final account position of the authority as at 31 March each year in terms of income and expenditure.

### **Precept**

The amount the county council, the police and crime commissioner for Lancashire, the combined fire authority and the parish councils (the precepting authorities) ask the authority to collect every year.

### **Projected unit method – pension fund valuation**

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.

### **Provisions**

Provisions are required for any obligation that require a settlement by a transfer of economic benefits but where the timing of the transfer is uncertain.

### **Prudence**

Accounts should be prepared in accordance with the prudence concept. Income should only be anticipated to the extent that it will be received, as cash or other assets, with reasonable certainty and full and proper allowance should be made for all known and foreseeable losses and liabilities.

### **Public works loan board (PWLB)**

A central government agency, which lends money to local authorities at lower, rates than those generally available from the private sector. Local authorities are able to borrow a proportion of their requirements to finance capital expenditure from this source.

### **Related party**

A person or entity that is has the potential to control or influence the authority or to be controlled or influenced by the authority. Related parties include:

- Central government
- Members
- Officers
- Other public bodies
- Entities controlled or significantly influenced by the authority

### **Remuneration**

Amounts paid to or receivable by a person including sums by way of expenses or allowances and the value of any other benefits received by an employee otherwise than in cash.

### **Reserves**

Amounts created for future policy purposes or to cover contingencies.

### **Retirement benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits as these are not given in exchange for services tendered by employees.

### **Revenue expenditure**

Expenditure of a day to day nature incurred in the course of providing services, earning revenue, maintaining assets and on the acquisition of goods for resale.

### **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 CI&ES.

### **Revenue support grant (RSG)**

Government grant to support local authority services.

### Scheme liabilities

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

### Service reporting code of practice (SeRCOP)

Prepared and published by CIPFA, the service reporting code of practice (SeRCOP) establishes proper practices with regard to consistent financial reporting for services and in England and Wales.

### Short term borrowing

Loans where repayment can be demanded or made within one year, excluding deposits which can be recalled without penalty on notice of no more than 24 hours.

### Slippage

Expenditure of a capital or revenue nature that is not spent within the accounting period and is carried forward to future years.

### Termination benefits

Amounts payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

### Unusable reserves

Reserves that the authority is not able to use to provide services as they reflect unrealised gains and losses.

### Usable reserves

Reserves that the authority may use to provide services subject to maintaining a prudent level and any statutory limitations.

### Useful life

The period over which the authority will derive benefits from the use of a fixed asset.

### Work in progress

The cost of work done on an uncompleted project at a specified date, which should be accrued where appropriate.

**NOTE:** Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences.

## LINKS TO OTHER FINANCIAL INFORMATION

The Statement of Accounts is a key financial document published by the council. The council's website contains the Statement of Accounts for previous financial years and other financial information:

[http://www.wyre.gov.uk/info/200339/council\\_budgets\\_and\\_spending](http://www.wyre.gov.uk/info/200339/council_budgets_and_spending)

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Capital Financing Report

Appendix 2 - Table 1

	Updated	To 31st		Funded By.....						Total	
	Revised	March 18		Grants and		Revenue		Capital		Funded	
	2017/18	Actuals		Contributions		£ p		Receipts		£ p	
	£	£	p	£	p	£	p	£	p	£	p
<b><u>LEISURE AND CULTURE PORTFOLIO</u></b>											
<b><u>Performance and Innovation Directorate</u></b>											
Garstang Pool Sandfilters	52,750.00	53,163.16		0.00	413.16	52,750.00		0.00		53,163.16	
Marine Hall Roof	7,170.00	7,170.00		0.00	0.00	7,170.00		0.00		7,170.00	
Thornton Little Theatre Boilers	30,000.00	29,658.50		0.00	0.00	29,658.50		0.00		29,658.50	
Fleetwood Market Public Convenience Turnstiles	10,439.00	10,439.00		0.00	10,439.00	0.00		0.00		10,439.00	
<b>Portfolio Total</b>	<b>100,359.00</b>	<b>100,430.66</b>		<b>0.00</b>	<b>10,852.16</b>	<b>89,578.50</b>		<b>0.00</b>		<b>100,430.66</b>	
<b><u>NEIGHBOURHOOD SERVICES AND COMMUNITY SAFETY PORTFOLIO</u></b>											
<b><u>Health and Wellbeing Directorate</u></b>											
<b><u>Housing</u></b>											
Disabled Facilities Mandatory Grants	1,623,150.00	1,704,341.56		1,704,341.56	0.00	0.00		0.00		1,704,341.56	
Additional Disabled Facilities Grants and Social Capital Projects	157,994.00	157,917.84		157,917.84	0.00	0.00		0.00		157,917.84	
<b><u>People and Places Directorate</u></b>											
<b><u>Coast Protection</u></b>											
Cell 11 Monitoring (Yr 2 of 5 year programme approved annually):External Costs	2,998.00	4,296.45		4,296.45	0.00	0.00		0.00		4,296.45	
Cell 11 Monitoring (Yr 2 of 5 year programme approved annually):In House Costs	16,910.00	11,395.12		11,395.12	0.00	0.00		0.00		11,395.12	
Rossall Seawall Improvement Works	12,741,673.00	9,819,444.20		9,819,444.20	0.00	0.00		0.00		9,819,444.20	
Rossall Seawall Improvement Works In House Fees	112,470.00	112,866.29		112,866.29	0.00	0.00		0.00		112,866.29	
Wyre Beach Management Study	22,862.00	0.00		0.00	0.00	0.00		0.00		0.00	
Wyre Beach Management Business Case	60,000.00	20,003.86		20,003.86	0.00	0.00		0.00		20,003.86	
Flood Relief - Repair and Renew Grant	156,752.00	155,512.91		155,512.91	0.00	0.00		0.00		155,512.91	
<b>Portfolio Total</b>	<b>14,894,809.00</b>	<b>11,985,778.23</b>		<b>11,985,778.23</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>		<b>11,985,778.23</b>	
<b><u>PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO</u></b>											
<b><u>Performance and Innovation Directorate</u></b>											
Fleetwood Market Lighting	47,520.00	0.00		0.00	0.00	0.00		0.00		0.00	
<b>Portfolio Total</b>	<b>47,520.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	
<b><u>RESOURCES PORTFOLIO</u></b>											
<b><u>People and Places Directorate</u></b>											
Vehicle Fleet Replacement Programme	160,035.00	146,650.65		0.00	146,650.65	0.00		0.00		146,650.65	
Copse Road Depot MOT Test Centre	52,115.00	47,663.67		0.00	47,663.67	0.00		0.00		47,663.67	
<b><u>Performance and Innovation Directorate</u></b>											
IT Server and Storage	202,979.00	202,978.52		0.00	202,978.52	0.00		0.00		202,978.52	
Fleetwood Market Digital Hub	8,500.00	18,269.69		0.00	18,269.69	0.00		0.00		18,269.69	
<b>Portfolio Total</b>	<b>423,629.00</b>	<b>415,562.53</b>		<b>0.00</b>	<b>415,562.53</b>	<b>0.00</b>		<b>0.00</b>		<b>415,562.53</b>	
<b><u>STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO</u></b>											
<b><u>People and Places Directorate</u></b>											
Memorial Park Fleetwood Heritage scheme Phase 2	5,848.00	0.00		0.00	0.00	0.00		0.00		0.00	
Mount Grounds	4,650.00	4,649.50		4,649.50	0.00	0.00		0.00		4,649.50	
Mount Grounds Restoration Phase 2	158,840.00	130,755.83		130,755.83	0.00	0.00		0.00		130,755.83	

Capital Financing Report - Continued

Appendix 2 - Table 1

	Updated	To 31st	Funded By.....				Total	
	Revised	March 18	Grants and	Revenue	Capital	Loan	Funded	
	2017/18	Actuals	Contributions		Receipts			
	Budget							
	£	£ p	£ p	£ p	£ p	£ p	£ p	
<b>STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO (Continued)</b>								
<i>People and Places Directorate (Continued)</i>								
Mariners Close Playground Removal/Relandscaping	6,863.00	0.00	0.00	0.00	0.00	0.00	0.00	
King George's Playing Field, Thornton	3,300.00	3,300.00	3,300.00	0.00	0.00	0.00	3,300.00	
<b>Portfolio Total</b>	<b>179,501.00</b>	<b>138,705.33</b>	<b>138,705.33</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>138,705.33</b>	
<b>GRAND TOTAL</b>	<b>15,645,818.00</b>	<b>12,640,476.75</b>	<b>12,124,483.56</b>	<b>426,414.69</b>	<b>89,578.50</b>	<b>0.00</b>	<b>12,640,476.75</b>	

