

**Statement of Accounts
For the Year Ended 31st March
2019**

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Introduction by Director of Resources – Steve Thompson

Blackpool Council's accounts show the financial results of the Council for the financial year 2018/19 and the financial position as at 31st March 2019.

It is intended that these accounts will provide a useful and important source of financial information for the community, stakeholders, Council Members and other interested parties. The style and format of the accounts complies with CIPFA standards and is similar to those of previous years.

The 2018/19 Budget was again challenging with a budget savings target of £5.5m on the back of successfully delivering £137.8m over the previous 7 years. This Budget underwent detailed consideration and scrutiny over a lengthy formulation period. From the very outset this involved the Council's Cabinet Members, who ensured that resources were aligned more than ever before to the Council's specific priorities, followed by extensive engagement and consultation with key stakeholders such as the trade unions, business representatives, equality and diversity forums and, of course, our residents.

Despite the financial constraints, the Council made sufficient provision within the Budget to accommodate:

- internal pay level rises on average 2% for the period from 1st April 2018 to 31st March 2019 in line with the employer's pay offer and the payment of at least the National Living Wage to all contracted staff;
- the payment of annual increments;
- voluntary 5 days' unpaid leave on average to continue;
- a non-pay inflation contingency, to address contractual commitments and valid non-pay pressures @ 2.2%;
- the most recent estimates of Settlement Funding Assessment;
- slow interest rate rises but rates remain at low levels; and
- the Council fulfilling its statutory obligation to balance its Budget.

These were all big challenges, but by working more collaboratively across Council directorates and indeed with other public sector partners where appropriate we have achieved common goals and efficiencies together.

The Narrative Report provides information about Blackpool, including key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31st March 2019.

Steve Thompson
Director of Resources

Narrative Report

An Introduction to Blackpool

Blackpool is a seaside town situated on the north-west coast of England. It is the world's first mass market seaside resort, with a proud heritage stretching back over 150 years. It covers an area of approximately 13.46 square miles and has a population of around 139,870.

In addition to its sandy beaches, Blackpool's major attractions and landmarks include Blackpool Tower, Blackpool Illuminations, the Pleasure Beach, Blackpool Zoo, Sandcastle Water Park, the Winter Gardens, and the UK's only surviving first-generation tramway.

Key Facts about Blackpool

The profile of the local population dictates the direction and substance of the services provided by the Council, for example, there is an increasing demand for children's and adult social care in Blackpool.

The Mid 2017 population estimate shows older people (65 years and above) account for a greater proportion of Blackpool's population than observed at national level.

	Total Population	Aged 0 - 14 years		15 - 64 years		Age 65 and over	
	Number	Number	%	Number	%	Number	%
England	55,619,430	10,048,364	18.1	35,540,555	63.9	10,030,511	18.0
Blackpool	139,870	24,232	17.3	87,094	62.3	28,544	20.4

Source: Office for National Statistics – Mid-year population estimates

Political Structure

Blackpool Council is split into 21 wards each represented by 2 Councillors elected every four years. The political make-up of the Council during 2018/19 was as follows:

Labour Party	26 Councillors
Conservative Party	12 Councillors
Independent	4 Councillors

Following full elections on 2nd May 2019 the political make-up of the Council will be as follows:

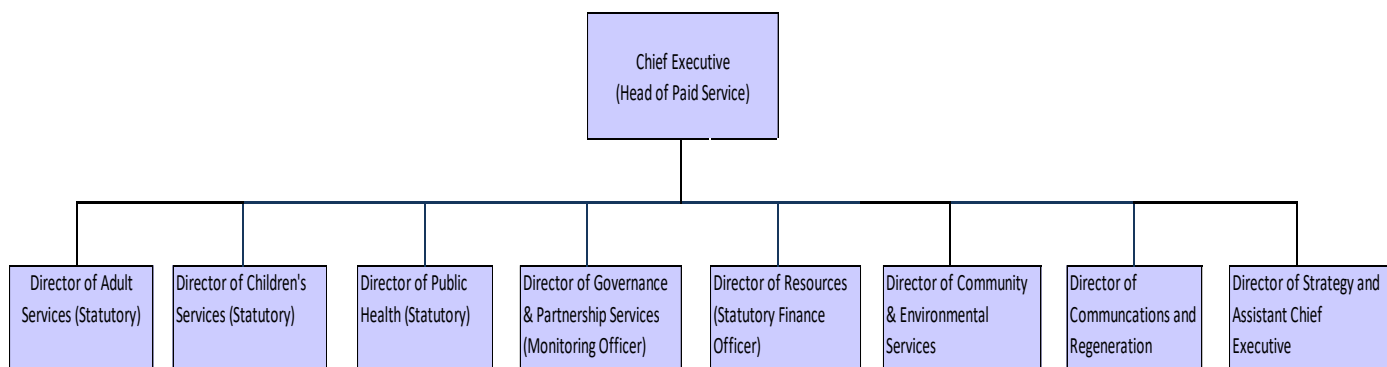
Labour Party	23 Councillors
Conservative Party	15 Councillors
Independent	4 Councillors

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Leader and a Cabinet of nine other councillors whom the Leader has appointed. The Leader of the Council has also appointed one of these Cabinet Members as his deputy along with a Cabinet Secretary.

When major decisions are to be discussed or made, these are published in the Executive’s Forward Plan in so far as they can be anticipated. If these major decisions are to be discussed at a meeting of the Executive, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Executive has to make decisions which are in line with the Council’s overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Corporate Leadership Team

Supporting the work of the Councillors is the Corporate Leadership Team which is led by the Chief Executive Neil Jack. The make-up of the Corporate Leadership Team is as follows:

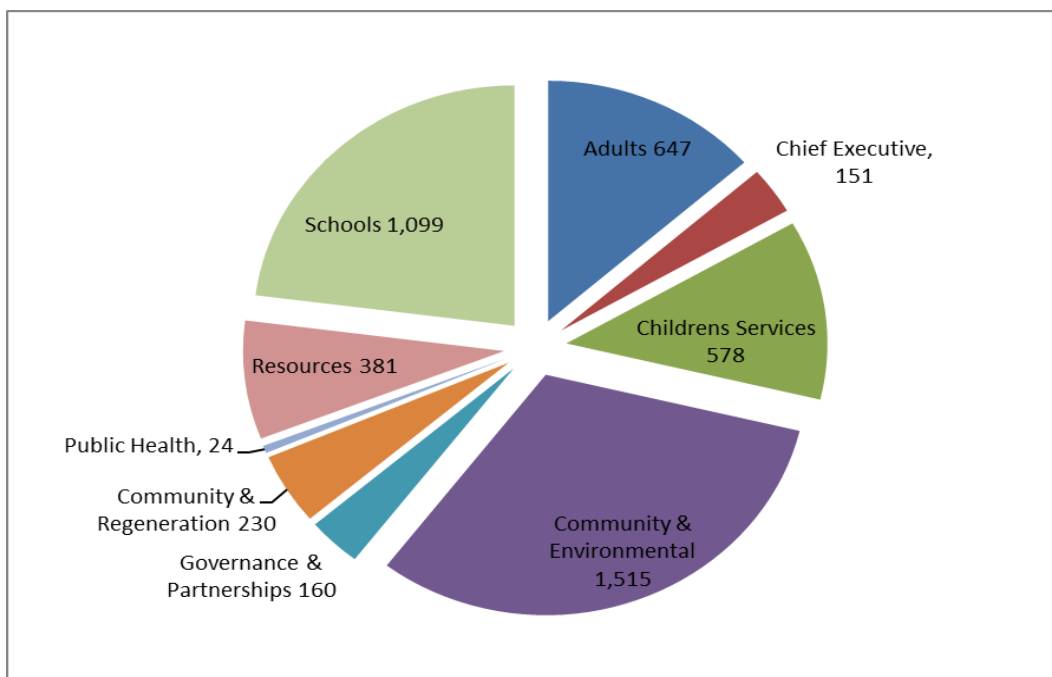


The Corporate Leadership Team provides managerial leadership and supports Councillors in:

- developing strategies
- delivering plans

Staffing

At 31st March 2019 the Council employed 3,686 people (31st March 2018: 3,656) and also employed a further 1,099 (31st March 2018: 1,088) people in schools. This represents 2,120 Full Time Equivalent Council staff (2017/18: 2,147) and 660 Full Time Equivalent schools staff (2017/18: 641). The chart on the next page shows how these support the Council’s services.



Blackpool Council Plan 2019 - 2024

The Council Plan 2019-2024 seeks to build on the successes of the previous plan which already delivered hundreds of millions of pounds worth of improvements and investment. It will do this through its two key priority areas: Maximising economic growth and opportunity across Blackpool; and creating increasingly stronger and more resilient communities by giving greater focus on prevention issues before they become a problem.

Priority One - The Economy

Visitor Experience - Tourism and Culture

- Complete development of a new 21st century conference facility at the Winter Gardens and increase the number of conferences.
- Finalise design and funding, then deliver the Blackpool Museum Project.
- Implement a new model of funding and delivery to sustain the Illuminations, events programme and cultural services.
- Deliver the first phase of a £300m investment into Blackpool Central, to include world class visitor attractions including the UKs first flying theatre.

Infrastructure and Regeneration

- Complete the tram extension, transport interchange and new 4* hotel at Blackpool North station.
- Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors.
- Deliver extensions to the Central Business District at Talbot Gateway.
- Further investment in highways, including completing the Quality Corridor programme, Yeadon Way upgrade and bridge renewal programme.

Enterprise, Skills and Economic Inclusion

- Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged, including Healthworks and More Positive Together.
- Support local businesses to grow and expend by maximising take-up of the Business Loans Fund.
- Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.

Improving Housing

- Deliver hundreds more affordable new homes, including the re-development of land at Grange Park and further properties at Foxhall Village.
- Enable further housing delivery through pro-active assistance to developers, including use of Compulsory Purchase Order powers where necessary.
- Enable My Blackpool Home to deliver at least an additional 455 new quality affordable homes for rent.

Priority Two – Communities

Young People

- Continue to implement the NSPCC led A Better Start initiative, improving life chances for 0-3 year olds.
- Improve the experiences and outcomes of young people in our services by improving relationships between organisations.
- Facilitate a school led system which improves attainment at Key Stage 4.
- Development of family hub model in local neighbourhoods for all age engagement and building community resilience.

Health and Social Care

- Implement a new approach to delivering smoking cessation support and initiatives in the town.
- Shape the work of the Council towards delivering the Green and Blue Infrastructure strategy, greening the town.
- Continue to increase numbers accessing drug and alcohol services at an earlier stage and sustaining a positive outcome.

Safeguarding

- Reduce the number of Looked After Children in a safe, sustainable way through incremental improvements of the social care system.
- Work in partnership across Blackpool to review our approach to delivering safeguarding and support for families.

Increasing Resilience

- Deliver whole system change by sustaining the HeadStart Resilience Revolution, increasing mental health resilience amongst 10-16 year olds across the town.
- Stabilise our communities through additional activity to regulate private sector housing, reducing supply and improving quality.
- Improving the co-ordination of volunteers across the town.
- Develop a placed-based approach to service delivery in community settings in partnership with public and voluntary sector organisations.

Performance Commentary for 2018/19

The Council is committed to making Blackpool better and a number of significant schemes are being undertaken.

Tramway Extension – Legislation to build and operate a new extension of the Blackpool Tramway from North Pier to Blackpool North Railway station was officially confirmed by the Secretary of State for Transport in 2017/18. Work commenced in 2017/18 and is still ongoing. The £22m extension will form part of a larger regeneration project at Blackpool North Railway station which will include a new tramway terminal, a 4 star Holiday Inn and office and retail units to let.

Quality Corridors – A £7m project is underway to give some of Blackpool’s key roads a facelift to make streets more welcoming and shops more vibrant. The works include resurfacing roads, improving pavements and crossings, adding more benches, bins and cycle parking. The second stage of the Quality Corridors project will involve working with local businesses to help them improve their shop fronts making both their business and town centre look more appealing. The Council secured a £6.6m grant from Lancashire Enterprise Partnership’s Growth Deal; the remaining £440,000 is being contributed by the Council.

Conference Centre – Work commenced in 2017/18 on a new £25m conference and exhibition centre at the Blackpool Winter Gardens. The new conference centre will directly link to the refurbished Empress Ballroom and Opera House increasing the Winter Gardens overall capacity for conferences to 7,000 delegates. The new conference and exhibition centre is due to open in 2020.

Future Commitments

The next financial year will bring lots of improvements in Blackpool, such as developments at the Winter Gardens, the Pleasure Beach, new hotels, Blackpool Airport Enterprise Zone and the tramway extension.

The coming year will also see the continued impact of the new opportunity area programme. Blackpool became successful in becoming an Opportunity Area and was awarded £6m over 3 years from the Department of Education to help improve social mobility amongst children and young people.

During 2018/19 it was announced that a new £300m Blackpool Central development will bring a range of indoor attractions including the UK's first flying theatre, a virtual reality experience, adventure land, the world's first multi-media exhibition of its kind, thrill and gaming zone and an alien diner. The masterplan will also include new hotels, restaurants, a food market, event space, residential apartments and multi storey parking. Work on the central station site could start as early as 2020.

Summary of the Financial Year

Revenue Summary

The budget for 2018/2019 was set by the Council on 28th February 2018 in the sum of £128.518m. There was an increase in Council Tax Band D equivalent to £1,401.51 (£1,358.89 in 2017/2018) to fund services which are the responsibility of the Council to deliver. In 2017/18 the Spending Review announced that local authorities responsible for adult social care would be given an additional 3% flexibility on their council tax referendum threshold to be used entirely for adult social care. This increased Council Tax at Band D by £109.63 (£66.80 in 2017/18). There was an increase in Council Tax Band D to £1,756.05 (£1,656.10 in 2017/2018) when precepts for the Police and Crime Commissioner for Lancashire and Lancashire Fire Authority are included. The budget was financed as follows:

	£000
Revenue Support Grant	19,690
Non-Domestic Rate Baseline	19,735
Non-Domestic Rate Top-Up	23,528
Section 31 grants	9,039
Transfer from Reserves	4,153
Collection Fund Surplus	(2,359)
Council Tax	54,732
	<u>128,518</u>

The Revenue Outturn for 2018/2019 (before allowing for changes to working balances) is £127,495,000 compared with the approved budget of £128,518,000 – a net decrease of £1,023,000.

The table on the next page shows the reconciliation between the revenue outturn of £127,495,000 and the Deficit on Provision of Services in the Comprehensive Income and Expenditure Account of £24,226,000.

	£000
Revenue Outturn	127,495
Housing Revenue Account net requirement	(1,735)
Revenue Support Grant	(19,691)
NNDR Baseline	(19,735)
NNDR Top Up	(23,528)
Council Tax Demand	(54,732)
Add back Capital Charges	35,444
IAS 19 Pension and Annual Leave	16,693
Capital Grants	(25,692)
S31 grants	(13,273)
Minimum Revenue Provision	(9,596)
Other	(2,817)
Deficit on Provision of Services	8,833

The year-end variance position of £1,023,000 is summarised as follows for each directorate:-

Summary	2018/19 Variance £000
Directorates	1,823
Budgets Outside the Cash Limit	(1,198)
Strategic Leisure Assets – actual	1,827
Strategic Leisure Assets – financed from Reserves	(1,827)
Contributions and Contingencies, Levies and Capital Charges	(1,648)
Total	(1,023)

The main reasons for this net service overspend / (underspends) are:-

Service	Reasons	£000
Children's Services	<p>Children's Social Care overspent by £5,575,000 due to ongoing demand pressures relating to Looked After Children (LAC). When budgets were set, LAC numbers were around 530, however numbers increased over the year and peaked at 572 in December. Whilst numbers did fall back to 565 by the end of March LAC totals were consistently above budgeted levels. Furthermore, the breakdown of placements has contributed significantly to the over-spend. Additional costs were incurred relating to children with complex needs being moved into more expensive placement categories, requiring additional support or being unable to step down as early as planned. £282,000 was also spent on the interim support following the Ofsted inspection in December 2018.</p> <p>The Education division also overspent by £371,000. Special Educational Needs Transport pressures of £612,000 were offset by savings on direct payments and staffing underspends.</p> <p>Staffing, supplies and services underspends in the Early Help and Business Support & Resources divisions partially offset the pressure by £392,000 and £59,000 respectively.</p>	5,476
Governance & Partnership Services	The main component of the Governance and Partnership Services overspend relates to a £308,000 pressure within Life Events and Customer Care due to a shortfall in income in relation to cremations and burials, additional Coroner costs and additional staff costs in Registrars covering long-term sickness absence. This was offset by surpluses in Democratic Governance and Corporate Legal Services due to income exceeding budget.	238
Communications & Regeneration	Arts and Heritage overspent by £81,000 in 2018/19 due to costs associated with the Grundy Art Gallery. Illuminations costs exceeded budget by £63,000 and Visit Blackpool faced additional event costs of £59,000. These overspends were offset by additional income in Planning and Print Services.	138
Public Health	The Public Health Directorate managed a grant of £18,428,000, for the financial year to March 2019 which was spent in full. Pressures within the CCTV department have been offset by savings against Community Safety, resulting in a net underspend of £4,000.	(4)
Chief Executive	The main component of this underspend relates to staffing savings achieved in Human Resources, Organisation and Workforce Development coupled with an under-spend on the Chief Executive element of the budget.	(67)
Adult Services	Adult Commissioning Placements overspent by £294,000 as a result of higher than expected Supported Living packages of care, offset by additional Fairer Charging Income. The remaining underspends were mainly due to staffing vacancies within the service.	(76)
Ward Budgets	Scheme commitments of £80,000 are being carried forward into 2019/20.	(80)

Resources	Property Services overspent by £263,000 due to pressures across the division including reduced income generation from investment properties, mainly being the Marton Mere site and pressures within Building services due to renovations across Adult's and Children's buildings resulting in high maintenance costs. Risk Services underspent by £111,000 mainly due to EU Exit Funding received from Ministry of Housing, Communities and Local Government (MHCLG). The other Resources divisions underspent by £316,000 mainly due to staffing vacancies, supplies and services savings and increased income generation.	(164)
Community & Environmental Services	The main component of the variance on the Community and Environmental Services budget has arisen as a result of a technical accounting adjustment regarding debt payments made to Lancashire County Council to finance the Council's waste disposal arrangements (formerly the Lancashire Waste PFI scheme). Excluding this £3,600,000 variance, the Directorate has broken even for 2018/19 with offsetting under and overspends across its constituent services. Main variances include an over-spend of £227,000 in Leisure and Catering, mainly the result of a shortfall in Leisure income, offset by savings in other divisions of the Directorate.	(3,638)
Total		1,823

The financial outturn for budgets 'outside the cash limit' shows an aggregate underspending of £1,198,000. The main reasons for this are:-

Service	Reasons	£000
Parking Services	An income shortfall of £612,000 has arisen in Parking Services, mainly due to "on-street" parking schemes not being feasible, a loss of parking spaces, prudential borrowing costs and reduced income from staff parking.	612
Previous Years' Pension Liability/Land Charges/Council Tax and NNDR Cost of Collection/Corporate Subscriptions	£20,000 reduction in Corporate Subscriptions taken out in 2018/19. Council Tax and NNDR Cost of Collection overspend of £1,000 is due to a reduction in costs recovered on Council Tax collection. Previous Years' Pension Liability overspend of £5,000 is due to a reduction in contributions from schools £20,000 under-spend on land charges.	(34)
Concessionary Fares	Concessionary fares were under budget due to a decrease in patronage by NoW cardholders as a result of the equalisation of the pension age.	(162)
Subsidiary Companies	This underspend has resulted from a saving on Prudential borrowing costs as borrowings on historic capital schemes have been repaid.	(240)
Housing Benefits	Net reduction in benefits payments due to Universal Credit and increase in recovery of overpayments.	(309)
Treasury Management	Treasury Management has a favourable position due to cash flow management.	(1,065)
Total		(1,198)

Treatment of Revenue Budget Variances

As part of the year-end process an analysis of budget variances is undertaken in order to determine the treatment of under/overspendings on service budgets. The conventional Cash Limited Budgeting approach requires that:-

- under-spends are carried forward in full and are then available to supplement the following year service budget;
- overspendings are similarly carried forward but must as far as possible be recovered in the following financial year (where an extended period is required, this must be on the basis of a recovery plan with a timetable not exceeding 3 years and approved by the Executive); and
- any windfall gains, as determined by the Director of Resources and arising from events outside the control of the service, are added to the Council's general working balances.