<b>Reconciliation</b>	<b>Summary Impact on Capital Programme and Funding 2018/19 of 2017/18 outturn and slippage to 2018/19</b>					
	<b>2018/19</b>	<b>Funded by .....</b>				<b>Total</b>
<b>Capital Budget - 2018/19</b>	<b>Budget</b>	<b>Grants and</b>	<b>Revenue</b>	<b>Capital</b>	<b>Loan</b>	<b>Funded</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Receipts</b>	<b>£</b>	<b>£</b>
As approved at Council 08/03/18	10,158,206	9,743,518	371,000	43,688	0	10,158,206
Subsequent changes in aggregate agreed to date	15,000	0	15,000	0	0	15,000
Current 2018/19 approval	10,173,206	9,743,518	386,000	43,688	0	10,173,206
<b>2017/18 Year End slippage to 2018/19</b>	<b>3,041,362</b>	<b>2,984,108</b>	<b>2,200</b>	<b>55,054</b>	<b>0</b>	<b>3,041,362</b>
<b>2017/18 Year End advance use of 2018/19 budget</b>	<b>-81,191</b>	<b>-81,191</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-81,191</b>
<b>2017/18 Year End review Vehicle Fleet Replacement rephasing</b>	<b>44,000</b>	<b>0</b>	<b>44,000</b>	<b>0</b>	<b>0</b>	<b>44,000</b>
<b>Latest 2018/19 Capital Budget</b>	<b>13,177,377</b>	<b>12,646,435</b>	<b>432,200</b>	<b>98,742</b>	<b>0</b>	<b>13,177,377</b>

<b>Reconciliation</b>	<b>Summary Impact on Capital Programme and Funding 2019/20 of 2017/18 outturn</b>					
	<b>2019/20</b>	<b>Funded by .....</b>				<b>Total</b>
<b>Capital Budget - 2019/20</b>	<b>Budget</b>	<b>Grants and</b>	<b>Revenue</b>	<b>Capital</b>	<b>Loan</b>	<b>Funded</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Receipts</b>	<b>£</b>	<b>£</b>
As approved at Council 08/03/18	1,997,969	1,653,469	344,500	0	0	1,997,969
<b>Current and latest 2019/20 Capital Budget approval</b>	<b>1,997,969</b>	<b>1,653,469</b>	<b>344,500</b>	<b>0</b>	<b>0</b>	<b>1,997,969</b>

<b>Reconciliation</b>	<b>Summary Impact on Capital Programme and Funding 2020/21 of 2017/18 outturn</b>					
	<b>2020/21</b>	<b>Funded by .....</b>				<b>Total</b>
<b>Capital Budget - 2020/21</b>	<b>Budget</b>	<b>Grants and</b>	<b>Revenue</b>	<b>Capital</b>	<b>Loan</b>	<b>Funded</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Receipts</b>	<b>£</b>	<b>£</b>
As approved at Council 08/03/18	2,080,169	1,653,469	426,700	0	0	2,080,169
<b>Current and latest 2020/21 Capital Budget approval</b>	<b>2,080,169</b>	<b>1,653,469</b>	<b>426,700</b>	<b>0</b>	<b>0</b>	<b>2,080,169</b>

<u>Reconciliation</u>	<u>Summary Impact on Capital Programme and Funding 2021/22 of 2017/18 outturn</u>					
Capital Budget - 2021/22	2021/22 Budget	Funded by .....				Total Funded
	£	Grants and Contributions £	Revenue £	Capital Receipts £	Loan £	£
As approved at Council 08/03/18	1,854,969	1,633,469	221,500	0	0	1,854,969
<b>Current and latest 2021/22 Capital Budget approval</b>	<b>1,854,969</b>	<b>1,633,469</b>	<b>221,500</b>	<b>0</b>	<b>0</b>	<b>1,854,969</b>

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Comparison of Capital Expenditure to Budget

Appendix 2 - Table 2

	Updated Revised 2017/18 Budget £	To 31st March 18 Actuals £	Variance £	Advance spend of 18/19 Budget £	Overspend £	Underspend £	Slippage £	Comments
<b><u>LEISURE AND CULTURE PORTFOLIO</u></b>								
<b><u>Performance and Innovation Directorate</u></b>								
Garstang Pool Sandfilters	52,750	53,163	413	0	413	0	0	Complete with minor overspend
Marine Hall Roof	7,170	7,170	0	0	0	0	0	Complete
Thornton Little Theatre Boilers	30,000	29,659	-341	0	0	-341	0	Complete with minor underspend
Fleetwood Market Public Convenience Turnstiles	10,439	10,439	0	0	0	0	0	Complete
<b>Portfolio Total</b>	<b>100,359</b>	<b>100,431</b>	<b>72</b>	<b>0</b>	<b>413</b>	<b>-341</b>	<b>0</b>	
<b><u>NEIGHBOURHOOD SERVICES AND COMMUNITY SAFETY PORTFOLIO</u></b>								
<b><u>Health and Wellbeing Directorate</u></b>								
<i>Housing (subject to external funding confirmation)</i>								
Disabled Facilities Mandatory Grants	1,623,150	1,704,341	81,191	81,191	0	0	0	Covered by £500k of 17/18 funding which was slipped into 18/19 quarter 3
Additional Disabled Facilities Grants and Social Capital Projects	157,994	157,918	-76	0	0	0	-76	Complete with minor underspend
<b><u>People and Places Directorate</u></b>								
<b><u>Coastal Protection</u></b>								
Cell 11 Monitoring (Yr 2 of 5 year programme approved annually):External	2,998	4,297	1,299	0	1,299	0	0	Underspend of external grant slipped to 18/19
Cell 11 Monitoring (Yr 2 of 5 year programme approved annually):In House	16,910	11,395	-5,515	0	0	-1,298	-4,217	
Rossall Seawall Improvement Works	12,741,673	9,819,444	-2,922,229	0	0	-1,151	-2,921,078	
Rossall Seawall Improvement Works In House Fees	112,470	112,866	396	0	396	0	0	Slippage to complete landscape works in April and May.
Wyre Beach Management Study	22,862	0	-22,862	0	0	-22,862	0	Scheme complete funds to be returned to Environment Agency(EA)
Wyre Beach Management Business Case	60,000	20,004	-39,996	0	0	0	-39,996	Slippage for completion of business case for new EA funded scheme
Flood Relief - Repair and Renew Grant	156,752	155,513	-1,239	0	0	-1,239	0	Complete - externally funded
<b>Portfolio Total</b>	<b>14,894,809</b>	<b>11,985,778</b>	<b>-2,909,031</b>	<b>81,191</b>	<b>1,695</b>	<b>-26,550</b>	<b>-2,965,367</b>	
<b><u>PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO</u></b>								
<b><u>Performance and Innovation Directorate</u></b>								
Fleetwood Market Lighting	47,520	0	-47,520	0	0	0	-47,520	Slipped due to scheme respecification and retendering exercise.
<b>Portfolio Total</b>	<b>47,520</b>	<b>0</b>	<b>-47,520</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-47,520</b>	
<b><u>RESOURCES PORTFOLIO</u></b>								
<b><u>People and Places Directorate</u></b>								
Vehicle Fleet Replacement Programme	160,035	146,651	-13,384	0	30,616	-44,000	0	Increased costs re replacement vehicles funded internally and externally and two vehicles rephased for purchase next year.
Copse Road Depot MOT Test Centre	52,115	47,664	-4,451	0	0	-2,251	-2,200	Slippage for signage at completed centre.
<b><u>Performance and Innovation Directorate</u></b>								
IT Server and Storage	202,979	202,978	-1	0	0	-1	0	Complete
Fleetwood Market Digital Hub	8,500	18,270	9,770	0	9,770	0	0	Complete with overspend to be reported to Cabinet early 18/19.
<b>Portfolio Total</b>	<b>423,629</b>	<b>415,563</b>	<b>-8,066</b>	<b>0</b>	<b>40,386</b>	<b>-46,252</b>	<b>-2,200</b>	
<b><u>STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO</u></b>								
<b><u>People and Places Directorate</u></b>								
Memorial Park Fleetwood Heritage scheme Phase 2	5,848	0	-5,848	0	0	0	-5,848	Slippage for consultant services required until dispute with contractor is resolved.
Mount Grounds	4,650	4,649	-1	0	0	-1	0	Complete
Mount Grounds Restoration Phase 2	158,840	130,756	-28,084	0	0	-14,520	-13,564	Scheme near completion with unspent contingency reflecting underspend.
Mariners Close Playground Removal/Relandscaping	6,863	0	-6,863	0	0	0	-6,863	Slipped to reduce costs if new park Friends Group are successful in raising funds.
King George's Playing Field, Thornton	3,300	3,300	0	0	0	0	0	Scheme continuing in 18/19.
<b>Portfolio Total</b>	<b>179,501</b>	<b>138,705</b>	<b>-40,796</b>	<b>0</b>	<b>0</b>	<b>-14,521</b>	<b>-26,275</b>	
<b>GRAND TOTAL</b>	<b>15,645,818</b>	<b>12,640,477</b>	<b>-3,005,341</b>	<b>81,191</b>	<b>42,494</b>	<b>-87,664</b>	<b>-3,041,362</b>	