However, having considered the Provisional Revenue Outturn 2018/19 in detail and the financial outlook and consulted Corporate Leadership Team colleagues, it is recommended that:-

- the underspending of £80,000, in respect of the scheme commitments, on Ward Budgets is carried forward to 2019/20 in full;
- the following under and overspendings are to be written off:

Directorate	£000
Chief Executive	(67)
Governance & Partnership Services	238
Resources	(164)
Communications & Regeneration	138
Community & Environmental Services	(3,638)
Adult Services	(76)
Children's Services	5,476
Public Health	(4)
Total	1,903

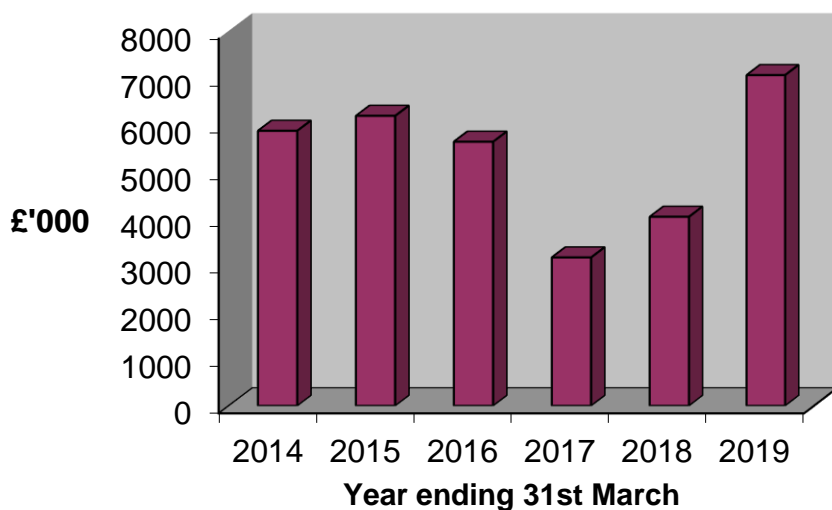
This will allow services to enter the new financial year in a balanced position and give directorates a realistic chance of meeting their budget savings for what will be the 9th consecutive year of material budget cuts.

Unallocated General Fund Working Balances

In setting the Council's original budget for 2018/2019 the target Unallocated General Fund working balances as at 31st March 2019 were approximately £6,000,000. However the outturn position means that the actual Unallocated General Fund working balances as at 31st March 2019 were £7,057,000.

The graph below shows the change in the Unallocated General Fund Working Balances over the last 6 years. Further information is shown in Note 11.

Unallocated General Fund Balances



Capital Summary

The total of the Council's capital spending in 2018/2019 was £48,786,000, which is a 17% increase from the previous year. The main reason for the increase in capital spending is the development of the Tramway and the spend on the Conference Centre. The net book value of the Council's non-current assets as at 31st March 2019 was £777,160,000.

The main areas of capital spending during the year were:

	2017/2018 £000	2018/2019 £000
Children's Services	2,073	1,666
Adult Services	2,539	2,889
Community and Environment	8,388	12,274
Governance and Partnership Services	2	468
Transport	4,650	4,903
Housing - Private Sector Housing	1,411	7,310
Housing - HRA	8,006	2,214
Communication and Regeneration	9,478	15,406
Resources	3,984	1,656
Total	40,531	48,786

The funding of capital expenditure came from a number of sources as summarised below:

	2017/2018 £000	2018/2019 £000
Capital receipts	3,015	1,773
Grants	22,634	28,018
Borrowing	-4,045	12,854
Other	18,927	6,141
Total	40,531	48,786

As at 31st March 2019 the Council held a balance of usable capital receipts amounting to £7,154,000 (2017/18 £4,508,000) most of these capital receipts are earmarked to already approved schemes.

The Council plans future capital developments within the financial constraints placed upon it. Key policy objectives for the future include regeneration and renewal of the town on a significant scale.

- A Tramway upgrade linking the Tramway on the Promenade with Blackpool North Train station, creating a transport hub and a new 4 star hotel. The majority of funding will come from the Lancashire Enterprise Partnership and prudential borrowing.
- Town Centre Car Parking strategy to provide the additional car parking spaces required to service the increased demand.
- The development of new council homes at Troutbeck Crescent, Mereside creating a vibrant family friendly living area.

Housing Revenue Account (HRA)

Under the *Local Government and Housing Act 1989* expenditure on council housing is “ring-fenced” meaning no contribution can be made to or from the General Fund. Furthermore, the *Housing Revenue Account (Accounting Practices) Directions 2000* applies whereby “Resource Accounting” is implemented, making more transparent the costs of capital tied up in the assets and providing resources to maintain them.

Housing Revenue Account Reserves

The balance on the HRA reserve stands at £5,705,000 at 31 March 2019 (31st March 2018 £5,870,000).

Treasury Management

At 31st March 2019 the Council had total borrowings of £249,347,000 (31st March 2018 £244,119,000), being £89,895,000 (2017/18 £90,343,000) long term and £159,452,000 short term (2017/18 £153,776,000).

During the year the Council took new long term borrowing of £8,000,000 to fund its capital programme.

At 31st March 2019 the Council has short term investments of £7,800,000 which is a decrease of £1,950,000 from 31st March 2018. The long term investments were £28,750,000 which is an increase of £4,500,000 from 31st March 2018. This is mainly related to the purchase of further shares in Blackpool Housing Company.

Pension Fund Liability

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown in the balance sheet has increased by £22,570,000 during the year. Further details are given in note 50 to the accounts. The figures reported in the Balance Sheet are valued in line with IFRS accounting standard IAS 19.

Pension Fund Advanced Payment

The triennial valuation of the Council's pension fund was completed by Lancashire County Pension Fund (LCPF) in February 2017. Following the valuation, an option was made available to the Council allowing the payment of its employer pension contributions over the next 3 years in advance (rather than on a monthly basis) on 1st April 2017. In return a discount would be given to the Council resulting in an annual budget saving.

In setting the 2017/18 budget the Council opted to make the 3 year advance payment of its employer pension contributions totalling £36,680,000. This means the Council has paid its employer pension contributions to LCPF for 2017/18, 2018/19 and 2019/20. This has resulted in a budget saving of £827,000 in each of these years.

Key Financial Risks

Achieving Further Savings

The Council has a savings programme to realise £9,000,000 savings in 2019/20. Further savings are expected to be required in the next 3 years. As the Council's budget reduces finding additional savings becomes more difficult.

Brexit

There is still a high level of uncertainty regarding the implications of the UK leaving the European Union (EU). A deadline of 31st January 2020 has been agreed with the EU members although the government is still seeking agreement on the forms and terms of departure.

It is not yet possible to predict whether asset values and discount rates will consequently change in relation to property, plant and equipment and pension liability.

Demand Led Budgets

The rising demand placed on the Council's social care services continues to be a major pressure on the Council's budget.

Explanation of the Statements

The statements presented in the following pages comprise:-

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Director of Resources for the accounts.

The accounts are supported by notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to items in the main financial statements and assumptions made about the future.

Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Council, analysed into “usable” reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Comprehensive Income and Expenditure Account

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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

This sets out the overall financial position of the Council as at 31st March 2019. It shows the reserves and balances of the Council, its long-term indebtedness and the value of non-current assets and net current assets.

Cash Flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Housing Revenue Account

This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and income.

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions on non-domestic rates and council tax and illustrates the way in which these are distributed to Central Government, Police and Crime Commissioner for Lancashire, Lancashire Fire Authority and the Council’s General Fund.

Group Accounts

This summarises group financial statements prepared in order to show the overall financial position and results of the council, its interests in subsidiaries and associates. Further details can be found in Section 7.

Accounting Practice Compliance

These accounts have been prepared in accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the CIPFA Bulletin 03 Closure of the Financial Statements issued in March 2019.

Further Information

The Statement of Accounts forms one element of the Council’s financial reporting to local taxpayers, employees and other interested parties. Further information can be found on the Council’s website www.blackpool.gov.uk

Transparency

The Government's Transparency Agenda encourages local authorities to make public data openly available. Details of the Council's spend over £250 and senior managers' salaries can be found on the above website.

Further information about this Statement of Accounts is available from:

Director of Resources
Blackpool Council
P O Box 4
Town Hall
Blackpool
FY1 1NA

Section 2

Statement of Responsibilities for the Statement of the Accounts

Statement of Responsibilities for the Statement of Accounts

1. The Council's Responsibilities

The Council is required to:

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

2. The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in United Kingdom* ("the Code of Practice").

In preparing this Statement of Accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Director of Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;

3. Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Blackpool Council and its income and expenditure for the year ended 31st March 2019.

Steve Thompson
Director of Resources
27th November 2019

4. APPROVAL OF THE ACCOUNTS

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that the Statement of Accounts have been approved by the Audit Committee on 27th November 2019.

Councillor Paul Galley
Chair of Audit Committee
27th November 2019

Section 3

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKPOOL COUNCIL**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

In our opinion the financial statements of Blackpool Council ('the Council') and its subsidiaries ('the Group'):

- give a true and fair view of the financial position of the Group and of the Council as at 31 March 2019 and of the group's and the Council'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 2018/19.

We have audited the financial statements which comprise:

- the Group and Council Comprehensive Income and Expenditure Statements;
- the Group and Council Balance Sheets;
- the Group and Council Movement in Reserves Statements;
- the Group and Council Cash Flow Statements;
- the Housing Revenue Account Income and Expenditure Statement;
- the Movement on the Housing Revenue Account Statement;
- the Collection Fund; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Director of Resources' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Director of Resources has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Director of Resources is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Director of Resources' responsibilities

As explained more fully in the Director of Resources responsibilities statement, the Director of Resources is responsible for the preparation of 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 2018/19 and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources is responsible for assessing the group's and the Council'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 group and the Council will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS**Report on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.**

We are required to report to you if, in our opinion the council has not made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Qualified Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in 2018/19, with the exception of the matter reported in the basis for qualified conclusion section below, we are satisfied that, in all significant respects, Blackpool Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for qualified opinion

On 17 January 2019, Ofsted published a report in relation to their inspection of the Council's Children's social care services, which provided an overall grading of 'inadequate'. The report concluded that there were longstanding and widespread failures in the quality of social work practice that means that many children are not having their needs responded to in the right way or at the right time. Inspectors found cases of children within the services for whom risks had not been identified and where appropriate action had not been taken to help and protect them concluding with an overall rating of 'Inadequate'. Whilst the Council has put in place measures to address the findings identified, the issues described above are evidence that in respect of Children's social care services, the Council did not put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned sustainable outcomes, including working with partners, for the year ended 31 March 2019.

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

The Council 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 Council has made 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 Council'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 Blackpool 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 Blackpool Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Matters on which we are required to report by exception

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;
- or
- 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.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of accounts of the Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

USE OF OUR REPORT

This report is made solely to the members of the Council, 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 Council, 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 Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Thomson (Appointed auditor)
For and on behalf of Deloitte LLP
Leeds, United Kingdom

29th November 2019

Section 4

Core Financial Statements

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2019

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 or rents. Authorities raise taxation and rents 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.

2017/2018 Restated				2018/2019		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
8,232	(4,074)	4,158	Chief Executive	6,440	(5,026)	1,414
5,004	(3,119)	1,885	Governance and Partnership Services	5,942	(3,431)	2,511
323	(2)	321	Ward Budgets	552	(5)	547
15,667	(10,659)	5,009	Resources	32,132	(10,805)	21,327
7,001	(9,070)	(2,069)	Communications & Regeneration	13,889	(9,894)	3,995
6,804	(3,117)	3,687	Strategic Leisure Assets	8,090	(4,696)	3,394
60,515	(27,129)	33,386	Community and Environmental Services	67,827	(34,067)	33,760
71,193	(31,404)	39,789	Adult Services	81,074	(28,381)	52,693
103,961	(71,441)	32,520	Children's Services	125,193	(71,672)	53,521
21,839	(21,769)	70	Public Health	22,475	(21,807)	668
112,864	(85,834)	27,030	Budgets Outside the Cash Limit	62,025	(77,323)	(15,298)
(184)	(2,733)	(2,917)	Contingencies, Levies etc	1,306	(5,276)	(3,970)
20,172	(18,717)	1,455	Housing Revenue Account	17,384	(19,119)	(1,735)
433,391	(289,067)	144,324	Net Cost of Services	444,329	(291,502)	152,827
		5,838	Other Operating Expenditure (Note 12)			3,104
		5,169	Financing & Investment Income & Expenditure - Other (Note 13)			10,118
		5,591	Income & Expenditure in relation to Investment Properties and changes in their fair value (Notes 17)			1,502
		(142,973)	Taxation and Non-Specific Grant Income - Other (Note 14)			(158,718)
		17,949	(Surplus) or Deficit on Provision of Services			8,833
		(22,601)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets			(10,751)
		310	(Surplus) or deficit on revaluation of available for sale financial assets			(1,125)
		(45)	Movement on financial instruments adjustment account			-
		(30,712)	Remeasurement of the net defined benefit liability			(6,749)
		3,164	Other Movements			-
		(49,884)	Other Comprehensive Income and Expenditure			(18,625)
		(31,935)	Total Comprehensive Income and Expenditure			(9,792)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2018/2019

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31st March 2018 - Restated	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(188,666)	(246,471)
Movements in Reserves in 2018/2019									
(Surplus) or Deficit on the provision of services	11,715	-	(2,882)	-	-	-	8,833	-	8,833
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(18,625)	(18,625)
Total Comprehensive Income and Expenditure	11,715	-	(2,882)	-	-	-	8,833	(18,625)	(9,792)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(18,334)	-	3,047	169	-	-	(15,118)	15,118	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(6,619)	-	165	169	-	-	(6,285)	(3,507)	(9,792)
Transfer (to)/from Earmarked Reserves (Note 11)	3,762	(4,843)	-	(3,188)	-	1,365	(2,904)	2,904	-
(Increase)/Decrease in 2018/2019	(2,857)	(4,843)	165	(3,019)	-	1,365	(9,189)	(603)	(9,792)
Balance as at 31st March 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(189,269)	(256,263)

2017/2018 Restated

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31st March 2017	(6,422)	(37,501)	(6,857)	(3,193)		(4,873)	(58,846)	(155,690)	(214,536)
Movements in Reserves in 2017/2018									
(Surplus) or Deficit on the provision of services	15,990		1,959				17,949		17,949
Other Comprehensive Income & Expenditure							-	(49,884)	(49,884)
Total Comprehensive Income and Expenditure	15,990	-	1,959	-	-	-	17,949	(49,884)	(31,935)
Adjustments between accounting basis and funding basis under regulations (Note 10)	9,019		(5,579)		(2,909)		531	(531)	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	25,009	-	(3,620)	-	(2,909)	-	18,480	(50,415)	(31,935)
Transfer (to)/from Earmarked Reserves (Note 11)	(24,718)	682	4,607	(1,315)	2,909	396	(17,439)	17,439	-
(Increase)/Decrease in 2017/2018	291	682	987	(1,315)	-	396	1,041	(32,976)	(31,935)
Balance as at 31st March 2018	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(188,666)	(246,471)

Balance Sheet for the Year Ended 31st March 2019

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 of reserves are 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 Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves 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'.

Restated 1st April 2017 £000	Restated 31st March 2018 £000		Notes	31st March 2019 £000
726,438	719,475	Property, Plant and Equipment	15	731,653
7,764	8,185	Heritage Assets	16	8,185
17,347	32,519	Investment Property	17	36,425
32	-	Intangible Assets		-
654	1,110	Assets Held for Sale	18	897
17,060	24,250	Long Term Investments	20	28,750
19,376	38,031	Long Term Debtors	21	57,924
788,671	823,570	Long Term Assets		863,834
479	416	Inventories	22	445
35,813	44,688	Short Term Debtors	23	43,034
5,770	6,406	Payments in Advance	24	6,465
-	-	Short Term Loans		800
9,878	9,366	Cash and Cash Equivalents	25	7,618
51,940	60,876	Current Assets		58,362
(91,697)	(153,776)	Short Term Borrowing	19	(159,452)
(37,355)	(38,125)	Short Term Creditors	27	(54,105)
(18,365)	(20,867)	Receipts in Advance	26	(14,339)
(12,718)	(15,151)	Short Term Provisions	28	(14,551)
(160,135)	(227,919)	Current Liabilities		(242,447)
(76,830)	(91,730)	Long Term Creditors	27	(85,832)
(84,701)	(90,343)	Long Term Borrowing	19	(89,895)
(288,336)	(214,786)	Other Long Term Liabilities		(232,359)
(16,073)	(13,197)	Capital Grants in Advance	42	(15,400)
(465,940)	(410,056)	Long Term Liabilities		(423,486)
214,536	246,471	Net Assets		256,263
(58,846)	(57,805)	Usable Reserves	29	(66,994)
(155,690)	(188,666)	Unusable Reserves	30	(189,269)
(214,536)	(246,471)	Total Reserves		(256,263)

Section 5, Notes to the Accounts, Note 3 provides information on the restated balance sheet.

Cash Flow Statement for the Year Ended 31st March 2019

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 flow by providers of capital (i.e borrowing) to the authority.

2017/2018 Restated £000		Notes	2018/2019 £000
17,949	Net (surplus) or deficit on the provision of services		8,833
(13,849)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	31	(63,482)
(8,224)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	31	17,409
(4,124)	Net cash flows from Operating Activities		(37,240)
10,633	Investing Activities	32	20,922
(7,021)	Financing Activities	33	14,570
(512)	Net (increase) or decrease in cash and cash equivalents		(1,748)
9,878	Cash and cash equivalents at the beginning of the reporting period		9,366
9,366	Cash and cash equivalents at the end of the reporting period	34	7,618

Section 5

Notes to the Accounts

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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 to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The segments are shown by directorate and are in line with the monthly budget monitoring reported to Members. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/2018 Restated				2018/2019		
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis (Note 2a) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
3,462	(299)	3,163	Chief Executive	479	935	1,414
1,952	41	1,993	Governance and Partnership Services	1,840	671	2,511
321	-	321	Ward Budgets	547	-	547
(8,277)	2,689	(5,588)	Resources	9,850	11,477	21,327
390	(234)	156	Communications and Regeneration	9,251	(5,256)	3,995
3,725	-	3,725	Strategic Leisure Assets	1,935	1,459	3,394
35,327	249	35,576	Community and Environmental Services	25,050	8,710	33,760
45,423	(2,383)	43,040	Adult Services	49,156	3,537	52,693
39,197	(3,278)	35,919	Children's Services	42,838	10,683	53,521
75	(5)	70	Public Health	397	271	668
29,355	(1,944)	27,411	Budgets Outside the Cash Limit	8,896	(24,194)	(15,298)
(2,781)	(136)	(2,917)	Contingencies	(3,970)	-	(3,970)
(4,124)	5,579	1,455	Housing Revenue Account	(4,782)	3,047	(1,735)
144,045	279	144,324	Net Cost of Services	141,487	11,340	152,827
(126,627)	252	(126,375)	Other Income and Expenditure	(147,772)	3,778	(143,994)
17,418	531	17,949	(Surplus) or Deficit on Provision of Services	(6,285)	15,118	8,833

(50,780) Opening General Fund and HRA Balance (48,820)

Surplus/Deficit on General Fund and HRA
17,418 Balance in Year (6,285)

(15,458) Transfers between Reserves (1,250)

Closing General Fund and HRA Balance at 31st
(48,820) March 2019* (56,355)

* Reserves Balances at 31st March

(6,131) General Fund Balance (8,988)

(36,819) Earmarked General Fund Reserves (41,662)

(5,870) Housing Revenue Account Reserves (5,705)

(48,820) (56,355)

2a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2018/2019				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Chief Executive	16	908	11	935
Governance and Partnership Services	69	621	(19)	671
Ward Budgets	-	-	-	-
Resources	8,745	2,702	30	11,477
Communications and Regeneration	(6,488)	1,225	7	(5,256)
Strategic Leisure Assets	1,459	-	-	1,459
Community and Environmental Services	5,562	3,100	48	8,710
Adult Services	(457)	3,973	21	3,537
Children's Services	(526)	11,145	64	10,683
Public Health	-	268	3	271
Budgets Outside the Cash Limit	(11,096)	(12,862)	(236)	(24,194)
Contingencies	-	-	-	-
Housing Revenue Account	3,047	-	-	3,047
Net Cost of Services	331	11,080	(71)	11,340
Other income and expenditure from the Expenditure and Funding Analysis	(1,659)	5,437	-	3,778
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(1,328)	16,517	(71)	15,118

Adjustments between Funding and Accounting Basis 2017/2018 Restated				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Statutory Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Chief Executive	(52)	(241)	(6)	(299)
Governance and Partnership Services	149	(115)	7	41
Ward Budgets	-	-	-	-
Resources	3,759	(1,060)	(10)	2,689
Places	(2,625)	(78)	2,469	(234)
Strategic Leisure Assets	-	-	-	-
Community and Environmental Services	7,162	(6,929)	16	249
Adult Services	(536)	(1,863)	16	(2,383)
Children's Services	3,627	(6,663)	(242)	(3,278)
Public Health	-	(5)	-	(5)
Budgets Outside the Cash Limit	(4,574)	(102)	2,732	(1,944)
Contingencies	-	(138)	2	(136)
Housing Revenue Account	5,579	-	-	5,579
Net Cost of Services	12,489	(17,194)	4,984	279
Other income and expenditure from the Expenditure and Funding Analysis	-	252	-	252
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	12,489	(16,942)	4,984	531

i) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off against those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted 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.

ii) 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.
- **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Account.

iii) Other Statutory Adjustments

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

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and 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 the timing difference as any difference will be brought forward in future Surplus or Deficits on the Collection Fund.

iv) Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the “Other income and expenditure from the Expenditure and Funding Analysis” line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement.