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**Major Revenue Variances**

Appendix 3a

**Comparison of 2017/18 Actuals against Updated Revised Estimate**

	Updated Revised Estimate 2017/18 £	Actuals 2017/18 £	Variance Analysis	
			Overspend £	Underspend £
<b>Aggregate 17/18 slippage to 18/19, see Appendix 3b.</b>				-1,260,900
<b>Additional 17/18 income increase to fund additional new 18/19 costs, see Appendix 3b.</b>				0
				-1,260,900
<b>Additional 17/18 income increase to fund additional future year costs, see Appendix 3b.</b>				0
Net Slippage - Sub Total				<b>-1,260,900</b>

**Other Services within Portfolios****Leisure and Culture Portfolio**

<u>Cemeteries</u> - Income net of related sub contractor costs.	-202,840	-223,353		-20,513
<u>Sports Development</u> - External coaching underspend.	45,000	38,198		-6,802
<u>Marine Hall</u> - Artist Fees savings and net extra income.	-173,340	-194,533		-21,193

**Neighbourhood Services and Community Safety Portfolio**

<u>Car Parks</u> .				
Off Street Parking - reduced meter income.	-510,100	-502,766	7,334	
Car Park maintenance and equipment underspends - metered and unmetered.	54,440	48,045		-6,395
Off Street Parking Enforcement - LCC and NSL Costs.	58,170	52,378		-5,792
Off Street Parking Enforcement - FPN Income.	-63,710	-61,126	2,584	
<u>Housing Renovation Grants</u> - Administration of Better Care Fund Grant.	-190,840	-199,528		-8,688
<u>Benefits (including Rent Rebates; Local Scheme (War Widows) and Rent Allowances</u> - Net Changes.	-195,450	-54,406	141,044	

**Planning and Economic Development Portfolio**

<u>Development Control</u> - Planning Application Fees - net increase after part used to fund future year additional costs.	-582,670	-606,039		-23,369
Reduction in use of consultants.	41,820	20,278		-21,542
<u>Planning Policy</u> - Extra New Burden Grants for Brownfield site and Self-build registers.	0	-35,485		-35,485
<u>Building Regulations</u> - Deposit Fees.	-121,080	-130,450		-9,370
<u>Hillhouse Enterprise Zone</u> - 16/17 Growth to fund Wyre's costs.	0	-42,849		-42,849

**Resources Portfolio**

<u>Provision for Contingencies</u> -				
Provisions and miscellaneous.	34,980	-167		-35,147
Provision for Leisure Centre excess cost not required. Saving transferred to Leisure Management Reserve.	50,000	33,121		-16,879
<u>Corporate Support Services</u> -				
<u>Internal Audit, Risk and Insurance Team</u> - LCC support	31,740	8,439		-23,301
<u>IT and Telephony Team</u> -				
Hardware savings/rephasing to IT Strategy Reserve.	89,340	98,559	9,219	
IT software - rephasing to IT Strategy Reserve.	331,940	317,070		-14,870
Other IT minor variances.	83,460	39,692		-43,768
<u>Council Tax Collection</u> -				
Other Legal Fees (Summons).	-300,000	-392,851		-92,851

**Street Scene, Parks and Open Spaces Portfolio**

<u>Street Cleansing</u> - Materials and Vehicle Hire, general underspend to Veh. Maintenance/Street Cleansing Reserve.	32,760	24,037		-8,723
<u>Domestic Waste Management</u> - Provision of Bins, boxes and sacks - underspend.	136,180	108,733		-27,447
<u>Public Conveniences</u> - Net increased income and reduction in TUPE costs.	204,440	191,945		-12,495

**Major Revenue Variances**

Appendix 3a

**Comparison of 2017/18 Actuals against Updated Revised Estimate**

	Updated Revised Estimate 2017/18 £	Actuals 2017/18 £	Variance Analysis	
			Overspend £	Underspend £
<u>Aggregates across and between all Services and Portfolios</u> (excluding any IT Reserve/slippage elements included in Appendix 3b)				
Advertising and Promotions costs.	101,840	98,903		-2,937
Bulky Household Waste and Hazardous/Clinical Waste.	19,420	-6,087		-25,507
Car Allowance (officers).	77,310	67,915		-9,395
Employee costs.	9,647,440	9,312,718		-334,722
Electricity and Gas costs.	266,360	266,343		-17
Fuel costs.	112,490	98,135		-14,355
Non-Domestic Rates costs.	396,610	322,121		-74,489
Printing and Stationery (ex. Elections and Rossall EAF) costs.	60,600	49,961		-10,639
Purchase of Tools and Equipment.	69,450	55,804		-13,646
Vehicle parts costs and sale of vehicles income.	56,910	38,675		-18,235
Tenants Service Charge.	-129,350	-139,568		-10,218
Services within Portfolios - Sub Totals			<b>160,181</b>	<b>-991,639</b>

**Non Service Specific**

Financing of Capital Expenditure by Revenue - mainly slippage, see use Capital Investment Reserve.	434,068	426,415		-7,653
Interest received.	-62,220	-82,834		-20,614
NDR s31 grants and Levy (see Reserve).	139,745	92,426		-47,319
Non Service Specific - Sub Totals			<b>0</b>	<b>-75,586</b>

	Updated Revised Estimate 2017/18 £	Actuals 2017/18 £	Variance Analysis	
			Use reduced /Top Up extra £	Use extra /Top up reduce £
<u>Reserve movements</u>				
Slippage of capital expenditure to 18/19, so reduced use of Reserve income in 17/18:-				
Vehicle Replacement/Street Cleansing Maintenance - Copse Road Depot MOT Test Centre.	-49,864	-47,664	2,200	
Other Reserve movements -				
Building Control - improved performance, now small surplus.	-190	-162	28	
Capital Investment - Scheme variations.	-18,939	-29,121		-10,182
Insurance - Increase use for new claims - minor.	-8,330	-8,042		288
Investment IT Reserve - Top Up from IT general savings - underspend.	83,440	36,739		-46,701
Usage extra Rolling Replacement Hardware Programme.	-80,000	16,120	96,120	
Land Charges - Top Up - Increased surplus.	-4,110	2,872	6,982	
Non-Domestic Rates Equalisation - Top Up net of levy, changes as a result of amended NDR and grant income.	1,340,465	1,387,784	47,319	
Performance Reward Initiatives - scheme minor changes.	-2,940	-3,418	-478	
Value for Money - Top Up, net additional New Burdens grant income.	88,251	85,428		-2,823
Vehicle Replacement/Street Cleansing Maintenance - Vehicle Fleet Replacement Programme - Usage changes.	64,528	99,364	34,836	