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, eg for interest income and expenditure and changes in fair value of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments eg for non ring-fenced government grants.

2b. Expenditure and Income Analysed By Nature

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

	2017/2018 Restated £000	2018/2019 £000
Expenditure		
Employee expenses	123,961	127,306
Other Services expenses	309,973	307,490
Depreciation, amortisation, impairment	29,710	39,505
Interest payments	6,764	7,685
Precepts and Levies	66	68
Payments to Housing Capital Receipts Pool	309	449
Loss on the disposal of assets	5,464	2,587
Pension Interest Cost and return on assets	5,853	5,437
Total Expenditure	482,100	490,527
Income		
Fees, charges and other service income	160,967	122,610
Interest and investment income	990	2,089
Income from council tax, non-domestic rates	70,405	99,599
Government grants and contributions	231,789	257,396
Total Income	464,151	481,694
Surplus or Deficit on the Provision of Services	17,949	8,833

3. Prior Period Adjustments

- (i) A non-current asset the Council has a minority share in had been revalued in 2016/17. This has resulted in property, plant and equipment being overstated by £25.077m. This adjustment has been made in 2016/17 with the knock on effect being recognised in the 2017/18 and 2018/19 balances.
- (ii) CIPFA Code of Practice confirms that as the service segments in the Comprehensive Income and Expenditure Statement are not intended to cover the reporting requirements of IFRS 8 then transactions between services are not permitted to be shown as income and expenditure in the service analysis of the Comprehensive Income and Expenditure Statement. Therefore internal recharges have been removed in the Net Cost of Services and the 2017/18 comparatives have been restated to reflect this.
- (iii) On 29th March 2019 the Council entered into a lease arrangement for Ribble House. The asset is an investment property and therefore needs to be included on the balance sheet. An adjustment has been made in 2017/18 to bring the asset and the lease liability onto the balance sheet.

Effect on the Comprehensive Income and Expenditure Statement

	2017/2018 Statement of Accounts			Removal Internal Recharges		Non Current Asset Revaluation		2017/18 Restated		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Gross Expenditure £000	Gross Income £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Chief Executive Governance and Partnership Services	9,389	(6,226)	3,163	(1,157)	2,152	-	-	8,232	(4,074)	4,158
Ward Budgets	5,740	(3,747)	1,993	(736)	628	-	-	5,004	(3,119)	1,885
Resources	323	(2)	321	-	-	-	-	323	(2)	321
Communications & Regeneration	19,500	(25,087)	(5,587)	(3,833)	14,428	-	-	15,667	(10,659)	5,009
Strategic Leisure Assets	9,226	(9,070)	156	(2,225)	-	-	-	7,001	(9,070)	(2,069)
Community and Environmental Services	6,842	(3,117)	3,725	(38)	-	-	-	6,804	(3,117)	3,687
Adult Services	67,052	(30,707)	36,345	(5,768)	3,578	(769)	-	60,515	(27,129)	33,386
Children's Services	74,444	(31,404)	43,040	(3,251)	-	-	-	71,193	(31,404)	39,789
Public Health	107,359	(71,441)	35,918	(3,398)	-	-	-	103,961	(71,441)	32,520
Budgets Outside the Cash Limit	21,889	(21,818)	71	(50)	49	-	-	21,839	(21,769)	70
Contingencies, Levies etc	116,609	(89,199)	27,410	(3,745)	3,365	-	-	112,864	(85,834)	27,030
Housing Revenue Account	(184)	(2,733)	(2,917)	-	-	-	-	(184)	(2,733)	(2,917)
	20,172	(18,717)	1,455	-	-	-	-	20,172	(18,717)	1,455
Net Cost of Services	458,361	(313,268)	145,093	(24,201)	24,201	(769)	-	433,391	(289,067)	144,324

Effect on the Opening Balance Sheet at 1st April 2017

	Opening balances at 1st April 2017 £000	Restated balances at 1st April 2017 £000	Change to Opening balances 1st April 2017 £000
Property Plant & Equipment	751,515	726,438	(25,077)
Long Term Assets	813,748	788,671	(25,077)
Net Assets	239,613	214,536	(25,077)
Unusable Reserves	(180,767)	(155,690)	25,077
Total Reserves	(239,613)	(214,536)	25,077

Effect on Balance Sheet at 31st March 2018

	Balances at 31st March 2018 as previously stated £000	2017/18 Restated £000	Change to Balances at 31st March 2018 £000
Property Plant & Equipment	743,783	719,475	(24,308)
Investment Property	15,737	32,519	16,782
Long Term Assets	831,096	823,570	(7,526)
Long Term Creditors	(74,948)	(91,730)	(16,782)
Long Term Liabilities	(393,274)	(410,056)	(16,782)
Net Assets	270,779	246,471	(24,308)
Unusable Reserves	(212,974)	(188,666)	24,308
Total Reserves	(270,779)	(246,471)	24,308

Effect on the Movement in Reserves Statement 2017/18 – General Fund Balances

	Balances at 31st March 2018 as previously stated £000	2017/18 Restated £000	Change to Balances at 31st March 2018 £000
(Surplus) or Deficit on the Provision of Services	16,759	15,990	(769)
Total Comprehensive Income & Expenditure	16,759	15,990	(769)
Adjustments between accounting basis and funding basis under regulations	8,250	9,019	769

Effect on the Movement in Reserves Statement 2017/18 – Unusable Reserves

	Balances at 31st March 2018 as previously stated	2017/18 Restated	Change to Balances at 31st March 2018
	£000	£000	£000
Balance as at 31st March 2017	(180,767)	(155,690)	(25,077)
Adjustments between accounting basis and funding basis under regulations	238	(531)	(769)
Balance as at 31st March 2018	(212,974)	(188,666)	24,308

4. Accounting Policies**i. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2018/2019 financial year and its position at the year-end 31st March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019* (the 'Code') supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

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

ii. 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 contracts with service recipients whether for services or the provision of goods is recognised when (or as) the goods and services are transferred to the service recipient in accordance with the performance obligations in the contract.
- ❑ 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 payable on borrowing and receivable on investments is accounted for respectively as expenditure and income 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.

- The Council has adopted IFRS 15 Revenue from Contracts with Customers from 1st April 2018. Under IFRS 15 an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when control of goods and services underlying a particular performance obligation is transferred to the customer. Many of the major sources of revenue for local authorities, including council tax, national non domestic business rates and grants fall outside the scope of IFRS 15. The Council has some rental contracts where the level of rent is affected by the customer's profit/turnover. The total rental received in 2018/19 for these contracts is £776,655.

iii. Acquired and Discontinued Operations

All operations acquired and discontinued in year are treated in line with the Council's accounting policies. There were no acquired or discontinued operations in year.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

v. 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 and relevant information about the effect of transactions, other events and conditions on the Council'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.

vi. 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 fixed assets during the year:

- Depreciation attributable to the 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 the losses can be written off; and
- 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 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 contribution in the General Fund Balance (Minimum Revenue Provision (MRP)), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of 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 (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of the likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments) the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii. 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 wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi time earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement on Reserves Statement so that holiday benefits 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 Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or where applicable to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for 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 Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post - Employment Benefits

Employees of the Authority are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Lancashire County Council.
- The NHS Pension Scheme administered by NHS Business Services Authority.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

However, the arrangements for the NHS and teachers' schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined benefit contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Education and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers pensions in the year. The Public Health line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

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

- The liabilities of the Lancashire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by the employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 11.961% (5.0% in 2017/2018) based on gross of investment expenses).
- The assets of the Lancashire County Council pension fund attributable to the Council 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 pension liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts for services for which the employees worked.
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Contingencies.
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Council – 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.

- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the 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 – debited to the Pensions Reserve.
 - 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 Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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 Council 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 (including teachers) 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.

ix. 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.

x. Financial Instruments

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 are 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. However if funds allow, the premium or discount will be charged to the Comprehensive Income and Expenditure Statement in full in the year it is incurred. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instruments).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate of interest for the instrument. For most of the financial assets held by the Council, 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.

However, the Council has a 10% share in a loan made to Lancashire County Developments at less than market rates (soft loans) – see Note 21. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has a portfolio of a significant number of loans made to local businesses under the Business Loans Fund. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into 3 categories for assessing loss allowances:

- Group 1 – these loans have been made on the agreement that the loans are secured upon property up to the value of the loan. In the event of a default on the loan repayments the secured property will transfer to the Council.
- Group 2 – these loans were made with variations to the contract/interest rate during the life of the loan. The council reviews contract variations to assess the credit risk since initial recognition.
- Group 3 – for the remaining loans the council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus and Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identified assets that the Authority can access at the measurement date.

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

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit and loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). This was previously classified as an Available for Sale asset at 31st March 2018.

The Council has made an irrevocable election to designate its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes. The asset was transferred to the new asset category on 1st April 2018. The asset is initially measured and carried at fair value.

The value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuations.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted in the prior year when the asset was classified as Available for Sale, except that accumulated gains and losses on the available for sale asset was previously held in an Available for Sale Financial Instrument Reserve at 31st March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1st April 2018.

xi. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

Whether paid on account, by instalment 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 Council will comply with the conditions attached to the payments, and
- The grants and 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

acquired using 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 on the Balance Sheet as creditors. When conditions have been 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 ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not yet been 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.

Business Improvement District

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council 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 Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and 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 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 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 over £10,000) the Capital Receipts Reserve.

xiv. Heritage Assets**Tangible and Intangible Heritage Assets**

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. However some of the measurement rules have been relaxed in relation to heritage assets as detailed below. The Authority's collections of heritage assets are accounted for as below:

Illuminations Historic Collection

This is a collection of illuminations that have been on display in the past but no longer form part of the annual display (i.e. non-operational). They are kept for their historical significance. These items are reported in the Balance Sheet at insurance valuations that are based on market values. These insurance valuations are reviewed on a 4 yearly basis.

Due to the unique nature of the collection it is deemed to have an indeterminate life and a high residual value hence, the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static. Any transfers of operational illuminations to this collection would be recognised at a value ascertained by the Illuminations Manager in accordance with the Authority's policy.

Art Collection

The art collection consists of paintings (both oil and watercolour), oriental works of art, European works of art and furniture, and is reported in the Balance Sheet at market value. Due to funds being unavailable for professional valuations the collection has not been revalued for many years. However, the valuation is adequate for insurance purposes and has been reported in the Balance Sheet.

The collection is deemed to have an indeterminate life and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static; any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Arts in accordance with the Authority's policy on art collection.

Tower Company Collection and Local and Family History Collections

These collections are not as large as the art collection but contain some rare items. They include paintings, tourism memorabilia (e.g. model of Blackpool Tower) and other items of significant local interest. The collections have been valued by the Head of Heritage using estimated market valuations (although some items are rare and unique to the area so it is difficult to assess their true value) and have been reported in the Balance Sheet on this basis.

The collections are deemed to have indeterminate lives and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collections are fairly static any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Heritage in accordance with the Authority's policy on the collections.

Civic Regalia

This collection includes the Mayoral chain, Deputy Mayor's chain, Mace and many other civic items. They are reported in the Balance Sheet at market value. The collection is revalued every four years by external valuers.

The collection was due to be revalued in 2015/16 but due to funds being unavailable for professional valuations, and the likelihood that any movement in valuation would not be material, the assets were not valued. The collection has been revalued in 2018/19 using current market prices.

The collection is deemed to have an indeterminate life and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is static and any acquisitions and donations are highly unlikely. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Democratic Services in accordance with the Authority's policy on the collections.

Cenotaph

This had previously been included within community assets in the balance sheet. It is included in Balance Sheet at historic cost and is valued by external valuers every four years.

Stanley Park Statues

These are being held for purposes of knowledge and culture and are therefore considered to be heritage assets. Due to the cost of obtaining external valuations, they have been reported in the Balance Sheet based on insurance valuations.

They are deemed to have indeterminate lives and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static; any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by valuers in accordance with the Authority's policy on the collections.

xv. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

xvi. Inventories and long Term Contracts

Items of stock held by the Council are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

xvii. Investment Property

Investment properties are those that are solely used 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 the service or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. 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.

xviii. Joint Operations

Joint operations are arrangements where parties that have joint-control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

xix. Leases

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

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

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

The Authority as Lessee**Finance Leases**

Property, Plant and Equipment held under finance leases is recognised in the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xx. 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.

The main basis for charging of overhead costs is: -

Percentage Time –	Management
	Financial Services
	Payroll (also number of employees/payslips)
	Debtors & Creditors (also number of transactions)
	Human Resources
	Information Technology (also Direct Allocation/No of PCs)
	Corporate Leadership Team
Floor Area –	Administrative Buildings
Actual Time Allocation –	Asset Management Services, Legal Services, Highways, Transportation, Cleansing and Capital Projects Division

xxi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and 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 costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

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

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

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair 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 fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every four years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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 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 in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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 useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the estimated useful life of the property as estimated by the valuer. Estimated useful lives range from 3 to 125 years.
- Vehicles, plant, furniture and equipment – straight line allocation over 2 to 40 years, as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is at least 20% of the total cost of the item, the components are depreciated separately. Only items with a value in excess of £1m were determined material for component accounting.

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 the sale transaction rather than through its continuing use, it is classified 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 previous losses recognised in the Surplus or Deficit on 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 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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 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 that have accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of the receipts relating to housing disposals (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.

xxii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of services received during the year** - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge of a percentage of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Street Lighting & Signals PFI

The project commenced on 4th January 2010 and is for 25 years. The total value of the project is £128,076,000 and includes the replacement of approximate 16,000 streetlights and signals. The service provider is Community Lighting Partnership.

The project was refinanced in 2015/16 which has resulted in annual revenue savings of £298,000. The financing of the scheme was remodelled and the street lighting and signals are now depreciated across the remaining period of the contract to 2035.

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

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. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

A contingent liability arises where 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.

xxiv. Accounting for the Costs of the Carbon Reduction Commitment Scheme

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The scheme is currently in the initial year of its second phase, which ends on 31st March 2019. The Council is required to purchase and surrender allowances, either prospectively or retrospectively, and surrender them on the basis of emissions. As carbon dioxide is emitted (ie as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and apportioned to services on the basis of energy consumption.

xxv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year 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.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

xxvi. Revenue Expenditure Funded from Capital under Statute

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

xxvii. Schools

The Code of Practice on Local Authority Accounting in the UK confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the Schools Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those school assets, liabilities, income, expenditure, reserves and cash flows are recognised in the local authority financial statements. Therefore schools transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions cash flows and balances of the authority.

xxviii. Fair Value Measurement

The Council 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 the liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:-

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

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

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

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

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

xxix. 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.

5. Accounting Standards That Have Been Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the UK 2018/2019 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code.

- 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). CIPFA have deferred implementation of IFRS 16 for local government to 1st April 2020.
- Amendments to IAS 40 Investment Property – Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Financial Instruments: prepayment features with negative compensation.

6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 4 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of the need to close facilities and reduce levels of service provision.
- The Council is deemed to control the services provided under the agreement for the replacement and upgrade of street lighting and also to control the residual value of the lighting at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangements and the assets are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- The following claims have potentially significant settlement values:
 - There are a number of claims against the Authority regarding accidents and injuries sustained on Council land.
 - There are a number of claims against the Authority regarding injuries sustained on roads and footpaths.
- Schools which have converted to Academies are not included in the Council's Balance Sheet. When a school which is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date the school converts to Academy status. All other schools except one voluntary aided school are included on the Council's balance sheet in line with accounting standards following an assessment of the ownership of these schools.

- The Council is liable to make contributions towards the cost of post-employment benefits. For the 3 year period 2017/18 to 2019/20 the Council has agreed with Lancashire Pension Fund that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. In 2017/18 the Council paid £36m to the Lancashire Pension Fund in order to make budget savings. The amounts relating to 2017/18 and 2018/19 have been accounted for in the relevant year with the amounts for 2019/20 being offset against the pension reserve in the balance sheet. The pension reserve will align with the pension liability in 2019/20 as the upfront payment arrangements are accounted for.
- The Council has shareholdings in Blackpool Transport Services, Blackpool Housing Company and Blackpool Airport. Up to 31st March 2018 the shareholdings were held as “Available for Sale Financial Assets” and measured at fair value each year. Any change in fair value was included in Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available for Sale Financial Instruments Reserve.

With the adoption of *IFRS 9 Financial Instruments*, the “Available for Sale Financial Asset” is no longer available. The new standard sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through Other Comprehensive Income. The investments in companies, as an equity instrument, and as such gains and losses on changes in fair value would be recognised through profit and loss. Including the shareholdings as fair value through profit and loss would mean that changes in valuation are immediately recognised within the Council’s Cost of Services. This would mean the Council’s revenue budget would be subject to the increased risk of volatility in the share valuations. Any major fluctuations in the valuations of the shareholding would have a significant impact on the General Fund balance.

The shareholdings are strategic investments and not held for trading therefore the Council has the option to designate it as fair value through Other Comprehensive Income and Expenditure. This would mean that there is no impact on the revenue budget. Having considered the impact that future share valuations could have on the Council’s revenue budget the more prudent approach is to designate the shareholding as a strategic investment with changes in fair value treated as Other Comprehensive Income and Expenditure. This means any gains and losses on the revaluation of the shareholding are transferred to a Financial Instruments Revaluation Reserve.

7. Assumptions Made About The Future and Major Sources of Estimation Uncertainty

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

The items in the Authority’s Balance Sheet at 31st March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are shown below:

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 increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by approximately £575,000 for every year that useful lives had to be reduced.</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 Council with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured although the assumptions interact in complex ways. During 2018/2019 the Council's actuaries advised that the net pension liability has increased by £23m.
Arrears	At 31/3/19 the Authority had a balance of sundry debtors of £5.4m. £1.4m of this balance was expected to be paid in full. A review of the remaining £4m suggested that an impairment of doubtful debts of 40% was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a doubling of the impairment of doubtful debts would require an additional £1.6m to be set aside as an allowance.

Business Rates	<p>Since the introduction of the Business Rates Retention Scheme on 1st April 2013, local authorities are liable for a share of successful appeals against the business rates charged to businesses. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2019. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31st March 2019.</p>	<p>If the level of appeals were to increase by 1% it would require the Council to set aside an additional £56,610.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine (for example investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information regarding the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Notes 17, 19 and 20.</p>	<p>The authority uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant change in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

8. Material Items of Income and Expense

Long term debtors increased during the year by £19.9m. This mainly related to new loans issued from the Business Loans Fund – see Note 21.

9. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 27th November 2019. Events taking place after this date are not reflected in the financial statements and notes. Where events taking place before this date provide information about conditions existing at 31st March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 6th November 2019 the Council purchased the Houndshill Shopping Centre for £47.6m. This will increase the Property, Plant and Equipment held on the Council's balance sheet in 2019/20.

10. Adjustment Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the 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 following sets out a description of the reserves that the adjustments are made against:-

General Fund Balance

The General Fund is the statutory fund into which all the receipts of 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 Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However the balance is not available to be applied in funding Housing Revenue Account services.

Housing Revenue Account (HRA)

The HRA balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act, that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The authority is required to maintain the Major Repairs Reserve which controls an element of the capital resources limited to be being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/2019	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Reserves £000
Adjustments to the Revenue Resources					
Amounts by which the income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to/(from) the Pensions Reserve	(16,517)				
Financial Instruments (transferred to the Financial Instruments Adjustment Account	46				
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	246				
Holiday Pay (transferred to the Accumulated Absences Reserve)	(176)				
Reversal of entries included in the Surplus and Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account).	(34,843)	(6,516)			
Total Adjustments to Revenue Resources	(51,244)	(6,516)	-	-	-
Adjustments between Revenue and Capital Resources					
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(449)		449		
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	1,099	840	(1,939)		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	9,596				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,465)	7,160			
Total Adjustments between Revenue and Capital Resources	8,781	8,000	(1,490)	-	-
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	24,129	1,563			
Use of capital receipts reserve to finance capital expenditure			1,659		
Total Adjustments to Capital Resources	24,129	1,563	1,659	-	-
Total Adjustments	(18,334)	3,047	169	-	-

	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Reserves £000
2017/2018 Restated					
Adjustments to the Revenue Resources					
Amounts by which the income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to/(from) the Pensions Reserve)	16,942				
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	45				
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	(3,172)				
Holiday Pay (transferred to the Accumulated Absences Reserve)	229				
Reversal of entries included in the Surplus and Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account).	(22,877)	(5,579)			
Total Adjustments to Revenue Resources	(8,833)	(5,579)	-	-	-
Adjustments between Revenue and Capital Resources					
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)					
Posting of HRA resources from revenue to the Major Repairs Reserve				(2,909)	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,492				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11,360				
Total Adjustments between Revenue and Capital Resources	17,852	-	-	(2,909)	-
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure					
Total Adjustments to Capital Resources	-	-	-	-	-
Total Adjustments	9,019	(5,579)	-	(2,909)	-

11. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2018/2019.

	Balance at 1st April 2017 £000	Transfers Out 2017/2018 £000	Transfers In 2017/2018 £000	Balance at 31st March 2018 £000	Transfers Out 2018/2019 £000	Transfers In 2018/2019 £000	Balance at 31st March 2019 £000
General Fund:							
Balances held by schools under scheme of delegation	(2,283)	522	(311)	(2,072)	95	(376)	(2,353)
School DSG (Under)/Overspend	(973)	1,740	(792)	(25)	986	(539)	422
Unallocated Reserves	(3,166)	2,132	(3,000)	(4,034)	-	(3,023)	(7,057)
Total General Fund	(6,422)	4,394	(4,103)	(6,131)	1,081	(3,938)	(8,988)
Earmarked Reserves							
Potential Pay Liabilities	(284)	1,990	(2,194)	(488)	1,148	(3,579)	(2,919)
Public/Private Partnership Reserve	(7,548)	2,933	(1,449)	(6,064)	4,177	(2,946)	(4,833)
Council Tax & Non-Domestic Rates Deficits	(13,910)	10,063	(9,612)	(13,459)	6,399	(5,514)	(12,574)
Service Underspends	-	287	(287)	-	-	-	-
Museum Reserve	(1,252)	377	-	(875)	581	-	(294)
Transformation Reserve	(1,944)	2,671	(1,152)	(425)	969	(1,062)	(518)
Specific Settlements in Dispute	(562)	35	(12)	(539)	-	-	(539)
Strategic Investments	(320)	-	-	(320)	-	-	(320)
Financial systems upgrade, renewals & replacements	(170)	282	(163)	(51)	119	(186)	(118)
Financial Instruments	(14)	-	-	(14)	-	-	(14)
Treasury Management - Prudential borrowing	(2,668)	611	(194)	(2,251)	1,970	(184)	(465)
Insurances	(850)	80	(330)	(1,100)	-	-	(1,100)
Enterprise Zone	-	440	(440)	-	293	(463)	(170)
Opportunity Area	-	-	-	-	-	(3,096)	(3,096)
Other	(7,979)	3,266	(6,520)	(11,233)	3,604	(7,073)	(14,702)
Total Earmarked Reserves	(37,501)	23,035	(22,353)	(36,819)	19,260	(24,103)	(41,662)
HRA							
Housing Revenue Account	(6,857)	987	-	(5,870)	165	-	(5,705)

12. Other Operating Expenditure

2017/2018 £000		2018/2019 £000
66	Flood Defence Levy	68
308	Payments to the Government Housing Capital Receipts Pool	449
5,464	(Gains)/losses on the disposal of non-current assets	2,587
5,838	Total	3,104

13. Financing And Investments Income And Expenditure

2017/2018 £000		2018/2019 £000
6,765	Interest payable and similar charges	7,685
252	Net interest on the net defined benefit liability/(asset)	5,437
(990)	Interest receivable and similar income	(2,089)
(858)	Dividend - Council Owned Subsidiaries	(915)
5,169	Total	10,118

14. Taxation And Non Specific Grant Income

2017/2018 £000		2018/2019 £000
(50,845)	Council Tax Income	(54,732)
1,401	Collection Fund (surplus)/deficit	(1,604)
(20,961)	Retained Business Rates	(19,735)
(22,858)	Business Rates Top Up	(23,528)
(29,332)	Non-ringfenced government grants	(33,427)
(20,378)	Capital Grants & contributions	(25,692)
(142,973)	Total Taxation and Non-Specific Grant Income	(158,718)

15. Property, Plant And Equipment (PPE)

The movements on property, plant and equipment during the year were as follows:-

2018/19

	Council Dwellings & Other HRA £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation								
Balance as at 1 April 2018	119,206	256,089	44,638	499,978	66	16,506	936,483	32,705
Additions	9,319	6,334	1,675	15,666	79	10,311	43,384	
Revaluation increases/decreases to Revaluation Reserve	(1,213)	4,959	-	-	-	(63)	3,683	
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(8,457)	(3,906)	-	-	(79)	-	(12,442)	
Derecognition - Disposals	(968)	-	-	-	-	(3,558)	(4,526)	
Derecognition - Other	-	(700)	-	-	-	-	(700)	
Transfer	-	-	-	(138)	-	(997)	(1,135)	-
Balance as at 31 March 2019	117,887	262,776	46,313	515,506	66	22,199	964,747	32,705
Depreciation and Impairment								
Balance as at 1 April 2018	(2,909)	(15,447)	(35,464)	(163,188)	-	-	(217,008)	(7,022)
Depreciation Charge	(2,857)	(8,006)	(3,187)	(16,697)	-	-	(30,747)	(1,198)
Depreciation written out on Revaluation Reserve	-	6,561	-	-	-	-	6,561	
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	5,766	2,334	-	-	-	-	8,100	
Derecognition - Disposals	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	(14,558)	(38,651)	(179,885)	-	-	(233,094)	(8,220)
Net Book Value								
Balance as at 31 March 2019	117,887	248,218	7,662	335,621	66	22,199	731,653	24,485
Balance as at 31 March 2018	116,297	240,642	9,174	336,790	66	16,506	719,475	25,683

Comparative Movements 2017/18 - Restated

	Council Dwellings & Other HRA £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation								
Balance as at 1 April 2017	119,817	247,621	41,650	489,048	66	20,743	918,945	32,705
Additions	8,006	5,820	2,988	10,930	-	4,806	32,550	-
Revaluation increases/decreases to Revaluation Reserve	(7,872)	6,312	-	-	-	-	(1,560)	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	61	(5,486)	-	-	-	-	(5,425)	-
Derecognition - Disposals	(806)	(4,457)	-	-	-	(2,764)	(8,027)	-
Transfer	-	6,279	-	-	-	(6,279)	-	-
Balance as at 31 March 2018	119,206	256,089	44,638	499,978	66	16,506	936,483	32,705
Depreciation and Impairment								
Balance as at 1 April 2017	(2,405)	(10,394)	(32,837)	(146,871)	-	-	(192,507)	(5,218)
Depreciation Charge	(2,909)	(10,735)	(2,627)	(16,317)	-	-	(32,588)	(1,804)
Depreciation written out on Revaluation Reserve	-	4,401	-	-	-	-	4,401	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	1,196	-	-	-	-	1,196	-
Derecognition - Disposals	-	85	-	-	-	-	85	-
Derecognition - Other	2,405	-	-	-	-	-	2,405	-
Balance as at 31 March 2018	(2,909)	(15,447)	(35,464)	(163,188)	-	-	(217,008)	(7,022)
Net Book Value								
Balance as at 31 March 2018	116,297	240,642	9,174	336,790	66	16,506	719,475	25,683
Balance as at 31 March 2017	117,412	237,227	8,813	342,177	66	20,743	726,438	27,487

Depreciation

The following assets have been depreciated at varying rates in relation to their useful economic lives:

- Council Dwellings and Other Buildings – straight line allocation over the useful life of the property as estimated by the valuer.
- Plant, Furniture and Equipment – a percentage of the value of each class of asset in the Balance Sheet as advised by a suitably qualified officer
- Infrastructure - straight line allocation over 25 years

The useful economic lives are reviewed at least every four years as is the likely residual value.

Where an item of Property, Plant and Equipment asset has major components whose cost is at least 20% of the total cost of the item, the components are depreciated separately. Only items with a value in excess of £1m were deemed material for component accounting.

Capital Commitments

At 31st March 2019 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years budgeted to cost £22m. Similar commitments at 31st March 2018 were £15m. The major commitments are in relation to the Tramway Extension (£4.2m) and the Conference Centre (£17.8m).

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every four years. Valuations were carried out both internally and externally during 2018/2019. These 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 significant assumptions in estimating fair values are:-

	Council Dwellings £000	Other Land & Buildings £000	Surplus Assets £000	Total £000
Carried at Historic Cost				-
Valued at fair value as at:				
31/03/2019	114,704	82,406	897	198,007
31/03/2018	113,452	55,965	1,110	170,527
31/03/2017	114,470	20,001	654	135,125
31/03/2016	-	144,626	1,551	146,177
Total Cost or Valuation	342,626	302,998	4,212	649,836

Component Accounting

Council Dwellings

Within the Net Book Value of Assets – Council Dwellings (Note 15) are the following assets which have been accounted for on a component basis. This means they are written off according to their own unique economic life.

Asset Type £000	Land £000	Kitchens and Bathrooms £000	Structure £000	Total £000
Houses & Bungalows	17,989	2,765	37,936	58,690
Flats	21,696	5,706	28,612	56,014
Total	39,685	8,471	66,548	114,704

Other Land and Buildings

Items valued at £1m and above have been subject to component accounting. A component must be worth at least 20% of the value of the asset. The valuations are on a 4 year rolling programme. A number of properties in excess of £1m were identified for valuation and were not componentised as they had been completed within the last 4 years.

16. Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Authority is as follows;

	Art Collection £000	Civic Regalia £000	Other £000	Tower & Local History Collection £000	Illuminations £000	Stanley Park Statues £000	Total £000
Cost or Valuation 1st April 2018	5,655	510	20	1,450	550	-	8,185
Revaluations	-	-	-	-	-	-	-
Balance 31st March 2019	5,655	510	20	1,450	550	-	8,185

	Art Collection £000	Civic Regalia £000	Other £000	Tower & Local History Collection £000	Illuminations £000	Stanley Park Statues £000	Total £000
Cost or Valuation 1st April 2017	5,000	591	120	900	500	653	7,764
Purchases	55	-	-	-	-	-	55
Revaluations	600	(81)	(100)	550	50	(653)	366
Balance 31st March 2018	5,655	510	20	1,450	550	-	8,185

Art Collection

The Authority's Art Collection has not been formally valued for a number of years. The latest valuation has been provided by the Head of Heritage as at 31st March 2018.

Civic Regalia

The Authority's civic regalia was formally valued as at 31st March 2012 by an external valuer. The valuations were based on commercial markets. The valuation has been updated based on market prices as at 31st March 2018.

Cenotaph

This was previously classed as a community asset and is valued by external valuers every 4 years.

Tower & Local History Collection

This has been valued by the Head of Heritage as at 31st March 2018.

Illuminations

These assets have been valued by the Head of Heritage as at 31st March 2018.

Statues

The assets were previously valued using insurance valuations. The statues are on a 50 year loan to a school in Buckinghamshire.

17. Investment Properties

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.

2017/2018 £000		2018/2019 £000
(2,663)	Rental income from investment property	(3,497)
6,322	Direct operating expenses arising from investment property	6,170
1,932	Net (gains)/losses from fair value adjustments	(1,171)
5,591	Net (gain)/loss	1,502

There are no restrictions on the Authority's ability to realise the value of 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 repairs, maintenance and enhancement.

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

2017/2018 Restated £000		2018/2019 £000
17,347	Balance at start of the year	32,519
17,549	Additions - Purchases	3,216
(445)	Disposals	-
-	- Transfer	304
(1,932)	Net gains/(losses) from fair value adjustments	386
32,519	Balance at end of the year	36,425

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 4 Accounting Policies xxviii for an explanation of the fair value levels).

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.

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

Highest and Best Use

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

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2019 by the authority's Chief Valuation Officer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

18. Assets Held For Sale

2017/2018 £000		2018/2019 £000
654	Balance outstanding at start of year	1,110
48	Revaluation gains/(losses)	(348)
(3)	Impairment losses	(696)
0	Transfer	831
411	Additions	0
1,110	Balance outstanding at end of year	897

19. Financial Instruments

Categories of Financial Instruments

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

Financial Assets

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000
Amortised Cost								
Principal	-	-	38,031	57,924	9,750	7,800	-	-
Cash & Cash Equivalents	-	-	-	-	(384)	(182)	-	-
Total Amortised Cost	-	-	38,031	57,924	9,366	7,618	-	-
Fair Value through Other Comprehensive Income - Equity Instruments	24,250	28,750	-	-	-	-	-	-
Trade Debtors	-	-	-	-	-	-	44,688	43,034
Total Financial Assets	24,250	28,750	38,031	57,924	9,366	7,618	44,688	43,034

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurement	Input Level in Fair Value Hierarchy	Valuation Technique used to Measure Fair Value	As at 31st March 2019 £000	As at 31st March 2018 £000
Share Valuations- Blackpool Transport Services Ltd	Level 3	Earnings based	14,440	12,790
Share Valuations- Blackpool Housing Company	Level 3	Earnings based	10,200	7,050
Share Valuations- Blackpool Airport Ltd	Level 3	Earnings based	4,100	4,400
			28,740	24,240

Equity Shareholding in Blackpool Transport Services Ltd

The Council's shareholding in Blackpool Transport Services Ltd – the shares in this company are not traded in an active market and fair value of £14.440m has been based on valuation techniques that are not based on observable current market data or available market data.

The valuation method used is the revenue method, which uses multiples of turnover. The Multiples of Turnover method of valuation has been selected, on the basis that that if the business were to be offered for sale in the future, a purchaser is more than likely to be another bus operator, who would drive out efficiencies in operation. Based on the company's existing structure, its' branding, reputation and longevity, a multiple of 0.6 times the average turnover has been used.

If future returns are greater or lesser by 1%, the fair value will be £149,000 higher or lower respectively.

Equity Shareholding in Blackpool Housing Company Ltd

The Council's shareholding in Blackpool Housing Company Ltd – the shares in this company are not traded in an active market and fair value of £10.2m has been based on valuation techniques that are not based on observable current market data or available market data.

The valuation method used is the return on properties owned by the Company. In 2018 the Board outlined the targets for the yield on the different types of investment as follows:

- "Good to Go" – 4.5%
- "Turnkey and Rolling Investment" – 4%
- Refurbishment – 3.5%

Based on the size of the portfolio the above yields were used for the purposes of valuing the Company.

Equity Shareholding in Regional and City Airports (Blackpool) Holdings Limited

The Council's shareholding in Regional and City Airports (Blackpool) Holdings Limited – the shares in this company are not traded in an active market and fair value of £4.1m has been based on valuation techniques that are not based on observable current market data or available market data.

In arriving at the valuation, a comparison has been made between the multiplier method of applying a sales multiple to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) and the Shareholder's Funds method. The Shareholder's Funds method of valuation has been used.

Transfers between Levels of Fair Value Hierarchy

There are no transfers between input levels during the year.

Changes in Valuation Technique

There has been no change in the valuation techniques used during the year for the financial instruments.

Reconciliation of Fair Value Measurement for Financial Assets carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

2017/2018 Unquoted Shares £000		2018/2019 Unquoted Shares £000
17,060	Opening Balance	24,250
	Transfers In/Out of Level 3	
	Total Gains and Losses of the Period:	
(310)	- Included in Other Comprehensive Income and Expenditure	1,125
7,500	Additions	3,375
24,250	Closing Balance	28,750

Gains/(losses) included in the Other Comprehensive Income and Expenditure for the current and previous year relate to unquoted shares in Blackpool Transport Services Ltd and are taken to the Financial Instruments Revaluation Reserve. Losses included in the Other Comprehensive Income and Expenditure relate to unquoted shares in Blackpool Housing Company and Blackpool Airport and are also taken to the Financial Instruments Revaluation Reserve. Additions in 2018/19 relate to the purchase of further shares in Blackpool Housing Company.

Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000	31/03/2018 £000	31/03/2019 £000
Amortised Cost								
Principal & accrued loan interest	90,343	89,895	-	-	153,776	159,452	1,699	1,817
PFI and Finance Lease	-	-	95,282	83,886	-	-	-	-
Total Financial Liabilities	90,343	89,895	95,282	83,886	153,776	159,452	1,699	1,817
Non Financial Liabilities	-	-	(3,552)	1,946	-	-	36,426	52,288
Total	90,343	89,895	91,730	85,832	153,776	159,452	38,125	54,105

Material Soft Loan made by the Authority to Lancashire County Developments

Upon Local Government Reorganisation in 1998 the Authority took over a 10% share in a loan made to Lancashire County Developments by Lancashire County Council. The loan is now due to be repaid in 2031. Under requirements of IAS 32 this loan has been revalued to fair value. The original amount of the loan was £721,000. The fair value of the loan in 2018/2019 was £427,362 (£408,361 in 2017/2018).

The interest rate at which the fair value of this soft loan has been made is arrived at by taking the authority's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid, in this case a zero rate.