	Updated Revised Estimate 2017/18 £	Actuals 2017/18 £	Variance Analysis Use reduced /Top Up extra £	Use extra /Top up reduce £
<b><u>New Reserve movement recommendations</u></b>				
Capital Investment - Top up from General outturn net underspends.	0	184,260	184,260	
Investment - I.T. Strategy - Top up from General outturn net underspends.	0	92,011	92,011	
Leisure Management - Top Up change, part use of excess operational cost provision.	0	16,879	16,879	
Vehicle Replacement/Street Cleansing Maintenance - Top up from General outturn net underspends.	0	1,915,000	1,915,000	
Street Cleansing savings, Top Up Reserve.	0	8,723	8,723	
Reserve Movements - Sub Totals			<b>2,403,880</b>	<b>-59,418</b>
<b><u>Summary</u></b>			£	£
<b>Major Variations</b>				
Net aggregate 17/18 slippage/advance funding to 18/19 and future years.				<b>-1,260,900</b>
Services within Portfolios	Overspends		160,181	
Services within Portfolios	Underspends		-991,639	
Non Service Specific	Overspends		0	
Non Service Specific	Underspends		-75,586	
				<b>-907,044</b>
<b>Reserve movements</b>			2,403,880	
	Use reduced /Top Up extra		-59,418	
	Use extra / Top Up reduce			<b>2,344,462</b>
<b>Other Minor variances</b>				<b>-128,462</b>
Overall (increase) / reduction in Balances at 31/3/18 after Reserve movement				<b>48,056</b>

	£	£
Reconciliation (See Balances Appendix 4a)		
Balances at 31/3/18 as approved at Council 8/3/18	11,824,626	
Subsequent net additional approved changes in 2017/18	<u>15,810</u>	
		11,840,436
Actual Balances at 31/3/18 after 2017/18 outturn		<u>11,792,380</u>
Overall (increase) / reduction in Balances at 31/3/18		48,056

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**Revenue Budget Savings - Slippage into Future Years less Advance Spend****Appendix 3b**Slippage  
Request  
£**A1a) Revenue Expenditure Slippage to fund Revenue costs in 2018/19****Health and Community Engagement Portfolio**

No slippage request

**Leisure and Culture Portfolio**

Arts Development/Promotion - PA system and other equipment. 10,260

**Neighbourhood Services and Community Safety Portfolio**Children's Trust - Misc. Expenses, LCC funding on activities for children, young people and families. 17,260**Community Safety Operations -**Community Development Initiatives -  
Pilot project at Marine Hall. 7,240

CCTV costs - to fund radio airwave. 16,880

**Sea Defences -**

Completion of Groyne replacements, handrails and blue resin installation. 47,460

Vehicle hire while Wyre vehicle is refurbished. 2,240

Land Drainage - flood risk measures and ensure pumping stations are more resilient to flooding. 11,220**Care and Repair Service -**

Projects e.g. Winter warmth (09/10 and onwards) rephasing. 180,285

External Grant funding of one off projects above - e.g. LCC/PCT/CCG/DCLG. -180,285

**Homelessness -**

Flexible Homelessness Support funding - to support vulnerable families. 83,570

Homelessness Prevention Trailblazer - support to remain in their own home, provide alternative accommodation and provide a bond guarantee scheme. 104,000

Homelessness Prevention - to provide alternative accommodation or funding to prevent eviction. 3,300

Homelessness Reduction Act - implementation of a new IT system and associated staff time. 25,210

**Planning and Economic Development Portfolio**Business Support - Miscellaneous initiatives rephased and funding for Business Awards event. 13,610Cleveleys Coastal Community Project - Creation of an action plan for priorities to spend on. 7,720**WBC Highways - Non Agency -**

Unadopted Assets - reduced maintenance in 2017/18 to enable completion of outstanding projects. 13,110

**Local Plan -**

Consultant Fees - rephasing of preparation timetable. 157,230

Consultant Fees - Community Infrastructure Levy, realigned with Local Plan timetable. 21,000

Copse Road Depot - CCTV Running costs - underspend for CCTV replacement. 10,830Hillhouse Enterprise Zone - Delivery of the Enterprise Zone masterplan. 4,790**Resources Portfolio****Contingency -**

Provision for Waste Management tender and Asset Maintenance. 100,000

Provision for DFG related VAT not required in 2017/18. 291,160

Provision for Legionella assessment survey. 25,100

Provision for repairs to Marsh Mill. 25,000

Provision for replacement of Car Parking Machines. 23,580

Employee costs - for additional training and new staffing structure. 2,450

**Revenue Budget Savings - Slippage into Future Years less Advance Spend**

Appendix 3b

	Slippage Request £
<u>Cemeteries Team</u> - BACAS Software, data sim required for digitalisation.	2,280
<u>Community Safety Team</u> - Amenity and information signs - underspend to be used for new signage for CCTV.	6,000
<u>Financial Services Team</u> - Employee costs - for additional training and new staffing requirements.	40,410
Consultant Fees - Additional Civica training days linked to procurement of Civica system.	6,160
<u>HR and General Training Team</u> - external review of the ICT team identified additional training for staff.	24,970
<u>Legal Team</u> - Miscellaneous Expenses - reserved staff savings to be used for Legal case management system.	11,500
<u>IT and Transformation Team</u> - underspends on salaries to help fund new restructure in 2018/19.	15,500
<u>Estates Team</u> - Employee costs - to fund maternity cover in the team.	14,810
<u>Parks and Open Spaces Team</u> - Routine Maintenance - Resurfacing work at Marine Gardens.	4,510
Playground Equipment - parts and play bark.	7,720
<u>Street Scene Team</u> - Temporary Project Officer to promote Enviromental Crime and Commnity Pride.	11,330
 <b><u>Street Scene, Parks and Open Spaces Portfolio</u></b>	
<u>Memorial Park, Heritage Lottery funded project</u> - rephasing:-	
Special Events - Pharos - activities to be completed before year end.	7,210
Special Events - Living Names - activities to be completed before year end.	630
Special Events - Fleetwood Live - activities to be completed before year end.	2,550
Special Events - Fit for Heroes - activities to be completed before year end.	6,290
Special Events - Educational Resources activities to be completed before year end.	4,970
Special Events - Launch Event activities to be completed before year end.	490
Special Events - Breathing Space activities to be completed before year end.	12,950
Special Events - Playing on Memories to be completed by September 2018.	1,010
<u>Dog Warden Service</u> - Contribution to new signage required for changing Dog Control Orders (DCO's) to Public Space Protection Orders (PSPO's).	13,100
<u>Domestic Waste Management</u> - Service Development Board joint contribution for projects as and when agreed.	37,840
Promotions - General, support advertising of green waste subscription service through addition service leaflet information.	4,450
<b>Directorate expenditure slippage requests to 2018/19</b>	<b>1,260,900</b>
 <b><u>A1b) Revenue Income increase to fund additional new Revenue costs in 2018/19</u></b>	<b>0</b>
<b>Net Directorate slippage requests to 2018/19</b>	<b>1,260,900</b>
 <b><u>B) Income Slippage to 2018/19</u></b>	<b>0</b>
	Slippage/ Advance Funding
	£                      £
<b><u>C) Advance spend in 2017/18 of 2018/19 Revenue Budget</u></b>	<b>0</b>
 <b><u>D1) Capital Expenditure slippage to 2018/19, financed by Revenue Resources Portfolio</u></b>	
Copse Road Depot MOT Test Centre.	2,200
	2,200
<b>Aggregate Capital Expenditure slippage to 2018/19</b>	<b>2,200</b>
 <b><u>D2) Capital Expenditure advance use in 2017/18 of 2018/19 budget, financed by Revenue</u></b>	<b>0</b>



**Revenue Budget Savings - Slippage into Future Years less Advance Spend**

**Appendix 3b**

	Slippage/ Advance Funding £	£
<b>E) Reserve movements -</b>		
<b><u>Slippage of revenue expenditure (Reserve funded) to 2018/19 -</u></b>		<b>0</b>
<b><u>Slippage of capital expenditure (Reserve funded) to 2018/19 -</u></b>		
Vehicle Replacement / Street Cleansing Maintenance		
Copse Road Depot MOT Test Centre.	-2,200	
		-2,200
<b><u>Advance use of capital budget 2018/19 to fund expenditure in 17/18 (Reserve funded)</u></b>		<b>0</b>
		<b>0</b>
<b>Aggregate Reserve movements</b>		<b>-2,200</b>
		<b>0</b>
<b>Net 2018/19 Slippage and Advance Spend movements funded by Balances</b>		<b><u>1,260,900</u></b>