Income, Expense, Gains and Losses

	2018/2019				2017/2018			
	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Financial Assets - Share Valuations	Total	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Financial Assets - Share Valuations	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest expense	7,685	-	-	7,685	6,764	-	-	6,764
Total expense in Surplus or Deficit on the Provision of Services	7,685	-	-	7,685	6,764	-	-	6,764
Interest income	-	(2,089)	-	(2,089)	-	(990)	-	(990)
Total income in Surplus or Deficit on the Provision of Services	-	(2,089)	-	(2,089)	-	(990)	-	(990)
Gains on revaluation	-	-	1,125	1,125	-	-	310	310
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	1,125	1,125	-	-	310	310
Net gain/(loss) for the year	7,685	(2,089)	1,125	6,721	6,764	(990)	310	6,084

Fair Values of Assets and Liabilities

Financial liabilities, 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, using the following assumptions:

- The ranges of interest rates at 31st March 2019 were 1.48% to 6.75% for loans from the PWLB and 3.93% to 8.875% for other long term loans payable
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value
- fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated as follows:

	31st March 2019		31st March 2018 Restated	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	249,347	249,502	244,119	244,225
Long term creditors	85,832	85,832	91,730	91,730

The fair value of the liabilities is higher than the carrying amount 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 2019) arising from a commitment to pay interest to lenders above current market rates.

	31st March 2019		31st March 2018 Restated	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	8,063	8,063	9,782	9,782
Long term debtors	58,218	57,924	38,344	38,031
Short term debtors	49,499	49,499	51,094	51,094

The fair value of the assets is lower than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) attributable to the commitment to receive interest below current market rates.

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

20. Long Term Investments

31st March 2018 £000		31st March 2019 £000
	Ordinary Shares (£1 per share) in:-	
12,790	Blackpool Transport Services Ltd	14,440
7,050	Blackpool Housing Company	10,200
4,400	Blackpool Airport	4,100
10	Municipal Bonds Agency	10
24,250	Total	28,750

Blackpool Transport Services Ltd

Investments in Blackpool Transport Services Limited consist of share capital (£2,789,000 at historic cost) in the company which was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation. The company provides a comprehensive passenger transport service in the Fylde coast area through its bus and tram operations. The Council leases the tramway and associated premises to Blackpool Transport Services Limited. The company is wholly owned by the Council.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. In 2018/2019 there was an increase in value of £1,650,000. The gain on revaluation was credited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

Blackpool Housing Company

Blackpool Housing Company Limited was set up on 26th January 2015. The company is a housing regeneration company and is wholly owned by the Council. The shares have been purchased at a cost of £10,425,000.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2018/2019 there was a decrease in value of £225,000. This loss on revaluation was debited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

The movement in share value in 2018/19 is as follows:

	£000
Shares as at 31st March 2018	7,050
Purchase of shares in 2018/19	3,375
Decrease in valuation in 2018//19	(225)
Shares as at 31st March 2019	10,200

Regional and City Airports (Blackpool) Holdings Ltd

On 12th September 2017 the Council purchased 100% shares in Regional and City Airports (Blackpool) Holdings Limited for £4,250,000.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2018/2019 there was a decrease in value of £300,000. This loss on revaluation was debited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

Municipal Bonds Agency

A Local Government Association backed firm called Local Capital Finance Company (Municipal Bonds Agency) has been formed to issue bonds. The money raised from investors will then be lent onwards to Councils to either invest in capital projects or to refinance existing loans. At 31st March 2019 the Council had purchased £10,000 worth of shares in the Company which equates to 0.13%.

Blackpool Operating Company Ltd (Sandcastle Waterpark)

The Council purchased the operation of the centre from a private company on 20th June 2003 and now wholly owns both the building and the commercial operator - Blackpool Operating Company Limited (BOCL). The Council's shares in Blackpool Operating Company Limited are valued at £2.

Blackpool Entertainment Company Ltd

The Council purchased the operation of the Winter Gardens from a private company on 16th May 2014 and now wholly owns both the building and the commercial operator - Blackpool Entertainment Company Limited (BECL). The Council's shares in BECL are valued at £1.

As 100% shareholders Blackpool Council agrees to meet all accumulated deficits or losses of Blackpool Transport Services Limited, Blackpool Operating Company Limited, Blackpool Entertainment Company Limited, Blackpool Housing Company Limited and Blackpool Airport Limited.

Lancashire Renewables Ltd

On the 31st July 2014 Lancashire County Council and Global Renewables Lancashire Limited agreed to the consensual termination of the Waste Disposal PFI contract. The former operating company, Global Renewables Lancashire Operations Ltd (GRLOL) now Lancashire Renewables Ltd, transferred into the ownership of Lancashire County Council with Blackpool Council owning 12.5% of the share capital in that company. The consideration paid for the shareholding of GRLOL by LCC was £1.

21. Long Term Debtors

Long-term debtors relate to amounts that are due to be repaid in over twelve months' time. These include a business loans and share in land held for use under what was formerly the Lancashire Waste Disposal contract.

31st March 2018 £000		31st March 2019 £000
11,434	Blackpool Transport Services	12,881
8,769	Blackpool Teaching Hospital (NHS)	7,384
4,250	Blackpool Pleasure Beach	3,500
8,800	Blackpool Housing Company	14,200
2,563	Create Developments (Blackpool) Ltd	4,488
0	Coolsilk	5,045
0	Ocean Boulevard III	6,748
0	Laila's Fine Foods	996
986	Small Business Loans	1,009
552	Waste Disposal Site (prev PFI)	552
262	Adult Social Care Deferred Payments	687
408	Lancashire County Developments	427
7	Council Mortgages - (Right to Buy)	7
38,031	Total	57,924

Blackpool Transport Services Limited

On 23rd May 2016 the Executive agreed to offer Blackpool Transport Services a loan facility of £7,740,000 to fund the purchase of 10 double buses and 25 vehicles between June 2016 and June 2017. Each loan (including interest) is repayable over 10 years with 120 monthly repayments.

On 11th September 2017 the Executive agreed to offer Blackpool Transport Services Limited a further loan facility of £16.2m. The release of the funds is expected to be phased to purchase 20 double buses in October 2017 (£4,659,000), 4 buses in March 2018 (£934,000), 18 buses in October 2018 (£2,997,000), 15 buses in March 2020 (£3,635,000) with sundry depot assets (totalling £217,000). Each loan (including interest) would be repaid over 10 years with 120 monthly payments. The loan facility also includes a £200,000 contingency to allow for price change over the life of the renewal programme.

Blackpool Teaching Hospitals NHS Foundation Trust

On 13th March 2017 the Executive agreed to the provision of a £9,230,000 loan to Blackpool Teaching Hospitals NHS Foundation Trust from the Business Loan Fund. The loan (including interest) is repayable over 10 years with 20 half yearly repayments.

The loan is secured upon income generating, non-operational property assets of the Foundation Trust to at least the value of the loan and with such valuation costs together with any loan arrangement fee being met by the Foundation Trust.

Create Development (Blackpool) Ltd

On 18th July 2016 the Executive agreed to the provision of a £4.5m loan to Create Developments (Blackpool) Ltd. The loan is to facilitate the development of a 135 bedroom hotel at Bourne Crescent. The loan, including interest, is repayable over 5 years.

Coolsilk

At its meeting on 16th April 2018 the Executive agreed to the provision of a £10m loan to Coolsilk. The loan is to facilitate the redevelopment of Palatine Building into a 5 star Sands Venue Resort hotel. The loan, including interest, is repayable over 25 years and is secured against the completed development.

Laila's Fine Foods

On 10th September 2018 the Executive agreed to the provision of a £1m loan to Laila's Fine Foods. The loan is towards the working capital requirements for their food manufacturing business. The loan, including interest, is repayable over 10 years and is secured in the form of a second charge against named commercial and residential property.

Ocean Boulevard III Ltd

At its meeting on 24th April 2017 the Executive agreed to the provision of a £12m loan to Ocean Boulevard III Ltd. The loan is to facilitate the building of a 120 bedroom hotel on the site of the former Star Public House. The loan, including interest, is repayable over 12 years and is secured as a first charge over the 125 year leasehold interest in the property and a fixed and floating charge over all other assets.

Blackpool Pleasure Beach

In 2010/2011 the authority granted a loan of £5m to Blackpool Pleasure Beach towards the development of Nickelodeon Land. The loan is due to be repaid by November 2020 and interest is charged at the market rate.

Blackpool Housing Company

On 20th July 2015 Executive agreed to draw down the funding offered in the Growth Deal of £26m from Public Works Loan Board to fund Blackpool Housing Company's housing regeneration programme. An additional £1.6m was met from earmarked revenue reserves.

The £27.6m will take the form of £11.6m in equity and £16m in loans. Interest on the loans is charged at market rates and loan repayments will be made once revenue streams are established and are of sufficient scale.

Business Loans Fund

The Council set up a £3m fund for businesses to safeguard and create jobs and help Blackpool get through the recession. The fund was increased to £10m in 2015/16. Subsequently as part of the 2017/18 budget approval the fund has been increased to £100m. The aim of the fund is to provide a lifeline for local, normally sound businesses that are currently experiencing difficulty in getting finance from the banks because of the global slow down.

All of the loans above have been taken from the Business Loans Fund along with a number of smaller loans totalling £1m.

In addition to the new loans shown separately in the table above a further two loans totalling £136,158 were issued in 2018/2019.

Waste Disposal Site

The total value of land held under the Waste Disposal contract at current market value is estimated at £4.4m. In 2015/16 this value was £3.385m. The increase of £1.015m is due to a revaluation in 2016/17 carried out by Lancashire County Council Estates Department. Under the terms of the Joint Working Agreement, Blackpool Council will be due a 12.5% share of this at the end of the contract.

Adult Social Care Deferred Payments Scheme

The Health & Social Care Act 2001 introduced the concept of a Deferred Payment Scheme. This legislation provides for the possibility of eligible service users putting off the sale of their home when they move into residential care and delaying the payment of the fees. Instead of paying the care home fees in full the resident will be financially assessed ignoring the value of the property and asked to contribute the lesser amount towards the cost of their care. The Council effectively provides an interest free loan and pays the difference between the amount contributed by the service user and the usual fee paid to the care home by the local authority.

The Council take out a legal charge on the service user's property. When the property is sold, the debt will usually be recovered in full. Interest is not charged on the amount due until 56 days after the person has died.

Lancashire County Developments

The loan to Lancashire County Developments is due to be repaid in 2031. Under the requirements of IAS 32 this loan has been revalued to fair value. The original amount of the loan was £721,000. The fair value of the loan in 2018/2019 was £427,362 (£408,361 in 2017/2018). The movement in fair value of £19,001 has been charged to the Comprehensive Income and Expenditure Account and then transferred to the Financial Instruments Adjustment Account via Movement in Reserves. This does not affect the loan repayment due to the authority in 2031.

22. Inventories

2018/2019	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	62	354	416
Purchases	26	1,905	1,931
Recognised as an expense in the year	(22)	(1,880)	(1,902)
Balance outstanding at year end	66	379	445

2017/2018	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	95	384	479
Purchases	49	1,646	1,695
Recognised as an expense in the year	(82)	(1,676)	(1,758)
Balance outstanding at year end	62	354	416

23. Debtors

31st March 2018 £000		31st March 2019 £000
13,362	Central government bodies	2,513
2,575	Other local authorities	2,251
2,204	NHS bodies	522
45,855	Other entities and individuals	57,664
(19,308)	Total impairment	(19,916)
44,688	Net Value of Debtors	43,034

24. Payments In Advance

31st March 2018 £000		31st March 2019 £000
6	Chief Executive	6
-	Adult Services	691
53	Community & Environmental Services	54
825	Children's Services	256
11	Governance & Partnership Services	2
4,634	Public Health	4,539
305	Community and Regeneration	624
443	Resources	278
129	Budgets Outside Cash Limit	15
6,406	Total Payments in Advance	6,465

25. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31st March 2018 £000		31st March 2019 £000
440	Cash held by the Authority	1,166
(824)	Bank current accounts	(1,348)
9,750	Short term deposits with institutions	7,800
9,366	Total	7,618

26. Receipts In Advance

31st March 2018 £000		31st March 2019 £000
(1,457)	Adult Services	(738)
(3,286)	Community & Environmental Services	(4,194)
(4,931)	Children's Services	(1,163)
(36)	Governance & Partnership Services	(42)
(1,271)	Chief Executive	(199)
(2,757)	Communications & Regeneration	(3,420)
(514)	Resources	(196)
(407)	Housing Revenue Account	(351)
(4,358)	Capital	(2,239)
(1,669)	Collection Fund	(1,054)
(15)	Public Health	(532)
(166)	Budgets Outside the Cash Limit	(203)
-	Contract Receivables under IFRS 15	(8)
(20,867)	Total Receipts in Advance	(14,339)

27. Creditors

	Long term creditors		Short term creditors	
	31st March 2019 £000	31st March 2018 Restated £000	31st March 2019 £000	31st March 2018 £000
Central Government Bodies	-	-	(7,265)	(3,264)
Other Local Authorities	-	-	(6,998)	(4,145)
NHS Bodies	-	-	(965)	(1,100)
Other Entities and Individuals	(85,832)	(91,730)	(37,557)	(28,472)
Accumulated Absence Provision	-	-	(1,320)	(1,144)
Total	(85,832)	(91,730)	(54,105)	(38,125)

28. Provisions

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2018	(5,952)	(9,199)	(15,151)
Additional Provisions Made in 2018/2019	(1,880)	(3,178)	(5,058)
Amounts Used in 2018/2019	1,223	2,572	3,795
Unused Amounts Reversed Back in 2018/19	-	1,863	1,863
Balance at 31 March 2019	(6,609)	(7,942)	(14,551)

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2017	(4,224)	(8,494)	(12,718)
Additional Provisions Made in 2017/2018	(6,022)	(11,439)	(17,461)
Amounts Used in 2017/2018	4,294	10,734	15,028
Balance at 31 March 2018	(5,952)	(9,199)	(15,151)

Outstanding legal cases

Injury Compensation Claims

Most of the injury compensation claims are individually insignificant. Significant claims are detailed in Note 6. They relate to personal injuries sustained where the Authority is alleged to be at fault (e.g. through failure to repair a road or pavement properly). Provision is made for those claims where it is deemed probable that the Authority will have to make settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled by 2018/2019. The Authority may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

Other Provisions

These represent amounts set aside to meet potential future liabilities. This includes a provision for Business Rate Appeals.

29. Usable Reserves

31st March 2018 £000		31st March 2019 £000
(2,097)	Schools Reserves	(1,931)
(4,034)	Unallocated General Fund Reserves	(7,057)
(5,870)	Housing Revenue Account	(5,705)
(36,819)	Earmarked Revenue Reserves	(41,662)
(4,508)	Capital Receipts Reserve	(7,527)
-	Major Repairs Reserve	-
(4,477)	Capital Reserves	(3,112)
(57,805)	Total Usable Reserves	(66,994)

30. Unusable Reserves

Restated 31st March 2018 £000		31st March 2019 £000
(88,392)	Revaluation Reserve	(97,472)
(10,101)	Available for Sale Financial Instrument Reserve	-
	- Financial Instruments Revaluation Reserve	(11,226)
(327,594)	Capital Adjustment Account	(327,644)
1,710	Financial Instruments Adjustment Account	1,664
234,810	Pensions Reserve	244,578
(243)	Collection Fund Adjustment Account	(489)
1,144	Accumulated Absences Account	1,320
(188,666)	Total Unusable Reserves	(189,269)

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.

2017/2018 £000		2018/2019 £000
(89,187)	Balance at 1st April	(88,392)
1,512	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,190)
(4,401)	Depreciation written out to Revaluation Reserve	(6,561)
2,292	Accumulated gains on assets sold or scrapped	-
1,392	Amount written off to the Capital Adjustment Account	1,671
(88,392)	Balance at 31st March	(97,472)

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised

Under IFRS 9 Financial Instruments the balance on the Available for Sale Reserve has been transferred to the Financial Instruments Revaluation Reserve.

2017/2018 £000		2018/2019 £000
(10,411)	Balance at 1st April	(10,101)
(440)	Upward revaluation of investments	-
750	Downward revaluation of investments	-
-	Transfer of opening balance to Financial Instruments Revaluation Reserve under IFRS 9	10,101
(10,101)	Balance at 31st March	-

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2017/2018 £000		2018/2019 £000
	- Balance at 1st April	-
	- Upward revaluation of investments	(1,650)
	- Downward revaluation of investments	525
	- Transferred of Available For Sale Reserve opening balance under IFRS 9	(10,101)
	- Balance at 31st March	(11,226)

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 enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs 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 enhancement.

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

Restated 2017/2018 £000		2018/2019 £000
(345,582)	Balance at 1st April	(327,594)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
36,013	- Charges for depreciation and impairment of non-current assets	36,796
23,685	- Revaluation losses on PPE from Revaluation Reserve	(1,671)
350	- Revenue expenditure funded from capital under statute	36
5,464	- 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	4,526
632	Adjusting amounts written out of the Revaluation Reserve	-
66,144	Net written out amount of the cost of non-current assets consumed in year	39,687
	Capital financing applied in year:	
(3,015)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(1,659)
(20,485)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(25,692)
(5,724)	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(9,596)
(18,932)	- Revenue contributions to financing of capital investment	(5,695)
-	- Business loans repayment of principal	2,905
(327,594)	Balance at 31st March	(327,644)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2017/2018 £000		2018/2019 £000
1,755	Balance at 1st April	1,710
(45)	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	(46)
1,710	Balance at 31st March	1,664

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 benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet 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.

2017/2018 £000		2018/2019 £000
264,692	Balance at 1st April	234,810
(43,821)	Remeasurement of net defined benefit liability (Actuarial gains/(losses) on pension assets (liabilities))	(6,749)
26,018	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	30,453
(37,275)	Employers pension contributions and deficit payments for future years	(1,022)
25,196	Transfer of upfront employers pension and deficit payments to General Fund	(12,914)
234,810	Balance at 31st March	244,578

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rate income in the Comprehensive Income and Expenditure Statement as it falls due from the council tax and business rate payers compared with statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/2018 £000		2018/2019 £000
(3,407)	Balance at 1st April	(243)
3,164	Amount by which council tax and non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(246)
(243)	Balance at 31st March	(489)

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 eg 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.

2017/2018 £000		2018/2019 £000
1,373	Balance at 1st April	1,144
(1,373)	Settlement or cancellation of accrual made at the end of the preceding year	(1,144)
1,144	Amounts accrued at the end of the current year	1,320
1,144	Balance at 31st March	1,320

31. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2017/2018 £000		2018/2019 £000
(990)	Interest Received	(2,089)
6,765	Interest Paid	7,685
(858)	Dividend Received	(915)

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

2017/2018 Restated £000		2018/2019 £000
(41,148)	Depreciation/Impairment charges to CIES	(36,796)
16,942	Movement in Pension Liability	(29,431)
636	Increase/(decrease) in Payments in Advance	59
8,875	Increase/(decrease) in Debtors	(1,654)
(63)	Increase/(decrease) in Inventories	29
(2,433)	(Increase)/decrease in Provisions	600
(770)	(Increase)/decrease in Creditors	(15,980)
1,882	(Increase)/decrease in Creditors over 1 year	5,898
374	(Increase)/decrease in Receipts in Advance	4,325
1,856	Other non-cash items charged to the net surplus or deficit on the provision of services	9,468
(13,849)	Total	(63,482)

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

2017/2018 £000		2018/2019 £000
20,377	Capital grants credited to the surplus or deficit on the provisions of services	25,692
(5,464)	Loss on disposal of property, plant and equipment investment property and intangible assets	(2,588)
(23,137)	Billing Authorities - Collection Fund adjustments	(5,695)
(8,224)	Total	17,409

32. Cash Flow Statement – Investing Activities

31st March 2018 £000		31st March 2019 £000
33,784	Purchase of property, plant & equipment, investment property and intangible assets	33,077
2,498	Other payments for investing activities	19,084
(3,015)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(1,773)
(22,634)	Capital Grants received	(29,466)
10,633	Net cash flows from investing activities	20,922

33. Cash Flow Statement – Financing Activities

31st March 2018 Restated £000		31st March 2019 £000
(538,157)	Cash receipts of short and long term borrowing	(282,793)
(956)	Other receipts from financing activities	(6,363)
470,436	Repayments of short and long term borrowing	277,565
61,656	Other payments for financing activities	26,161
(7,021)	Net cash flows from financing activities	14,570

34. Cash Flow Statement – Cash & Cash Equivalents

	31st March 2019 £000	31st March 2018 £000	Movement £000
Cash in Hand & at Bank	494	440	54
Bank overdrawn	(676)	(824)	148
Short term investments	7,800	9,750	(1,950)
Balance at 31 March	7,618	9,366	(1,748)

35. Reconciliation of Liabilities Arising From Financing Activities

	1st April 2018 £000	Financing Cash Flows £000	31st March 2019 £000
Long term borrowings	90,343	(448)	89,895
Short term borrowings	153,776	5,676	159,452
Lease liabilities	61,919	203	62,122
PFI Liabilities	44,126	(1,419)	42,707
Total Liabilities from Financing Activities	350,164	4,012	354,176

	1st April 2017 £000	Financing Cash Flows £000	31st March 2018 £000
Long term borrowings	84,701	5,642	90,343
Short term borrowings	91,697	62,079	153,776
Lease liabilities	47,965	13,954	61,919
PFI Liabilities	47,387	(3,261)	44,126
Total Liabilities from Financing Activities	271,750	78,414	350,164

36. Road Charging Schemes under the Transport Act 2000

2017/2018 £000		2018/2019 £000
(1,674)	On-street parking operation surplus	(1,583)
	Utilised to Fund:	
4,439	Public Transport	4,652
265	Traffic Management & Road Safety	299
4,704	Total Qualifying Expenditure	4,951

Decriminalised Parking Enforcement (DPE) of on-street parking was introduced in November 2003 as part of the Local Transport Plan with the aim of reducing congestion and improving traffic management. The surplus arising from on street parking is used to defray qualifying expenditure. The use of DPE is governed by section 55 of the Road Traffic Regulation Act 1984, as amended from October 2004 by section 95 of the Traffic Management Act 2004. This specifies the use that DPE surpluses may be put to.

37. Agency Services

The Authority provides payroll services for Chorley Borough Council, Fylde Borough Council, Blackpool Coastal Housing, Baines School, Claremont First Step Centre, Blackpool Grand Theatre, Blackpool Operating Company and a number of Academies. These organisations pay a management fee to the Council for the service. The total management fee received by the Council in 2018/2019 was £229,476 (2017/2018 £193,349). The management fee is based on the number of employees paid.

38. Pooled Budgets

On 1st April 2015 the Council entered into a Pooled Budget arrangement with NHS Blackpool Clinical Commissioning Group in relation to the Better Care Fund.

The Government created the Better Care Fund to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services, and shifting resources into social care and community services for the benefit of the people, communities and health and care systems.

2017/18 £000			2018/19 £000	
9,127	25,051	Funding provided to the pooled budget:		
15,924		Local Authority Blackpool Council Trust Blackpool CCG	12,334 17,028	29,362
17,953	24,832	Expenditure met from the pooled budget:		
6,879		Local Authority Blackpool Council Trust Blackpool CCG	21,267 7,819	29,086
	219	Net surplus arising on the pooled budget during the year		276

39. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year.

2017/2018 £000		2018/2019 £000
730	Allowances	742
55	Expenses	58
785	Total	800

40. Officers' Remuneration

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 is set out on the next page.

	Number in 2018/2019		Number in 2017/2018	
	Schools	Other Staff	Schools	Other Staff
	£50,000 - £54,999	10	25	12
£55,000 - £59,999	8	25	4	22
£60,000 - £64,999	3	10	6	10
£65,000 - £69,999	6	10	5	4
£70,000 - £74,999	-	6	2	5
£75,000 - £79,999	2	2	2	3
£80,000 - £84,999	1	-	2	-
£85,000 - £89,999	2	1	-	1
£90,000 - £94,999	2	2	-	4
£95,000 - £99,999	-	3	-	1
£100,000 - £104,999	-	1	-	1
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	-	-	-	1
£115,000 - £119,999	-	1	-	-
£120,000 - £124,999	-	1	-	-
£135,000 - £139,999	-	-	-	1
£140,000 - £144,999	-	1	-	-
TOTAL	34	88	33	74

The remuneration paid to the Authority's senior officers is as follows:

Employees in Post 2018/2019							
Post Holder Information	Salary	Expense Allowance	Compensation for loss of Office	Benefits in Kind	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£	£	£
Chief Executive - Neil Jack	141,297	-	-	-	141,297	20,820	162,117
Director of Resources	103,687	-	-	789	104,476	15,346	119,822
Director of Communications & Regeneration (Note H)	97,728	562	-	576	98,866	-	98,866
Director of Governance & Partnership Services	93,762	-	-	49	93,811	13,877	107,688
Director of Community & Environmental Services	94,387	-	-	427	94,814	13,877	108,691
Director of Public Health	115,908	4,841	-	166	120,915	16,668	137,583
Director of Childrens Services	96,691	-	-	-	96,691	15,529	112,220
Director of Adult Services	98,707	-	-	318	99,025	14,516	113,541
Director of Strategy and Assistant Chief Executive	87,321	-	-	280	87,601	12,924	100,525
TOTAL	929,488	5,403	-	2,605	937,496	123,557	1,061,053

Employees in Post 2017/2018							
Post Holder Information	Salary	Expense Allowance	Compensation for loss of Office	Benefits in Kind	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£	£	£
Chief Executive - Neil Jack	137,914	-	-	122	138,036	20,411	158,447
Director of Resources	99,377	-	-	1,219	100,596	14,708	115,304
Director of Place	94,772	963	-	842	96,577	1,478	98,055
Director of Governance & Partnership Services	89,826	-	-	201	90,027	13,294	103,321
Director of Community & Environmental Services	89,826	-	-	82	89,908	13,294	103,202
Director of Public Health	105,959	4,841	-	391	111,191	15,237	126,428
Director of Childrens Services - Established 1st April 2017	90,473	-	-	-	90,473	13,390	103,863
Deputy Director of People (Adults) - Disestablished 31 May 2017 (Note E)	17,426	-	-	93	17,519	2,579	20,098
Director of Adult Services - Established 1st June 2017 (Note F)	76,637	-	-	302	76,939	11,342	88,281
Director of Strategy and Assistant Chief Executive - Established 1st October 2017 (Note G)	35,531	-	-	147	35,678	6,335	42,013
TOTAL	837,741	5,804	-	3,399	846,944	112,068	959,012

NOTES

A – Compensation for loss of office includes statutory redundancy pay. Statutory pension strain is included within employer pension contributions. Pension strain is the cost to the Council of the redundancy/retirement. It is not the amount received by the post holder.

B – Benefits in kind include travel & subsistence expenses, professional fees.

C – Expense Allowances include essential car user payments.

D – Salary includes a voluntary reduction for unpaid leave which commenced in April 2011

2017/18

E – The post was disestablished on 31st May 2017. The post holder became Director of Adult Services.

F – The post was established on 1st June 2017. Their full year contracted salary is £94,063.

G – The post was established on 1st October 2017. Their full year contracted salary is £87,282.

2018/19

H- The post of Director of Place was renamed Director of Communications and Regeneration

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table on the next page:

Exit Package Cost by Band (incl Special Payments)	Number of Compulsory Redundancies		Number of Other Agreed Departures		Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019 £000	2017/2018 £000
£0 - £20,000	0	2	38	58	38	60	346	487
£20,001 - £40,000	2	-	7	12	9	12	224	307
£40,001 - £60,000	0	-	1	5	1	5	48	238
£60,001 - £80,000	0	-	1	3	1	3	75	245
£80,001 - £100,000	0	-	0	-	-	-	-	-
£100,001 - £150,000	0	-	1	1	1	1	107	131
Total	2	2	48	79	50	81	800	1,408

41. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors. From 1st April 2018 Deloitte became the Council's external auditors, replacing KPMG.

	2018/19 £000	2017/18 £000
Fees payable to auditors with regard to external audit services carried out by the appointed auditor	85	110
Fees payable to auditors in respect of other inspections	16	1
Fees payable to auditors for the certification of grant claims and returns	17	16
Total	118	127

42. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget as defined in the School Finance (England) Regulations 2011. The schools budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2018/2019 are as follows:

	CENTRAL EXPENDITURE £000	ISB £000	TOTAL £000
Final DSG for 2018/19 before academy & high needs recoupment			110,001
Academy & high needs figure recouped for 2018/19			64,303
Total DSG after Academy & high needs recoupment for 2018/19			45,698
B/F from 2017/18			26
C/F to 2019/20 agreed in advance			0
Agreed initial budget distribution in 2018/19	28,298	17,426	45,724
In year adjustments	-	-	-
Final budgeted distribution for 2018/19	28,298	17,426	45,724
Less Actual Central Expenditure	29,119		
Less Actual ISB deployed to Schools		17,426	
Plus Local authority contribution for 2018/19	400	0	400
C/F to 2019/20	(421)	0	(421)

43. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/2019.

	2018/2019 £000	2017/2018 £000
Credited to Taxation and Non Specific Grant Income		
Non-Domestic Rates Retained	19,735	20,961
Non-Domestic Rates Top Up	23,528	22,858
Revenue Support Grant	19,691	24,534
Section 31 Grants	4,039	4,578
New Homes Bonus	465	946
Improved Better Care Fund	4,973	5,397
Opportunity Areas	3,796	1,545
Other Contributions	463	
Capital Grants - Other	25,692	20,378
Total	102,382	101,197
Credited to Services		
Dedicated Schools Grant	44,788	42,655
Pupil Premium Grant	3,372	3,316
Housing & Council Tax Benefit Administration Subsidy	831	908
Rent Allowance Subsidy	61,142	62,313
Rent Rebates	12,205	12,526
Public Health Grant	18,428	18,914
Street Lighting PFI	2,627	2,627
Building Schools for the Future PFI	3,024	3,481
Universal Infant Free School Meals	571	637
Other Grants and Contributions	8,025	4,923
Total	155,013	152,300

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that, if not met, will require the monies or property to be returned to the provider. The balances at year end are as follows:

	2018/2019 £000	2017/2018 £000
Revenue Grants Received in Advance	3,932	768
Capital Grants Received in Advance		
Department of Health	386	645
Environment Agency grants	2,571	2,711
Local Transport Plan	5,275	3,989
Empty Homes	798	798
Education & Skills Funding Agency	5,918	2,509
Other Grants & Contributions	452	2,545
Total	15,400	13,197

44. Related Parties

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

Central Government

Central Government has significant control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 42. Capital grant receipts unspent at 31st March 2019 are shown on Note 42.

Members

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

In respect of the 2018/19 financial year a number of council members had a controlling interest in a company, partnership, trust or entity. The controlling interest was by way of ownership, or as a director, member, trustee, governor or partner of an organisation. The existence of the procedures described above ensure 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 2018/2019 is shown in Note 38.

During the year a Member of the Council had a private interest in Blackpool, Fylde and Wyre Society for the Blind. The Council made payments to this organisation amounting to £304,433 in 2018/2019 (2017/2018 - £271,436) to meet the Council's social care responsibilities.

During the year a Member of the Council had a private interest in Calico Enterprise Limited who provide support to residents in times of need. The Council made payments to this organisation totalling £288,992 in 2018/19 (2017/2018 - £288,699) and at 31st March 2019 owed this company £19,500. These payments were to meet the Council's social responsibilities.

During the year a Member of the Council had a private interest in Little George's Nursery School, a local nursery. The Council made payments to this organisation totalling £215,348 in 2018/19 (2017/2018 - £160,304). These payments were to meet the Council's early years' responsibilities.

These transactions were conducted at arms-length and in accordance with the Authority's financial regulations.

Chief Officers

The Director of Resources is a board member of Lancashire Pension Board and acts as a representative for the Fund's employers.

It is considered that transactions identified involving Chief Officers with related parties are not material.

Other Public Bodies

The authority has a pooled budget arrangement with NHS Blackpool Clinical Commissioning Group in relation to the Better Care Fund. Transactions and balances outstanding are detailed in Note 37.

The Council received £18.4m Public Health grant in 2018/19 (£18.9m in 2017/18) for the delivery of Public Health services which aim to improve health outcomes for all ages and removing health inequalities across the borough. The Public Health grant is allocated to the Council as a ring-fenced grant.

The following table shows the precepts and levies during the year:

Precepting & Levying Bodies	Precepts/Levies 2018/19	Other Expenditure 2018/19	Precepts/Levies 2017/18	Other Expenditure 2017/18
	£000	£000	£000	£000
Police & Crime Commissioner for Lancashire	6,427	109	5,900	315
Lancashire Fire Authority	2,443	1	2,764	2
Environment Agency	68	8	68	5

The precepts paid to Police and Crime Commissioner for Lancashire and Lancashire Fire Authority are to distribute Council Tax collected on behalf of the related party.

The payment to the Environment Agency is the Flood Defence Levy, where there was some other expenditure primarily for drainage works.

Entities Controlled or Significantly Influenced by the Authority

The authority controls Blackpool Transport Services Limited through its ownership of 100% shares in the Company. The authority provided loans to the Company. The balance outstanding on these loans at 31st March 2019 was £12,881,000. Full details are in Note 21.

The authority controls Blackpool Housing Company Limited through its ownership of 100% shares in the Company. The authority provided loans to the Company. The balance outstanding on these loans at 31st March 2019 was £14,200,000. Full details are in Note 21.

The authority controls Blackpool Coastal Housing, Blackpool Airport, Blackpool Entertainment Company and Blackpool Operating Company through its ownership of 100% shares in the companies. Full details are in Section 7 Group Accounts

45. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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. The CFR is analysed in the second part of this note.

	2018/2019 £000	2017/2018 £000
<u>Capital Financing Requirement</u>		
Opening Capital Financing Requirement	304,471	285,144
Capital Investment		
Property, Plant & Equipment	33,077	28,211
Investment Properties	3,216	767
Assets under Construction	10,311	4,806
Revenue Expenditure funded from Capital under Statute	2,182	2,498
Long Term Debtor -Loan to Blackpool Transport Services	2,967	12,604
Long Term Debtor - Loan to Blackpool Victoria Hospital	-	9,212
Long Term Debtor - Loan to Create	1,924	2,563
Long Term Debtor - Loan to Blackpool Housing Company	5,400	8,800
Long Term Debtor - Loan to Laila's Fine Foods	1,022	-
Long Term Debtor - Ocean Boulevard III	6,748	-
Long Term Debtor - Coolsilk	5,045	-
Sources of Finance		
Capital Receipts	(1,773)	(3,015)
Government Grants & Other Contributions	(28,019)	(22,634)
Sums set aside from Revenue	(18,929)	(23,038)
Payments Received for :-		
Long Term Debtor -Loan to Blackpool Transport Services	(1,520)	(1,003)
Long Term Debtor - Loan to Blackpool Victoria Hospital	(1,385)	(444)
Long Term Debtor - Loan to Laila's Fine Foods	(26)	-
Closing Capital Financing Requirement	324,711	304,471
Explanations of Movements in Year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	20,240	19,327
Increase in Capital Financing Requirement	20,240	19,327

46. Leases

Authority as Lessee

Finance Leases

Waste Services

The Council has recognised a finance lease creditor in respect of the borrowing raised by Lancashire County Council to settle the PFI liability in respect of the waste PFI. The assets underpinning the finance lease are the land and buildings comprising the waste plants. Blackpool Council's share of the liability is 12.5%.

The total future repayments payable at 31st March 2019 were as follows:

	31st March 2019 £000
Payments due no later than one year	1,034
Payments due later than one year not later than five years	4,543
Payment due later than five years	25,730
Total	31,307

Ribble House

At its meeting on 19th February 2018 the Executive agreed to enter into a 30 year lease for Ribble House with an option to acquire the office premises at the end of the lease term. The lease payments escalate on an annual basis at the lower of 5% per annum and the all items retail price index. The escalation is applied to the preceding annual lease payments. The net book value of the property at 31st March 2019 was £17m.

The total future repayments payable at 31st March 2019 were as follows:

	Minimum Lease Payments	
	31st March 2019	31st March 2018
	£000	£000
Not later than one year	690	690
Later than one year and not later than five years	4,798	2,760
Later than five years	16,574	17,264
Total	22,062	20,714

The council has sub-let the office accommodation held under this finance lease. At 31st March 2019 the minimum payments expected to be received under non-cancellable sub-leases was £13,500,000 (£14,850,000 at 31st March 2018)

The Authority as Lessor

The Council has granted various property leases including the lease of the Sandcastle Waterpark and Ribble House. The rentals received for these 2 properties in 2018/2019 amounted to £1,725,000 (2017/2018 £1,725,000). The gross value of these assets held for use in leases was £24,692,660 at 31st March 2019 (2017/2018 £25,028,440). The assets have been subject to £1,007,340 depreciation at 31st March 2019.

The future minimum lease payments under non-cancellable lease for all property leases in future years are:

	Minimum Lease Payments	
	31st March 2019 £000	31st March 2018 £000
Not later than one year	2,033	1,720
Later than one year and not later than five years	6,249	5,173
Later than five years	8,401	7,140
Total	16,683	14,033

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

47. Private Finance Initiative (PFI)

Highfield Leadership Academy (previously Highfield Humanities College) PFI

The Highfield Leadership Academy PFI scheme is the only PFI school resulting from the Government's Building Schools for the Future Programme. This project consists of the new build of a secondary school for up to 1,216 pupils and the provision of a fully managed facility for a period of 25 years by the selected operator.

The operator is Eric Wright Facilities Management via the Highfield PFI SPV Limited (a company wholly owned by Blackpool Local Education Partnership, a joint venture between Eric Wright Group, Blackpool Council and Northgate Management Services). The total projected cost over the life of the project is £98m which is funded by PFI credits of £40m from the Department of Education with the remainder funded by the School and Local Authority contributions.

On 1st April 2017 the school converted to an Academy and the assets relating to the PFI were transferred to Tauheedul Education Trust the school's Governing Body and are no longer recognised on the Authority's Balance Sheet. However, the liability for the remaining payments relating to the scheme are still held on the Authority's Balance Sheet under Long Term Creditors. The school makes a contribution to the Authority for these payments.

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2019 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Service £000	Repayment Liability £000	Interest £000	Total Payment Due £000
Payable 2019/20	1,269	601	1,913	3,783
Payable in two to five years	5,717	2,329	7,033	15,079
Payable in six to ten years	8,512	3,850	7,336	19,698
Payable in eleven to fifteen years	10,186	5,625	5,147	20,958
Payable in sixteen to twenty years	6,799	6,839	1,591	15,229
Total	32,483	19,244	23,020	74,747

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2017/2018 £000		2018/2019 £000
(20,238)	Balance outstanding at start of year	(19,758)
480	Payments during the year	514
(19,758)	Total	(19,244)

Street Lighting and Signals PFI

The scheme, supported by the Department for Transport, was signed in December 2009, and provides for the design, maintenance and replacement of Street Lighting and Signals across the town. The contract was awarded to Community Lighting Partnership. The project commenced on 4th January 2010 and is for 25 years. The service provider is responsible for the management and maintenance of street lights and signals within Blackpool. The total sum payable to the contractor over the term of the contract is £128.076m, being met from Government Grant and Authority contributions.

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2019 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Service £000	Repayment Liability £000	Interest £000	Total Payment Due £000
Payable 2019/20	2,433	1,005	1,146	4,584
Payable in two to five years	7,311	5,096	4,444	16,851
Payable in six to ten years	7,987	11,009	5,451	24,447
Payable in eleven to fifteen years	17,067	17,333	3,334	37,734
Payable in sixteen to twenty years	2,967	4,311	157	7,435
Total	37,765	38,754	14,532	91,051

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure already incurred is as follows:

2017/2018 £000		2018/2019 £000
(28,047)	Balance outstanding at start of year	(27,149)
898	Payments during the year	946
-	Additions	(41)
-	Refinancing of PFI	2,781
(27,149)	Total	(23,463)

48. Impairment Gains

During 2018/2019, the Authority has recognised an impairment gain of £847,539 (2017/2018 £5,486,309) in relation to land and buildings. The impairment gain has been charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

49. Termination Benefits

The Authority terminated the contracts of a number of employees in 2018/2019 incurring liabilities of £800,017 (2017/2018 £1,408,243).