<b>Reconciliation</b>	<b>Summary Impact on Balances after accounting for Slippage from 2017/18</b>	
	£	£
Actual Balances at 31/3/18 (see Appendices 3a and 4a)		11,792,380
<b>Less:-</b>		
Net Directorate slippage requests from 2017/18 to 2018/19 (see A1 above).	-1,260,900	
Income slippage from 2017/18 to 2018/19 (see B above).	0	
Advance spend in 2017/18 of 2018/19 Revenue Budget (see C above).	0	
Financing of slipped Capital Expenditure by Revenue (see D1 above).	-2,200	
Financing of advance spend in 2017/18 of 2018/19 Capital Budget by Revenue (see D2 above).	0	
Net additional use of Reserves in respect of slipped expenditure (see E above).	<u>2,200</u>	-1,260,900
Original Balances movement 2018/19 as approved at Council 8/3/18.		222,470
17/18 y/e Vehicle Review impact in 18/19		10,018
Latest changes in 2018/19. Up to end May Board		29,980
Latest estimated Balances at 31/3/19 (see Appendix 4a)		10,793,948
<b>Reconciliation (See Balances Appendix 4a)</b>	£	£
Balances at 31/3/19 (per Council 8/3/18 but updated for subsequent approvals).		12,062,906
Increased / (Decreased) 17/18 Balances at 31/3/18.	-48,056	
Less net use of Balances as a consequence of slippage to 2018/19.	-1,260,900	
Less latest 18/19 changes.	<u>29,980</u>	-1,278,976
17/18 y/e Vehicle Review impact in 18/19		10,018
Latest estimated Balances at 31/3/19 (see Appendix 4a)		10,793,948

**Revenue Budget Savings - Slippage into Future Years less Advance Spend**

Appendix 3b

**F) Additional 2018/19 change as a consequence of 2017/18 year-end reviews NOT affecting Balances.**

Reduction in IT Hardware Replacement costs.	-7,500	
Top up of reduced costs y/e 17/18 Investment - IT Strategy Reserve.	7,500	
		<u>0</u>

**G) Additional 2019/20 change as a consequence of 2017/18 year-end reviews NOT affecting Balances.**

0

**H) Revenue Budget 2019/20 changes affecting Balances**

**Use of increased 17/18 Balances to fund additional 19/20 costs.**

Wyre BC share of Collection Fund 17/18 y/e net reduced surplus/deficit to be taken into account in setting the 2019/20 Budget. (Assumes no change to 18/19 forecast):-

NDR Transactions. Reduction in Balances.	173,826	
Offset by use of 17/18 Non-Domestic Rates Equalisation Reserve Top Up	-173,826	
Council Tax transactions. Reduction in Balances.	43,052	
		43,052
Change in set-aside provision for rephased Vehicle Fleet replacement.	-6,000	
		<u>-6,000</u>
		<u><b>37,052</b></u>

**I) 2020/21 changes resulting from 17/18 y/e reviews, affecting Balances.**

Change in set-aside provision for rephased Vehicle Fleet replacement.	-6,000	
		<u>-6,000</u>

**J) 2021/22 changes as a consequence of 17/18 year-end affecting Balances.**

Change in set-aside provision for rephased Vehicle Fleet replacement.	-6,000	
		<u>-6,000</u>

**RESERVES AND BALANCES STATEMENT**

Appendix 4a

	Actual Balance at 01/04/2017 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2018 £
<b><u>2017/18 UPDATED REVISED ESTIMATE*</u></b>				
Reserves				
Building Control	12,199	0	-190	12,009
Business Growth Incentive	9,424	0	-9,424	0
Capital Investment	816,530	99,590	-18,939	897,181
Elections	30,059	41,217	0	71,276
Insurance	28,730	40,000	-8,330	60,400
Investment - I.T. Strategy	336,600	106,241	-285,000	157,841
Land Charges	29,052	0	-4,110	24,942
Leisure Management	186,058	6,340	0	192,398
New Homes Bonus	3,071,302	341,192	-568,749	2,843,745
Non-Domestic Rates Equalisation	1,765,941	1,340,465	-1,480,210	1,626,196
Performance Reward Initiatives	36,367	0	-2,940	33,427
Value for Money	633,520	97,303	-9,052	721,771
Vehicle Replacement/Street Cleansing Maintenance	513,566	226,814	-212,150	528,230
	<u>7,469,348</u>	<u>2,299,162</u>	<u>-2,599,094</u>	<u>7,169,416</u>
Balances				
General	10,531,480	1,308,956	0	11,840,436
	<b><u>18,000,828</u></b>	<b><u>3,608,118</u></b>	<b><u>-2,599,094</u></b>	<b><u>19,009,852</u></b>

Note. None of the Land Charges 31/03/18 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

	Actual Balance at 01/04/2017 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2018 £
<b><u>2017/18 OUTTURN</u></b>				
Reserves				
Building Control	12,199	0	-162	12,037
Business Growth Incentive	9,424	0	-9,424	0
Capital Investment	816,530	283,850	-29,121	1,071,259
Elections	30,059	41,217	0	71,276
Insurance	28,730	40,000	-8,042	60,688
Investment - I.T. Strategy	336,600	151,551	-188,880	299,271
Land Charges	29,052	0	2,872	31,924
Leisure Management	186,058	23,219	0	209,277
New Homes Bonus	3,071,302	341,192	-568,749	2,843,745
Non-Domestic Rates Equalisation	1,765,941	1,387,784	-1,480,210	1,673,515
Performance Reward Initiatives	36,367	0	-3,418	32,949
Value for Money	633,520	94,480	-9,052	718,948
Vehicle Replacement/Street Cleansing Maintenance	513,566	2,183,123	-207,699	2,488,990
	<u>7,469,348</u>	<u>4,546,416</u>	<u>-2,501,885</u>	<u>9,513,879</u>
Balances				
General	10,531,480	1,260,900	0	11,792,380
	<b><u>18,000,828</u></b>	<b><u>5,807,316</u></b>	<b><u>-2,501,885</u></b>	<b><u>21,306,259</u></b>

Note. None of the Land Charges 31/03/18 balance is for Personal Search revocation implications.

**RESERVES AND BALANCES STATEMENT**

Appendix 4a continued

	Estimated Balance at 01/04/2018 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2019 £
<b><u>2018/19 CURRENT ESTIMATE*</u></b>				
Reserves				
Building Control	12,009	0	-6,360	5,649
Capital Investment	897,181	99,590	0	996,771
Elections	71,276	41,217	0	112,493
Insurance	60,400	40,000	0	100,400
Investment - I.T. Strategy	157,841	30,604	-135,000	53,445
Land Charges	24,942	0	-7,480	17,462
Leisure Management	192,398	0	0	192,398
New Homes Bonus	2,843,745	0	-568,749	2,274,996
Non-Domestic Rates Equalisation	1,626,196	1,349,764	-346,550	2,629,410
Performance Reward Initiatives	33,427	0	-2,120	31,307
Value for Money	721,771	89,730	0	811,501
Vehicle Replacement/Street Cleansing Maintenance	528,230	246,379	-371,000	403,609
	<u>7,169,416</u>	<u>1,897,284</u>	<u>-1,437,259</u>	<u>7,629,441</u>
Balances				
General	11,840,436	252,450	0	12,092,886
<b>TOTAL</b>	<b><u>19,009,852</u></b>	<b><u>2,149,734</u></b>	<b><u>-1,437,259</u></b>	<b><u>19,722,327</u></b>

Note. None of the Land Charges 31/03/19 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

	Estimated Balance at 01/04/2018 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2019 £
<b><u>2018/19 LATEST ESTIMATE* INCLUDING OUTTURN 2017/18 AND SLIPPAGE</u></b>				
Reserves				
Building Control	12,037	0	-6,360	5,677
Capital Investment	1,071,259	99,590	-15,000	1,155,849
Elections	71,276	41,217	0	112,493
Insurance	60,688	40,000	0	100,688
Investment - I.T. Strategy	299,271	39,104	-136,000	202,375
Land Charges	31,924	0	-7,480	24,444
Leisure Management	209,277	0	0	209,277
New Homes Bonus	2,843,745	0	-568,749	2,274,996
Non-Domestic Rates Equalisation	1,673,515	1,349,764	-346,550	2,676,729
Performance Reward Initiatives	32,949	0	-2,120	30,829
Value for Money	718,948	89,730	0	808,678
Vehicle Replacement/Street Cleansing Maintenance	2,488,990	236,361	-417,200	2,308,151
	<u>9,513,879</u>	<u>1,895,766</u>	<u>-1,499,459</u>	<u>9,910,186</u>
Balances				
General	11,792,380	0	-998,432	10,793,948
<b>TOTAL</b>	<b><u>21,306,259</u></b>	<b><u>1,895,766</u></b>	<b><u>-2,497,891</u></b>	<b><u>20,704,134</u></b>

Note. None of the Land Charges 31/03/19 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

**RESERVES AND BALANCES STATEMENT**

Appendix 4a continued

	Estimated Balance at 01/04/2019 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2020 £
<b><u>2019/20 LATEST ESTIMATE*</u></b>				
Reserves				
Building Control	5,677	0	0	5,677
Capital Investment	1,155,849	82,990	0	1,238,839
Elections	112,493	41,217	-153,710	0
Insurance	100,688	40,000	0	140,688
Investment - I.T. Strategy	202,375	43,490	-177,020	68,845
Land Charges	24,444	0	0	24,444
Leisure Management	209,277	0	0	209,277
New Homes Bonus	2,274,996	0	-568,749	1,706,247
Non-Domestic Rates Equalisation	2,676,729	16,430	-1,326,965	1,366,194
Performance Reward Initiatives	30,829	0	-2,120	28,709
Value for Money	808,678	0	0	808,678
Vehicle Replacement/Street Cleansing Maintenance	2,308,151	252,157	-2,259,500	300,808
	9,910,186	476,284	-4,488,064	5,898,406
Balances				
General	10,793,948	0	-1,249,693	9,544,255
<b>TOTAL</b>	<b>20,704,134</b>	<b>476,284</b>	<b>-5,737,757</b>	<b>15,442,661</b>

Note. None of the Land Charges 31/03/20 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

	Estimated Balance at 01/04/2020 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2021 £
<b><u>2020/21 LATEST ESTIMATE*</u></b>				
Reserves				
Building Control	5,677	0	0	5,677
Capital Investment	1,238,839	0	0	1,238,839
Elections	0	41,217	0	41,217
Insurance	140,688	40,000	0	180,688
Investment - I.T. Strategy	68,845	63,475	-89,000	43,320
Land Charges	24,444	0	0	24,444
Leisure Management	209,277	0	0	209,277
New Homes Bonus	1,706,247	0	-568,749	1,137,498
Non-Domestic Rates Equalisation	1,366,194	2,350	0	1,368,544
Performance Reward Initiatives	28,709	0	-2,030	26,679
Value for Money	808,678	0	0	808,678
Vehicle Replacement/Street Cleansing Maintenance	300,808	258,096	-426,700	132,204
	5,898,406	405,138	-1,086,479	5,217,065
Balances				
General	9,544,255	0	-1,787,242	7,757,013
<b>TOTAL</b>	<b>15,442,661</b>	<b>405,138</b>	<b>-2,873,721</b>	<b>12,974,078</b>

Note. None of the Land Charges 31/03/21 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

**RESERVES AND BALANCES STATEMENT**

Appendix 4a continued

	Estimated Balance at 01/04/2021 £	' Top-up ' £	Less to Fund Expenditure £	Estimated Balance at 31/03/2022 £
<b><u>2021/22 LATEST ESTIMATE*</u></b>				
Reserves				
Building Control	5,677	0	0	5,677
Capital Investment	1,238,839	0	0	1,238,839
Elections	41,217	41,217	0	82,434
Insurance	180,688	40,000	0	220,688
Investment - I.T. Strategy	43,320	45,680	-89,000	0
Land Charges	24,444	0	0	24,444
Leisure Management	209,277	0	0	209,277
New Homes Bonus	1,137,498	0	-568,749	568,749
Non-Domestic Rates Equalisation	1,368,544	0	0	1,368,544
Performance Reward Initiatives	26,679	0	0	26,679
Value for Money	808,678	0	0	808,678
Vehicle Replacement/Street Cleansing Maintenance	132,204	258,668	-221,500	169,372
	<u>5,217,065</u>	<u>385,565</u>	<u>-879,249</u>	<u>4,723,381</u>
Balances				
General	7,757,013	0	-1,965,297	5,791,716
<b>TOTAL</b>	<b><u>12,974,078</u></b>	<b><u>385,565</u></b>	<b><u>-2,844,546</u></b>	<b><u>10,515,097</u></b>

Note. None of the Land Charges 31/03/22 balance is for Personal Search revocation implications.

\* Includes changes since Council 08/03/18

**TRANSFERS TO AND FROM (-) RESERVES**

Appendix 4b

**Updated Revised 2017/18 Estimate and actuals reflecting slippage to later years**

\*approved at Council 08/03/18 with subsequent changes

\*\*\*\*\* Top Up/(-)Expenditure \*\*\*\*\*

	Current *			
	2017/18 Revised Estimate	2017/18 Actual		
	£	£	£	£
<b><u>BUILDING CONTROL</u></b>				
Chargeable work 2017/18 net deficit.			-190	-162
<b><u>BUSINESS GROWTH INCENTIVE</u></b>				
Business Support initiatives.			-9,424	-9,424
<b><u>CAPITAL INVESTMENT</u></b>				
Top Up - YMCA equipment contribution, Cabinet 22/10/14 (final year 2019/20).	99,590		99,590	
Top Up - general outturn net underspend.	0		184,260	
Garstang Pool - Sandfilters overspend.	0		-413	
Creation of a Digital Hub at Fleetwood Market.	-8,500		-18,269	
Replacement Turnstiles to Public Conveniences at Fleetwood Market.	-10,439		-10,439	
			80,651	254,729
<b><u>ELECTIONS</u></b>				
Reduced Annual provision 2019 Borough Elections.			41,217	41,217
<b><u>INSURANCE</u></b>				
Annual set aside for possible claims.	40,000		40,000	
Use - to cover new claims.	-8,330		-8,042	
			31,670	31,958
<b><u>INVESTMENT - I.T. STRATEGY</u></b>				
Top Up from IT general savings per latest review.	83,440		36,739	
Top Up re CCTV investment net Fylde contribution. Cabinet 3/12/14.	12,680		12,680	
Top Up re Transparency Code - New Burden Grant.	8,100		8,100	
Top Up - general outturn net underspend.	0		92,011	
Capital Qtr 1 Review. IT Infrastructure savings Cabinet 6/9/17.	2,021		2,021	
<u>2017/18 Outturn review</u>				
Fund the IT Infrastructure Costs.	-205,000		-205,000	
Additional Rolling Replacement Hardware Programme.	-80,000		16,120	
			-178,759	-37,329
<b><u>LAND CHARGES</u></b>				
Chargeable work 2017/18 net surplus.			-4,110	2,872
<b><u>LEISURE MANAGEMENT</u></b>				
Top Up, Garstang equipment, YMCA contribution (year 5 of 5).	6,340		6,340	
Top Up, no use of Leisure Management Excess provision.	0		16,879	
			6,340	23,219
<b><u>NEW HOMES BONUS</u></b>				
Top Up for Government Grant (year 5 of 5), see 2013/14.	341,192		341,192	
Fund Council Taxpayer income foregone from 11/12 freeze.	-176,689		-176,689	
Fund Council Taxpayer income foregone from 12/13 freeze.	-176,166		-176,166	
Fund Council Taxpayer income foregone from 13/14 freeze.	-71,250		-71,250	
Fund Council Taxpayer income foregone from 14/15 freeze.	-72,037		-72,037	
Fund Council Taxpayer income foregone from 15/16 freeze.	-72,607		-72,607	
			-227,557	-227,557
<b><u>NON-DOMESTIC RATES EQUALISATION</u></b>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.	840,252		968,230	
Top Up - NDR Retained Levy (Pooling).	500,213		419,554	
Transfer to General Fund, 2015/16 Reserve Top Up.	-1,108,101		-1,108,101	
Transfer to General Fund, 2016/17 part Reserve Top Up.	-372,109		-372,109	
			-139,745	-92,426
<b><u>PERFORMANCE REWARD INITIATIVES</u></b>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-2,940	-3,418