50. Pension Schemes Accounted For As Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of the members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. The scheme has in excess of 3,700 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2018/2019 the Council paid £1,801,095 (2017/18 £1,824,555) to the Department for Education in respect of teachers retirement benefits, representing 16.48% of teachers' pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £2.3m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' pension scheme. These costs are accounted for on a defined benefit basis and detailed in Note 50.

The Authority is not liable to the scheme for any other entities obligations under the plan.

NHS Staff Pension Scheme

From 1st April 2013 NHS staff working within Public Health transferred to the Council. The transferred staff have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined benefit contribution.

In 2018/2019, the Council paid £95,197 (2017/18 £98,011) to the NHS Pension Scheme in respect of Public Health employees' retirement benefits, representing 14.38% (2016/17 14.3%) of pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £95,000.

51. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme which is administered by Lancashire County Council. This is a funded defined benefit final salary scheme, which means that the Council and employees pay contributions into the fund, calculated at a level intended to balance pension liabilities with the investment assets.

The Lancashire 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 at Lancashire County Council. Policy is determined in accordance with the Pension Fund Regulations. The Treasurer of Lancashire County Council is also the Treasurer of Lancashire Pension Fund. The investment managers of the fund are appointed by the committee. There are currently nine external investment managers.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie 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 and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

McCloud Judgement

Claims of unlawful discrimination have been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019 the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Local Government Pension Scheme members. This would lead to an increase in Local Government Pension Scheme liabilities and our actuaries (Mercers) using specific assumptions and applying these across the scheme as a whole have estimated the potential increase in scheme liabilities for the Council to be approximately £5m. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the Council's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Local Government Pension valuation is due to take place in 2020 with implementation of the results planned for 2020/21 and the Council will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

Transactions Relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported 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:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
<i>Service Cost comprising</i>				
- current service cost	19,556	20,081	0	0
- past service costs	5,460	747	0	0
- (gain)/loss from settlements	0	(495)	0	0
<i>Financing & Investment Income and Expenditure</i>				
Net interest expense	5,353	5,600	84	85
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	30,369	25,933	84	85
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
- Actuarial gains and losses arising on changes in financial assumptions	44,580	(32,189)	180	(91)
- Other	(51,509)	(11,541)	0	0
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(6,929)	(43,730)	180	(91)
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(30,369)	(25,933)	(84)	(85)
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	870	37,122		
Retirement benefits payable to pensioners			152	153

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 pension benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Present value of the defined benefit obligation	855,206	781,728	3,431	3,319
Fair value of plan assets	(626,341)	(575,433)	0	0
Net liability arising from defined benefit obligation	228,865	206,295	3,431	3,319

Reconciliation of the Movements in the Fair Value of Scheme (Plan)

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Opening fair value of scheme assets	575,433	529,295	0	0
Interest Income	14,765	13,952	0	0
Remeasurement gain/(loss):				
- The return on plan assets , excluding the amount included in the net interest expense	51,509	11,541	0	0
- Other	(305)	(291)	0	0
Contributions from employer	870	37,122	152	153
Contributions from employees into the scheme	3,926	3,751	0	0
Benefits paid	(19,857)	(19,835)	(152)	(153)
Other	0	(102)	0	0
Closing fair value of scheme assets	626,341	575,433	0	0

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Opening balance at 1 April	781,728	790,509	3,319	3,478
Current service cost	19,251	19,790	0	0
Interest cost	20,118	19,552	84	85
Contributions from scheme participants	3,926	3,751	0	0
Remeasurement (gains) and losses:				
- Actuarial gains/losses arising from changes in demographic assumptions	0	0	0	0
- Actuarial gains/losses arising from changes in financial assumptions	44,580	(32,189)	180	(91)
- Other	0	0	0	0
Past service cost	5,046	0	0	0
Losses/(gains) on curtailment (where relevant)	414	747	0	0
Benefits paid	(19,857)	(19,835)	(152)	(153)
Liabilities extinguished on settlements (where relevant)	0	(597)	0	0
Closing balance at 31 March	855,206	781,728	3,431	3,319

	Fair Value of Scheme Assets	
	2018/19 £000	2017/18 £000
Cash & cash equivalents	3,644	(2,407)
Bonds:		
- Corporate	7,344	10,113
- Government	22,017	14,286
Sub total bonds	29,361	24,399
Property:		
-Retail	15,078	15,824
- Commercial	43,300	38,290
Sub total property	58,378	54,114
Private Equity:		
UK	0	0
Overseas	324,232	297,440
Sub total private equity	324,232	297,440
Other investment funds:		
- Credit Funds	44,472	106,029
- Pooled Fixed Income	68,128	14,197
- Infrastructure	88,540	72,922
- Property	9,586	8,739
Sub total other investment funds	210,726	201,887
Total assets	626,341	575,433

Local Government Pension Scheme assets comprised:**Basis for Estimating Liabilities**

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

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Mercers, an independent firm of actuaries, estimates for the Lancashire County Council Fund being based on the latest full valuation of the scheme as at 1 April 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2018/19 £000	2017/18 £000	2018/19 £000	2017/18 £000
Mortality assumptions: Men/Women	99%/93%	99%/93%	99%/93%	99%/93%
Longevity at 65 for current pensioners:				
- Men	22.8yrs	22.7yrs	22.8yrs	22.6yrs
- Women	25.5yrs	25.4yrs	25.5yrs	25.2yrs
Longevity at 65 for future pensioners:				
- Men	25.1yrs	25yrs	0.0%	0.0%
- Women	28.2yrs	28yrs	0.0%	0.0%
Rate of inflation	2.2%	2.1%	2.3%	2.1%
Rate of increase in salaries	3.7%	3.6%	0.0%	-
Rate of increase in pensions	2.3%	2.2%	2.4%	2.2%
Rate for discounting scheme liabilities	2.4%	2.6%	2.4%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of 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 or decreases 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 accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2016/2017.

	Impact on the Defined Benefit Obligation in the Scheme	
	Approximate % change in employee liability	Approximate monetary value £000
1 year increase in member life expectancy	1.97%	16,848
Rate of Inflation - increase by 0.1%	1.83%	15,650
Rate of increase in salaries - increase by 0.1%	0.24%	2,052
1% increase in real discount rate	(1.79%)	(15,308)

Impact on Authority's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Lancashire County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 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 the 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 scheme to pay pensions and other benefits.

52. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks are:

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

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on resources available to fund services. Risk management is carried out by the Treasury Management Panel, under policies approved by the Executive in the Council's Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The criteria are based on information from Fitch, Moody's and Standard and Poors, the three principal credit ratings agencies.

Banks – the authority will use banks which have at least the following ratings:

- Short term – F1 or equivalent
- Long term – Single A or equivalent.

Building Societies – the authority will use any UK society with assets in excess of £1.5 billion.

Local authorities – the authority will use upper tier authorities only.

Investments in UK Government – permitted due to overall security

Investments in supranational institutions – not permitted along with investments in money market funds.

The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Executive.

The Authority's potential maximum exposure to credit risk in relation to its investments in banks and building societies of £7.8m cannot be assessed generally as the risk of any institution failing to make the interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at 31st March 2019 that this was likely to crystallize.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2019 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2019 %	Estimated maximum exposure to default and uncollectability At 31st March 2019 £000	Estimated maximum exposure at 31st March 2018 £000
Deposits with banks and financial institutions	7,800	0	0	0	9,750
Customers	43,479	35%	0	15,218	26,701

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 customers, such that £32.1m of the £43.48m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31st March 2019 £000	31st March 2018 £000
Up to 3 months	665	844
Three to six months	678	731
Six months to one year	987	1,069
1-2 years	303	372
2-3 years	262	112
Over 3 years	472	458
Total	3,367	3,586

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. Except for short term temporary borrowing the strategy is to ensure that not more than 30% of loans are due to mature within any rolling five year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	31st March 2019 £000	31st March 2018 £000
Less than one year	159,452	153,776
Between one and two years	1,184	6,895
Between two and five years	7,761	13,162
Between five and ten years	20,878	12,277
Between ten and fifteen years	14,778	14,696
Between fifteen and twenty years	2,960	2,960
More than twenty years	42,334	40,353
Total	249,347	244,119

All trade and other payables are due to be paid in less than one year.

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 Service 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 the 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 the 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. Policy is to aim to keep a maximum of 35% of its long-term borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management panel has an active strategy for assessing interest rate exposure that feeds into the annual budget setting. Any adverse changes are updated in the budget during the year. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher with all other variables held constant, the financial effect would have a £1.5m effect on the financial statements. This assumption is based on the methodology used in the Note – Fair Value of Assets and Liabilities.

Price Risk

The Authority does not invest in equity shares but does have shareholdings with a fair value of £28.75m in a number of subsidiaries.

As the shareholdings have arisen in the acquisition of specific interests, the Authority is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the authority can monitor factors that might cause a fall in the value of specific shareholdings.

All movements in share price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £1.4m gain or loss being recognised in the Other Comprehensive Income and Expenditure for 2018/2019.

Foreign Exchange Risk

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

53. Contingent Liabilities /Assets

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/2013. Although Blackpool Council is not a scheme creditor the Council will have a liability in relation to Lancashire County Council (for transferred services). It is not yet clear how much this liability will be.

NNDR Appeals

The Council has made provision for NNDR appeals based upon its best estimate of the actual liability as at the year end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

As at 31st March 2019 the Council had no material contingent assets to disclose.

These assets and liabilities are not included on the Balance Sheet.

54. Heritage Assets: Five Year Summary of Transactions

Information on Illuminations and Civic Regalia is not available before 1st April 2010. The Tower Company Collection only transferred to the Authority in March 2009 and there have been no movements in the valuation. There have been no movements in the valuation of the art collection, local and family history collection and Stanley Park statues.

	2014/2015 £000	2015/2016 £000	2016/2017 £000	2017/2018 £000	2018/2019 £000
Balance B/fwd					
Cenotaph	120	120	120	120	20
Civic Regalia	591	591	591	591	510
Illuminations	500	500	500	500	550
Tower Collection & Local Family History Collection	900	900	900	900	1,450
Art Collection	5,000	5,000	5,000	5,000	5,655
Stanley Park Statues	653	653	653	653	-
Total Balance B/fwd	7,764	7,764	7,764	7,764	8,185
Additions					
Art Collection	-	-	-	55	-
Total Additions	-	-	-	55	-
Impairment/Revaluation					
Cenotaph	-	-	-	(100)	-
Civic Regalia	-	-	-	(81)	-
Illuminations	-	-	-	50	-
Tower Collection & Local Family History Collection	-	-	-	550	-
Art Collection	-	-	-	600	-
Stanley Park Statues	-	-	-	(653)	-
Total Impairment/Revaluation	-	-	-	366	-
Balance C/fwd					
Cenotaph	120	120	120	20	20
Civic Regalia	591	591	591	510	510
Illuminations	500	500	500	550	550
Tower Collection & Local Family History Collection	900	900	900	1,450	1,450
Art Collection	5,000	5,000	5,000	5,655	5,655
Stanley Park Statues	653	653	653	-	-
Total Balance C/fwd	7,764	7,764	7,764	8,185	8,185

Section 6

Supplementary Single Entity Financial Statements

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised is shown in the Movement in Reserves Statement on the Housing Revenue Account Statement.

Housing Revenue Account			
Income and Expenditure Statement for the Year Ended 31st March 2019			
2017/2018		2018/2019	
£000		£000	£000
	Expenditure		
5,621	Repairs and maintenance	3,929	
5,816	Supervision and management	7,494	
131	Rent, rates , taxes and other charges	158	
8,315	Depreciation and impairment of non-current assets	5,547	
73	Debt management costs	72	
216	Movement in the allowance for bad debts	184	
20,172	Total Expenditure		17,384
	Income		
(16,775)	Dwelling rents	(16,775)	
(164)	Non-dwelling rents	(126)	
(1,648)	Charges for services and facilities	(1,686)	
(130)	Contributions towards expenditure	(532)	
(18,717)	Total Income		(19,119)
1,455	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account		(1,735)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
174	Loss on sale of HRA non-currents assets	128	
-	Capital grants	(1,563)	
383	Interest payable and similar charges	398	
(53)	Interest and investment income	(110)	(1,147)
1,959	Deficit for the year on HRA services		(2,882)

Movement on the Housing Revenue Account Statement for the Year Ending 31st March 2019

	2018/2019 £000	2017/2018 £000
Balance on HRA Reserve at 31st March	(5,870)	(6,857)
Surplus/Deficit for the year on HRA Income and Expenditure Statement	(2,882)	1,959
Adjustments between accounting basis and funding basis under statute	3,047	(5,579)
Net increase or decrease in year	165	(3,620)
Transfers to/from Reserves	-	4,607
Balance on HRA Reserve at 31st March	(5,705)	(5,870)

Notes to the HRA Statement

1. Housing Revenue Account Stock

The Council owned 4,801 dwellings at 31st March 2019 which are analysed below:-

	2018/2019	2017/2018
Bedsits	88	87
Flats	2,859	2,847
Maisonettes	-	5
Bungalows	80	80
Houses	1,730	1,684
Multi occupied dwellings	44	44
Total	4,801	4,747

The change in the stock during the year is summarised below:-

	2018/2019	2017/2018
Stock at 1st April	4,747	4,751
Less: Sales to tenants	22	13
Disposal of Kennedy House	-	4
Disposal of Chepstow Road site	6	-
Add: Queens Park Phase II	78	13
Troutbeck Buy Backs	4	
Stock at 31st March	4,801	4,747

The Balance Sheet value of assets held in the Housing Revenue Account was as follows:-

	2018/2019 £000	2017/2018 £000
Operational assets:		
Council dwellings	115,557	114,305
Other HRA	2,330	1,992
Stock at 31st March	117,887	116,297

2. Dwelling Rents

This is the total rent due for the year after allowance is made for voids etc. During the year 3.0% of lettable properties, excluding hostels, were vacant (2017/18: 2.3%). This includes properties intentionally held vacant pending the ongoing re-development of the Queens Park estate and other sites. During the year the average void rate for hostels was 12% (2017/18 - 16%).

The average rent (excluding Affordable Rent properties) was £67.47 a week in 2018/19, a decrease of 0.6% over the previous year.

	2018/2019 £000	2017/2018 £000
Vacant possession value of properties	287,612	284,482

The vacant possession value of dwellings held on 31st March 2019 was £287,612,030. The difference between this and the Existing Use Value (Social Housing) valuation of £115,557,452 represents the economic cost to the Government of providing council housing at less than the open market rents.

3. Major Repairs Reserve

The movements in the Major Repairs Reserve (MRR) are summarised below:

	2018/2019 £000	2017/2018 £000
Balance at 1st April	-	-
Transferred to MRR during the year	-	-
Transfer between MRR and HRA during the year	2,857	2,909
Debits to MRR during the financial year in respect of capital expenditure:		
Houses held within HRA	(2,857)	(2,909)
Balance at 31st March	-	-

4. Housing Repairs Account

The movement on the Housing Repairs Account during the year is summarised below:

	2018/2019 £000	2017/2018 £000
Balance at 1st April	-	-
Add: Revenue contribution	3,929	4,607
Less: Expenditure in year		
Responsive repairs	(2,805)	(2,768)
Planned maintenance	(1,124)	(1,839)
Balance at 31st March	-	-

5. Capital Expenditure within Housing Revenue Account

	2018/2019 £000	2017/2018 £000
Total capital expenditure within the Housing Revenue Account on land, housing & other property	9,319	8,006
Sources of funding for the above Capital Expenditure:		
- Usable Capital Receipts	391	325
- Revenue contributions (as defined in Local Government & Housing Act 1989)	3,692	4,607
- Major Repairs Reserve	2,857	2,909
- Grants and other funding	2,379	165
Total capital expenditure within the HRA	9,319	8,006

Usable capital receipts totalling £391,000 were received and applied during the year.

6. Depreciation Charge within the HRA

	2018/2019 £000	2017/2018 £000
Depreciation charges for:		
- Operational assets, comprising dwellings and other land and buildings	2,791	2,839
- Non-Operational assets	66	70
Total	2,857	2,909

7. Impairment

	2018/2019 £000	2017/2018 £000
Impairment charges in respect of land, houses and other property within the HRA	2,690	5,406

The basis of valuation of the housing stock within the HRA is Existing Use Value – Social Housing (EUV-SH). This is calculated by applying a prescribed discount factor to the Existing Use Value – Vacant Possession (EUV-VP) as advised by the Department for Communities and Local Government (DCLG). Since 2016/17 the discount factor to be applied throughout the North West has been set at 40%.

The 2018/19 HRA revaluation exercise was a desk top review which resulted in a total impairment of £3,225,000.

8. Government Rules

The Localism Act 2011 resulted in the cessation of the Housing Subsidy System on 31st March 2012 and the introduction of the HRA self-financing system on 1st April 2012. One of the purposes for the introduction of the Act is to enable all local authorities to be in a position whereby they can manage their homes from their own income.

a) The Ring-fence

The present rules do not allow authorities to transfer funds from the Housing Revenue Account to the General Fund or vice versa except under specified conditions. The items to be included within the Housing Revenue Account are also specified.

b) Control

A deficit balance on the Account is not allowed and the format of the Account must comply with Schedule 4 of the Act.

c) Annual Report

An annual report to tenants must be published detailing activities and performance during the year.

9. Rent Arrears

Rent Arrears for 2018/2019 amounted to £756,000 compared to £680,000 in the previous year. During the year 2018/2019 rent arrears as a proportion of gross collectable rent (including service charges) were 3.96% (2017/2018: 3.62%).

Amounts written off during the year amounted to £136,000 (2017/18: £257,000). The total provision for bad and doubtful rental debts in the Housing Revenue Account at 31st March 2019 is £662,000 (£581,000 at 31st March 2018). This provision has been calculated in accordance with the Housing Revenue Account (Arrears of Rents and Charges) Directions 1990.

Collection Fund 2018/2019

Collection Fund Statement 2018/19

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

2017/2018 £000 Council Tax	2017/2018 £000 NDR	2017/2018 £000 Total		2018/2019 £000 Council Tax	2018/2019 £000 NDR	2018/2019 £000 Total
			Income			
58,763		58,763	Council Tax Receivable	62,046		62,046
	44,897	44,897	Business Rates Receivable		46,855	46,855
58,763	44,897	103,660	Total Income	62,046	46,855	108,901
			Expenditure			
			<u>Apportionment of previous year's surplus/deficit</u>			
	(119)	(119)	Central Government		228	228
1,888	(117)	1,771	Blackpool Council	1,135	223	1,358
91	(2)	89	Lancashire Fire Authority	52	5	57
225		225	Police & Crime Commissioner for Lancashire	132		132
			<u>Precepts, Demands and Shares</u>			
	21,388	21,388	Central Government		20,138	20,138
50,845	20,961	71,806	Blackpool Council	54,732	19,735	74,467
2,336	428	2,764	Lancashire Fire Authority	2,443	403	2,846
5,900		5,900	Police & Crime Commissioner for Lancashire	6,427		6,427
			<u>Charges to Collection Fund</u>			
(2,521)	(1,050)	(3,571)	less: Write offs of uncollectable amounts	(2,757)	(1,406)	(4,163)
872	1,315	2,187	less: Increase/Decrease in BDP	642	1,483	2,125
	2,183	2,183	less: Increase/Decrease in Provision for Appeals		1,800	1,800
	261	261	less: Cost of Collection		259	259
	4,590	4,590	less: Transitional Protection Payments		2,141	2,141
59,636	49,838	109,474	Total Expenditure	62,806	45,009	107,815
873	4,941	5,814	(Surplus)/Deficit for the Year	760	(1,846)	(1,086)
			Collection Fund Balance			
(3,523)	(785)	(4,308)	Fund balance at 1st April (Surplus)/Deficit	(2,650)	4,156	1,506
(2,650)	4,156	1,506	(Surplus)/Deficit as at 31st March 2019	(1,890)	2,310	420
			Allocated to:			
(2,281)	2,037	(244)	- Blackpool Council	(1,622)	1,132	(490)
(103)	42	(61)	- Lancashire Fire Authority	(72)	23	(49)
(266)		(266)	- Police & Crime Commissioner for Lancashire	(196)		(196)
	2,077	2,077	- Central Government		1,155	1,155
(2,650)	4,156	1,506	Total	(1,890)	2,310	420

Notes to the Collection Fund

1. General

The Collection Fund statement shows the transactions of the billing authority in relation to the collection of council tax from taxpayers and non-domestic rates from business rate payers. The Council has a statutory requirement to operate a Collection Fund separate account to the General Fund. The Collection Fund is distributed between the Council, Central Government, Police and Crime Commissioner for Lancashire and Lancashire Fire Authority.