**TRANSFERS TO AND FROM RESERVES**

Appendix 4b Continued

**Updated Revised 2017/18 Estimate and actuals reflecting slippage to later years**

\*approved at Council 02/03/17 with subsequent changes

\*\*\*\*\* Top Up/(-)Expenditure \*\*\*\*\*

	Current *			
	2017/18 Revised Estimate	2017/18 Actual		
	£	£	£	£
<b>VALUE FOR MONEY</b>				
New Burden Single Fraud Investigation Service DWP grant.	1,449		1,449	
New Burden Migrant Access to Benefits DWP grant.	714		714	
New Burden Reduced Temporary Absence Outside GB DWP grant.	711		711	
New Burden Removal of Assessed Income Period DWP grant.	649		649	
New Burden DHP Administration DWP grant.	17,430		17,430	
New Burden Benefit Cap DWP grant.	9,360		9,360	
Universal Credit Delivery Partnership Agreement with DWP.	14,385		11,562	
New Burden Right Benefit Initiative DWP grant.	25,110		25,110	
New Burden Employment and Support Allowance DWP grant.	1,953		1,953	
New Burden Business Rates Relief Supporting Small Businesses DCLG grant.	12,000		12,000	
New Burden Real Time Information initial and final DWP grant.	3,850		3,850	
New Burden Real Time Information BDM files.	3,822		3,822	
New Burden Various grants.	3,690		3,690	
New Burden Universal Credit Live Service closure for new claims.	2,180		2,180	
Use - SSD Drives.	-3,390		-3,390	
Use - Licence Key NDR Legislation.	-3,160		-3,160	
Use - Contact Centre new 2 year Apprentice to 31/5/17. Post No. PP8210.	-2,502		-2,502	
		88,251		85,428
<b>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</b>				
Aggregate set-aside for replacement of vehicles, Qtr1 review, Cabinet 6/9/17.	223,814		223,814	
Adjusted set-aside after 2017/18 outturn.	0		35,586	
Top Up - general outturn net underspend.	0		1,915,000	
Top Up from Street Cleansing vehicle savings in 2017/18.	0		8,723	
Use of Reserve to fund MOT Test Centre Copse Road.	-52,115		-47,664	
Use of Reserve to fund vehicle replacements/adaptations.	-231,500		-231,500	
<u>Cabinet 29/11/17 Quarter 2 2017/18 Review</u>				
Vehicle Fleet Replacement Programme cost rephase.	-15,499		-15,499	
<u>Cabinet 17/1/18 Quarter 3 2017/18 Review</u>				
Vehicle Fleet Replacement Programme cost rephase.	125,000		125,000	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		0	
Vehicle Fleet Replacement Programme - slippage from 16/17.	-38,036		-38,036	
		14,664		1,975,424
<b>TOTAL NET TRANSFER TO / FROM (-) 2017/18 RESERVES</b>		<b>-299,932</b>		<b>2,044,531</b>



**TRANSFERS TO AND FROM RESERVES**

Appendix 4b Continued

**Updated 2018/19 Estimate - reflecting slippage from 2017/18**

\*approved at Council 08/03/18 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2018/19 Estimate	2018/19 Estimate	2018/19 Estimate	2018/19 Estimate
	£	£	£	£
<b>BUILDING CONTROL</b>				
Chargeable work 2018/19 net deficit.		-20		-20
Staffing Review, Officer Delegation Report 19/3/18.		-6,340		-6,340
			-6,360	-6,360
<b>CAPITAL INVESTMENT</b>				
Top Up - YMCA equipment contribution, Cabinet 22/10/14 (final year 2019/20).	99,590		99,590	
Roofing works to the Civic Centre.	0		-15,000	
			99,590	84,590
<b>ELECTIONS</b>				
Reduced Annual provision 2019 Borough Elections.			41,217	41,217
<b>INSURANCE</b>				
Annual set aside for possible claims.			40,000	40,000
<b>INVESTMENT - I.T. STRATEGY</b>				
Top Up from IT general savings per latest review.	17,924		26,424	
Top Up re CCTV investment net Fylde contribution. Cabinet 3/12/14.	12,680		12,680	
Additional Rolling Replacement Hardware Programme.	-135,000		-136,000	
			-104,396	-96,896
<b>LAND CHARGES</b>				
Chargeable work 2018/19 net deficit.			-7,480	-7,480
<b>NEW HOMES BONUS</b>				
Fund Council Taxpayer income foregone from 11/12 freeze.	-176,689		-176,689	
Fund Council Taxpayer income foregone from 12/13 freeze.	-176,166		-176,166	
Fund Council Taxpayer income foregone from 13/14 freeze.	-71,250		-71,250	
Fund Council Taxpayer income foregone from 14/15 freeze.	-72,037		-72,037	
Fund Council Taxpayer income foregone from 15/16 freeze.	-72,607		-72,607	
			-568,749	-568,749
<b>NON-DOMESTIC RATES EQUALISATION</b>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.	737,644		737,644	
Top Up - NDR Retained Levy (Pooling).	612,120		612,120	
Transfer to General Fund, 2016/17 part Reserve Top Up.	-285,731		-285,731	
Transfer to General Fund, 2017/18 part Reserve Top Up.	-60,819		-60,819	
			1,003,214	1,003,214
<b>PERFORMANCE REWARD INITIATIVES</b>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-2,120	-2,120
<b>VALUE FOR MONEY</b>				
Universal Credit Delivery Partnership Agreement with DWP.	18,860		18,860	
New Burden Support for Additional Costs DWP grant.	31,810		31,810	
New Burden Funding to process Verify Earnings and Pensions service (VEP) alerts.	39,060		39,060	
			89,730	89,730
<b>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</b>				
Aggregate set-aside for replacement of vehicles, Qtr1 review, Cabinet 6/9/17.	246,940		246,940	
Aggregate set-aside for replacement of vehicles, Qtr2 review, Cabinet 29/11/17.	10,139		10,139	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 17/11/18.	-13,700		-13,700	
Adjusted set-aside after 2017/18 outturn.	0		-10,018	
Use of Reserve to fund vehicle replacements/adaptations.	-275,500		-319,500	
Use of Reserve to fund MOT Test Centre Copse Road.	0		-2,200	
<u>Cabinet 29/11/17 Quarter 2 2017/18 Review</u>				
Vehicle Fleet Replacement Programme cost rephase.	29,500		29,500	
<u>Cabinet 29/11/17 Quarter 2 2017/18 Review</u>				
Vehicle Fleet Replacement Programme cost rephase.	-125,000		-125,000	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
			-124,621	-180,839
<b>TOTAL NET TRANSFER TO 2018/19 RESERVES</b>			<b>460,025</b>	<b>396,307</b>

**TRANSFERS TO AND FROM RESERVES**

Appendix 4b Continued

**Updated 2019/20 Estimate**

\*approved at Council 08/03/18 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2019/20 Estimate		2019/20 Estimate	
	£	£	£	£
<b>BUILDING CONTROL</b>				
Chargeable work 2019/20 net nil.			0	0
<b>CAPITAL INVESTMENT</b>				
Top Up - YMCA equipment contribution, Cab.22/10/14 (final part year 2019/20).			82,990	82,990
<b>ELECTIONS</b>				
Reduced Annual provision 2019 Borough Elections.	41,217		41,217	
Use of Reserve for Borough Elections in 2019.	<u>-153,710</u>		<u>-153,710</u>	
			-112,493	-112,493
<b>INSURANCE</b>				
Annual set aside for possible claims.			40,000	40,000
<b>INVESTMENT - I.T. STRATEGY</b>				
Top Up from IT general savings per latest review.	35,980		33,980	
Top Up re CCTV investment net Fylde contribution. Cabinet 3/12/14.	9,510		9,510	
CCTV Investment.	-38,020		-38,020	
Additional Rolling Replacement Hardware Programme.	<u>-50,000</u>		<u>-139,000</u>	
			-42,530	-133,530
<b>LAND CHARGES</b>				
Chargeable work 2019/20 net nil.			0	0
<b>NEW HOMES BONUS</b>				
Fund Council Taxpayer income foregone from 11/12 freeze.	-176,689		-176,689	
Fund Council Taxpayer income foregone from 12/13 freeze.	-176,166		-176,166	
Fund Council Taxpayer income foregone from 13/14 freeze.	-71,250		-71,250	
Fund Council Taxpayer income foregone from 14/15 freeze.	-72,037		-72,037	
Fund Council Taxpayer income foregone from 15/16 freeze.	<u>-72,607</u>		<u>-72,607</u>	
			-568,749	-568,749
<b>NON-DOMESTIC RATES EQUALISATION</b>				
Top-Up - s31 Local Government Act 2003 Grant net of related NDR Levy.	16,430		16,430	
Transfer to General Fund, 2017/18 part Reserve Top Up.	<u>0</u>		<u>-1,326,965</u>	
			16,430	-1,310,535
<b>PERFORMANCE REWARD INITIATIVES</b>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-2,120	-2,120
<b>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</b>				
Aggregate set-aside for replacement of vehicles, Qtr1 review, Cabinet 6/9/17.	253,214		253,214	
Aggregate set-aside for replacement of vehicles, Qtr2 review, Cabinet 29/11/17.	1,943		1,943	
Adjusted set-aside after 2017/18 outturn.	0		-6,000	
Use of Reserve 2017/18 Outturn, to fund replacement of refuse collection vehicles.	0		-1,915,000	
Use of Reserve to fund vehicle replacements/adaptations.	-344,500		-344,500	
Additional Income MOT Centre Top Up Reserve to replace equipment.	<u>3,000</u>		<u>3,000</u>	
			-86,343	-2,007,343
<b>TOTAL NET TRANSFER FROM (-) 2019/20 RESERVES</b>			<u><u>-672,815</u></u>	<u><u>-4,011,780</u></u>

**TRANSFERS TO AND FROM RESERVES**

Appendix 4b Continued

**Updated 2020/21 Estimate**

\*approved at Council 08/03/18 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate
	£	£	£	£
<b><u>BUILDING CONTROL</u></b>				
Chargeable work 2020/21 net nil.			0	0
<b><u>CAPITAL INVESTMENT</u></b>				
			0	0
<b><u>ELECTIONS</u></b>				
Reduced Annual provision 2023 Borough Elections.			41,217	41,217
<b><u>INSURANCE</u></b>				
Annual set aside for possible claims.			40,000	40,000
<b><u>INVESTMENT - I.T. STRATEGY</u></b>				
Top Up from IT general savings per latest review.		63,475		63,475
Additional Rolling Replacement Hardware Programme.		<u>-50,000</u>		<u>-89,000</u>
			13,475	-25,525
<b><u>LAND CHARGES</u></b>				
Chargeable work 2020/21 net nil.			0	0
<b><u>NEW HOMES BONUS</u></b>				
Fund Council Taxpayer income foregone from 11/12 freeze.		-176,689		-176,689
Fund Council Taxpayer income foregone from 12/13 freeze.		-176,166		-176,166
Fund Council Taxpayer income foregone from 13/14 freeze.		-71,250		-71,250
Fund Council Taxpayer income foregone from 14/15 freeze.		-72,037		-72,037
Fund Council Taxpayer income foregone from 15/16 freeze.		<u>-72,607</u>		<u>-72,607</u>
			-568,749	-568,749
<b><u>NON-DOMESTIC RATES EQUALISATION</u></b>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.			2,350	2,350
<b><u>PERFORMANCE REWARD INITIATIVES</u></b>				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.			-2,030	-2,030
<b><u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u></b>				
Aggregate set-aside for replacement of vehicles, Qtr1 review, Cabinet 6/9/17.		259,153		259,153
Aggregate set-aside for replacement of vehicles, Qtr2 review, Cabinet 29/11/17.		1,943		1,943
Adjusted set-aside after 2017/18 outturn.		0		-6,000
Use of Reserve to fund vehicle replacements/adaptations.		-426,700		-426,700
Additional Income MOT Centre Top Up Reserve to replace equipment.		<u>3,000</u>		<u>3,000</u>
			-162,604	-168,604
<b>TOTAL NET TRANSFER FROM (-) 2020/21 RESERVES</b>			<u><u>-636,341</u></u>	<u><u>-681,341</u></u>

**TRANSFERS TO AND FROM RESERVES**

Appendix 4b Continued

**Updated 2021/22 Estimate**

\*approved at Council 08/03/18 with subsequent changes

	***** Top Up/(-)Expenditure *****			
	Current *		Latest	
	2021/22 Estimate	2021/22 Estimate	2021/22 Estimate	2021/22 Estimate
	£	£	£	£
<b><u>BUILDING CONTROL</u></b>				
Chargeable work 2021/22 net nil.			0	0
<b><u>CAPITAL INVESTMENT</u></b>				
			0	0
<b><u>ELECTIONS</u></b>				
Reduced Annual provision 2023 Borough Elections.			41,217	41,217
<b><u>INSURANCE</u></b>				
Annual set aside for possible claims.			40,000	40,000
<b><u>INVESTMENT - I.T. STRATEGY</u></b>				
Top Up from IT general savings per latest review.		61,980		45,680
Additional Rolling Replacement Hardware Programme.		<u>-78,270</u>		<u>-89,000</u>
			-16,290	-43,320
<b><u>LAND CHARGES</u></b>				
Chargeable work 2020/21 net nil.			0	0
<b><u>NEW HOMES BONUS</u></b>				
Fund Council Taxpayer income foregone from 11/12 freeze.		-176,689		-176,689
Fund Council Taxpayer income foregone from 12/13 freeze.		-176,166		-176,166
Fund Council Taxpayer income foregone from 13/14 freeze.		-71,250		-71,250
Fund Council Taxpayer income foregone from 14/15 freeze.		-72,037		-72,037
Fund Council Taxpayer income foregone from 15/16 freeze.		<u>-72,607</u>		<u>-72,607</u>
			-568,749	-568,749
<b><u>NON-DOMESTIC RATES EQUALISATION</u></b>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.			0	0
<b><u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u></b>				
After Quarter 3 2017/18 review changes, Cabinet 17/1/18:-				
Aggregate set-aside for replacement of vehicles.		261,668		261,668
Adjusted set-aside after 2017/18 outturn.		0		-6,000
Use of Reserve to fund vehicle replacements/adaptations.		-221,500		-221,500
Additional Income MOT Centre Top Up Reserve to replace equipment.		<u>3,000</u>		<u>3,000</u>
			43,168	37,168
<b>TOTAL NET TRANSFER FROM (-) 2021/22 RESERVES</b>			<b><u><u>-460,654</u></u></b>	<b><u><u>-493,684</u></u></b>

**Please ask for:** Clare James  
**Tel. No.** 01253 887308  
**Email:** clare.james@wyre.gov.uk

**KPMG LLP**  
**1 St Peter's Square**  
**Manchester**  
**M2 3AE**

**Date:** 24 July 2018

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of Wyre Borough Council ("the Authority"), for the year ended 31 March 2018, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended;
- ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

These financial statements comprise the Authority's Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes (including the Expenditure and Funding Analysis).

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

#### **Financial statements**

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:
  - i. give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended;
  - ii. have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

#### **Information provided**

4. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Authority confirms the following:

The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

7. The Authority has disclosed to you all information in relation to:
  - a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements; and
  - b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or

error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

11. The Authority confirms that:
  - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
  - b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.
12. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (Revised) *Employee Benefits*.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
  - statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,have been identified and properly accounted for; and
- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Audit Committee on 24 July 2018.

Yours faithfully,

Chair of the Audit Committee

Chief Financial Officer



**Appendix to the Authority Representation Letter of Wyre Borough Council:  
Definitions**

**Financial Statements**

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

**Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

## **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled, or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, joint control or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

**Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