From 1st April 2013, the local government finance regime was revised with the introduction of a retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the area. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows Councils to retain 49% of the total NNDR received. The remaining 51% is paid to Central Government (50%) and Lancashire Fire Authority (1%).

NNDR surpluses and deficits are apportioned /charged to the relevant preceptors in the following financial year.

25. Council Tax

The Council as a billing authority is required to set a tax base for each billing year by 31st January of the previous year. The council tax base represents the number of chargeable dwellings in each valuation band (adjusted for discounts etc) multiplied by a set proportion to give the number of Band D equivalents.

The tax base is not constant. The number of properties eligible for discounts varies during the year. The number of properties on the valuation list also varies during the year owing to new properties being occupied and others being demolished. As a result the amount receivable from council tax payers in the year varies from the estimated amount. This will result in a surplus or deficit on the Collection Fund in respect of council tax. Surplus and deficits on the Collection Fund are shared between the Council, Police and Crime Commissioner for Lancashire and Lancashire Fire Authority in proportion to their budgets. The Council's share of any surplus/deficit is used to reduce/increase the council tax bills in the subsequent financial year.

The Council tax base for 2018/2019 was 36,219 (35,662 in 2017/2018). This increase is mainly as a result of the Government's Council Tax Localisation changes which revised the way Central Government pay Council Tax benefit compensation to the Council.

The tax base for 2018/2019 was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	32	5/9	18
A	16,459	6/9	10,973
B	14,675	7/9	11,414
C	8,842	8/9	7,859
D	3,852	1	3,852
E	1,594	11/9	1,949
F	476	13/9	687
G	216	15/9	360
H	18	18/9	36
Less allowances for non collection			929
Tax Base for the Calculation of Council Tax			36,219

26. National Non-Domestic Rates

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VO) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR Pool) administered by Central Government, which in turn paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/2014 the administration of NNDR changed following the introduction of a business rate retention scheme which aims to give councils greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of collectable rates due. Blackpool Council's local share is 49%. The remainder is distributed to the preceptors which are Central Government (50%) and Lancashire Fire Authority (1%).

The business rates shares payable for 2018/2019 were estimated before the start of the financial year as £20.138m (£21.388m in 2017/18) to Central Government, £0.403m (£0.428m in 2017/18) to Lancashire Fire Authority and £19.735m (£20.961m in 2017/18) to Blackpool Council. These sums have been paid in 2018/2019 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all local authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Blackpool received top up grant to the General Fund in 2018/2019 to the value of £23.528m (£22.858m in 2017/2018).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VO. Authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to precepting shares. The total provision charged to the Collection Fund for 2018/2019 has been calculated at £11.797m (£9.998m in 2017/2018).

For 2018/2019, the total non-domestic rateable value at the year- end is £127.959m. The national multiplier for 2018/2019 was 49.3p (46.6p in 2017/2018) for qualifying small businesses and the standard multiplier being 48.0p (47.9p in 2017/2018) for all other businesses.

27. Allocation Of Closing Balances

The allocation of the closing balances for 2018/2019 between the preceptors is as follows:

	Central Government £000	Blackpool Council £000	Lancashire Fire Authority £000	Police Authority £000	Enterprise Zone £000	Total £000
Council Tax						
Arrears at 31st March 2019		14,944	667	1,934		17,545
Receipts in Advance		(707)	(32)	(92)		(831)
Bad Debt Provision		(6,117)	(273)	(792)		(7,182)
Surplus/Deficit		(1,622)	(72)	(196)		(1,890)
Business Rates						
Arrears at 31st March 2019	3,032	2,971	61		0	6,064
Receipts in Advance	(321)	(315)	(6)		0	(642)
Bad Debt Provision	(1,253)	(1,228)	(25)		(105)	(2,611)
Appeals	(5,661)	(5,547)	(113)		(476)	(11,797)
Surplus/Deficit	1,155	1,132	23		0	2,310

Section 7

Group Accounts 2018/2019

7.0 Introduction

The Group Accounts show the combined overall financial position of the Council, its subsidiary companies and its associates.

Subsidiaries are where the Council exercises control. Blackpool Transport Services, Blackpool Operating Company, Blackpool Coastal Housing, Blackpool Housing Company, Blackpool Entertainment Company and Regional & City Airports (Blackpool) Holdings Ltd are 100% owned by the Council and are therefore classified as subsidiaries. They are incorporated into the accounts on a line-by-line basis.

Associates are where the Council exercises significant influence. Marketing Lancashire is classified as such and is incorporated into the accounts on an equity basis.

Subsidiaries

Blackpool Transport Services

Registered Address: Rigby Road, Blackpool FY1 5DD
Company Number: 02003020

Blackpool Transport Services Limited was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation. The company provides a comprehensive passenger transport service in the Fylde coast area through its bus and tram operations.

Blackpool Operating Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09405354

The Council purchased the operation of the Sandcastle Waterpark from a private company on 20th June 2003 and now wholly owns both the building and the commercial operator - Blackpool Operating Company Limited (BOC). The Council's shares in Blackpool Operating Company are valued at £2.

Blackpool Coastal Housing

Registered Address: Coastal House, 17-19 Abingdon Street, Blackpool FY1 1DG
Company Number: 05868852

Blackpool Coastal Housing is an ALMO (arms-length management organisation) of the Council and was formed on 15th January 2007. The company's principal activities are to manage and maintain the housing stock of the Council.

Blackpool Entertainment Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09044792

The Council purchased the operation of the Winter Gardens from a private company on 16th May 2014 and now wholly owns both the building and the commercial operator - Blackpool Entertainment Company Limited (BECL). The Council's shares in BECL are valued at £1.

Blackpool Housing Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09405354

Blackpool Housing Company Limited was set up on 26th January 2015. The company is a housing regeneration company and is wholly owned by the Council.

Blackpool Airport Ltd

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 6581425

In September 2017 the Council completed the purchase of Blackpool Airport. The Council, which was previously a 5% shareholder in the Airport, signed a £4.25m deal with previous owners Balfour Beatty to fully take over the holding company Regional & City Airports (Blackpool) Holdings Ltd. The Council has acquired all shares in Regional & City Airports (Blackpool) Holdings Ltd and has now taken over 100% ownership of the airport site.

Associates

Marketing Lancashire

Registered Address: Christ Church Precinct, County Hall, Fishergate Hill, Preston, PR1 8XJ
Company Number: 05039554

Marketing Lancashire (previously known as Lancashire and Blackpool Tourist Board) is limited by guarantee and therefore has no share capital. The Council has 43% of the voting rights. It supports businesses in the Lancashire and Blackpool area by representing their interests regionally and nationally, by co-ordinating marketing activity, managing and developing the tourism product and working in partnership with industry. Activities in commercial membership, business support, "Welcome to Excellence" training, visitors services and marketing activity are all designed to improve quality and achieve common goals.

Core Financial Statements - Group

Group Movement in Reserves Statement

2018/19

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31st March 2018	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(188,666)	(246,471)	1,211	(245,260)
Movements in Reserves in 2018/2019											
(Surplus) or Deficit on the provision of services	11,715	-	(2,882)	-	-	-	8,833	-	8,833	1,252	10,085
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(18,625)	(18,625)	(1,660)	(20,285)
Total Comprehensive Income and Expenditure	11,715	-	(2,882)	-	-	-	8,833	(18,625)	(9,792)	(408)	(10,200)
Adjustments between accounting basis and funding basis under regulations	(18,334)	-	3,047	169	-	-	(15,118)	15,118	-	-	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(6,619)	-	165	169	-	-	(6,285)	(3,507)	(9,792)	(408)	(10,200)
Transfer to/(from) Earmarked Reserves	3,762	(4,843)	-	(3,188)	-	1,365	(2,904)	2,904	-	-	-
(Increase)/Decrease in 2018/2019	(2,857)	(4,843)	165	(3,019)	-	1,365	(9,189)	(603)	(9,792)	(408)	(10,200)
Balance as at 31st March 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(189,269)	(256,263)	803	(255,460)

2017/2018

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31st March 2017	(6,422)	(37,501)	(6,857)	(3,193)	-	(4,873)	(58,846)	(155,690)	(214,536)	652	(213,884)
Movements in Reserves in 2017/2018											
Surplus or Deficit on the provision of services	15,990		1,959				17,949	-	17,949	21,835	39,784
Other Comprehensive Income & Expenditure							-	(49,884)	(49,884)	(21,276)	(71,160)
Total Comprehensive Income and Expenditure	15,990	-	1,959	-	-	-	17,949	(49,884)	(31,935)	559	(31,376)
Adjustments between accounting basis and funding basis under regulations	9,019		(5,579)		(2,909)		531	(531)	-	-	-
Net increase or Decrease before Transfer to Earmarked Reserves	25,009	-	(3,620)	-	(2,909)	-	18,480	(50,415)	(31,935)	559	(31,376)
Transfer to/from Earmarked Reserves	(24,718)	682	4,607	(1,315)	2,909	396	(17,439)	17,439	-	-	-
Increase/Decrease in 2017/2018	291	682	987	(1,315)	-	396	1,041	(32,976)	(31,935)	559	(31,376)
Balance as at 31st March 2018	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(188,666)	(246,471)	1,211	(245,260)

Group Comprehensive Income and Expenditure Statement

2017/2018				2018/2019		
Restated Gross Expenditure £000	Restated Gross Income	Restated Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
8,232	(4,074)	4,158	Chief Executive	6,440	(5,026)	1,414
5,004	3,119	8,123	Governance and Partnership Services	5,942	(3,431)	2,511
323	(2)	321	Ward Budgets	552	(5)	547
15,667	(10,659)	5,008	Resources	32,132	(10,805)	21,327
7,001	(9,070)	(2,069)	Communication and Regeneration	13,889	(9,894)	3,995
6,804	(3,117)	3,687	Strategic Leisure Assets	8,090	(4,696)	3,394
60,515	(27,129)	33,386	Community and Environmental Services	67,827	(34,067)	33,760
71,193	(31,404)	39,789	Adult Services	81,074	(28,381)	52,693
103,691	(71,441)	32,250	Children's Services	125,193	(71,672)	53,521
21,839	(21,769)	70	Public Health	22,475	(21,807)	668
171,906	(130,997)	40,909	Budgets Outside the Cash Limit	96,665	(111,591)	(14,926)
(184)	(2,733)	(2,917)	Contingencies	1,306	(5,276)	(3,970)
20,172	(18,717)	1,455	Housing Revenue Account	17,384	(19,119)	(1,735)
492,163	(327,993)	164,170	Cost of Services	478,969	(325,770)	153,199
		6,885	Other Operating Expenditure			2,367
		6,069	Financing & Investment Income & Expenditure - Other			11,436
		5,591	Income & Expenditure in relation to Investment Properties and changes in their fair value			1,502
		(142,973)	Taxation and Non-Specific Grant Income - Other			(158,718)
		39,742	(Surplus) or Deficit on Provision of Services			9,786
		3	Share of (Surplus)/Deficit on the Provision of Services by Associates			9
		39	Tax of Subsidiaries			290
		39,784	Group (Surplus)/Deficit			10,085
		(40,918)	Surplus or Deficit on revaluation of non-current assets			(10,751)
		310	Surplus or deficit on revaluation of available for sale financial assets			(1,125)
		(45)	Movement on financial instruments adjustment account			-
		(33,918)	Remeasurement of the net defined pension liability			(8,409)
		3,411	Other Movements			-
		(71,160)	Other Comprehensive Income and Expenditure			(20,285)
		(31,376)	Total Comprehensive Income and Expenditure			(10,200)

Group Balance Sheet

Restated 1st April 2017 £000	Restated 31st March 2018 £000		Notes	31st March 2019 £000
749,701	742,792	Property, Plant and Equipment	G3	755,988
7,764	8,185	Heritage Assets		8,185
17,347	47,293	Investment Property		61,903
32	-	Intangible Assets		-
122	123	Net share of Associates		132
654	1,110	Assets Held for Sale		897
10,421	10,111	Long Term Investments		11,511
8,121	17,797	Long Term Debtors		30,843
794,162	827,411	Long Term Assets		869,459
1,245	1,121	Inventories		1,274
38,822	47,116	Short Term Debtors	G5	46,677
6,070	6,486	Payments in Advance		7,564
18,556	14,615	Cash and Cash Equivalents	G4	13,504
64,693	69,338	Current Assets		69,019
(91,697)	(153,776)	Short Term Borrowing		(159,452)
(50,114)	(46,136)	Short Term Creditors	G6	(65,823)
(18,365)	(20,867)	Receipts in Advance		(14,339)
(14,416)	(17,869)	Provisions		(17,845)
(174,592)	(238,648)	Current Liabilities		(257,459)
(77,378)	(91,711)	Long Term Creditors		(85,576)
(84,701)	(90,343)	Long term Borrowing		(89,895)
(292,227)	(217,590)	Other Long Term Liabilities		(234,688)
(16,073)	(13,197)	Capital Grants in Advance		(15,400)
(470,379)	(412,841)	Long Term Liabilities		(425,559)
213,884	245,260	Net Assets		255,460
(58,846)	(56,594)	Usable Reserves		(66,191)
(155,038)	(188,666)	Unusable Reserves		(189,269)
(213,884)	(245,260)	Total Reserves		(255,460)

Group Cash Flow Statement

2017/2018 £000		2018/2019 £000
39,784	Net (surplus) or deficit on the provision of services	10,085
(28,441)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(64,097)
(41,779)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	17,409
(30,436)	Net cash flows from Operating Activities	(36,603)
10,633	Investing Activities	20,922
15,862	Financing Activities	14,570
(3,941)	Net (increase) or decrease in cash and cash equivalents	(1,111)
18,556	Cash and cash equivalents at the beginning of the reporting period	14,615
14,615	Cash and cash equivalents at the end of the reporting period	13,504

Notes to the Group Accounts

G1. Prior Period Adjustments

The 2017/18 statement of accounts was prepared using draft accounts for Blackpool Airport Limited. Following receipt of the signed accounts intra group investments have been removed on consolidation. This has resulted in the following changes to the 2017/18 Group Balance Sheet.

	Balances at 31st March 2018 as previously stated	2017/18 Restated	Change to Balances at 31st March 2018
	£000	£000	£000
Long Term Investments	28,138	10,111	(18,027)
Long Term Assets	845,438	827,411	(18,027)
Short Term Debtors	47,105	47,116	11
Cash & Cash Equivalents	14,614	14,615	1
Current Assets	69,326	69,338	12
Short Term Creditors	(46,092)	(46,136)	(44)
Current Liabilities	(238,604)	(238,648)	(44)
Net Assets	263,319	245,260	(18,059)
Unusable Reserves	(74,653)	(56,594)	18,059
Total Reserves	(263,319)	(245,260)	18,059

G2. Accounting Policies

The group accounts include the Council's share of the operating results, assets and liabilities of each group entity's accounts. Subsidiaries are accounted for on an acquisition basis and incorporated line-by-line, writing out inter-group transactions. Associates are incorporated by accounting for the Council's share of their operating results in the group income and expenditure accounts and of their assets in the balance sheet.

G3. Inter Group Transactions

Certain figures from the balance sheets of Group members have been taken out of the consolidated position as they represent amounts outstanding within the Group and therefore cancel each other out in the balance sheet. The adjustments are as follows:

- i) The Council owns shares to the value of £2,789,000 in Blackpool Transport. This has been taken out of long term investments and capital and reserves.
- ii) The Council owns shares to the value of £10,425,000 in Blackpool Housing Company. This has been taken out of long term investments and capital and reserves.
- iii) The Council owns shares to the value of £4,250,000 in Regional and City Airports (Blackpool) Holdings Limited. This has been taken out of long term investments and capital and reserves
- iv) An amount of £1,232,019 representing amounts outstanding between the Council and Blackpool Coastal Housing has been taken out of debtors and creditors.
- v) An amount of £500,000 representing amounts outstanding between the Council and Blackpool Transport Services has been taken out of short term loans and short term creditors.
- vi) An amount of £12,881,000 representing loans to Blackpool Transport from the Council has been taken out of long term debtors and long term borrowing.
- vii) An amount of £14,200,000 representing loans to Blackpool Housing Company from the Council has been taken out of long term debtors and long term borrowing.

G4. Property, Plant and Equipment

	NBV 31st March 2019 £000	NBV 31st March 2018 £000
Property, Plant & Equipment held by the Council	731,653	719,475
Property, Plant & Equipment held by		
- Blackpool Transport Services	17,866	17,176
- Blackpool Operating Company	1,304	951
- Blackpool Coastal Housing	77	91
- Blackpool Entertainment Company	544	577
- Blackpool Housing Company	313	326
- Blackpool Airport Ltd	4,231	4,196
Total	755,988	742,792

G5. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2018/19 £000	2017/18 £000
Cash and cash equivalents held by the Council	7,618	9,366
Cash and cash equivalents held by:-		
- Blackpool Transport Services	737	627
- Blackpool Operating Company	1,321	649
- Blackpool Coastal Housing	1,155	1,675
- Blackpool Entertainment Company	1,567	1,354
- Blackpool Housing Company	1,098	522
- Blackpool Airport	8	422
Total	13,504	14,615

G6. Short Term Debtors

The group short-term debtors are made up of the following amounts:

	2018/19 £000	2017/18 £000
Debtors - single entity accounts	43,034	44,688
Debtors held by:-		
- Blackpool Transport Services	2,712	4,026
- Blackpool Operating Company	373	95
- Blackpool Coastal Housing	1,114	1,506
- Blackpool Entertainment Company	-	805
- Blackpool Housing Company	99	171
- Blackpool Airport Ltd	607	756
Removal of intra group debtors	(1,262)	(4,931)
Total	46,677	47,116

G7. Short Term Creditors

The group short-term creditors are made up of the following amounts:

	2018/19 £000	2017/18 £000
Creditors - single entity accounts	(54,105)	(38,125)
Creditors held by;-		
- Blackpool Transport Services	(4,283)	(4,379)
- Blackpool Operating Company	(2,039)	(604)
- Blackpool Coastal Housing	(1,447)	(2,200)
- Blackpool Entertainment Company	(4,422)	(4,137)
- Blackpool Housing Company	(762)	(551)
- Blackpool Airport Ltd	(827)	(1,071)
Removal of intra group creditors	2,062	4,931
Total	(65,823)	(46,136)

Section 8

Annual Governance Statement

Annual Governance Statement 2018/2019

Acknowledgement of Responsibility

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The Principles of Good Governance

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31st March 2019 and up to the date of the approval for the statement of accounts for that year.

The Governance Framework

The key elements of the structures and processes that comprise Blackpool Council's governance arrangements are summarised below.

Code of Conduct and Behaviours

Codes of Conduct are in place that define standards of behaviours for elected members and officers. Adherence to these is a key part of good governance. These are further supported by the Council's Whistleblowing Policy, Registers of Interests and Gifts and Hospitality Policies. Processes are in place to deal with non-compliance through the Council's Disciplinary Policy for Officers and the Monitoring Officer and/or Standards Committee for Elected Members.

A Leadership Charter is in place which aims to bring to life the vision for the Council's workforce as outlined in the Workforce Strategy 2016-2020 and it has been embedded with the Individual Performance Appraisal Process (IPA).

The Council strives to deliver equal opportunities to all and equality impact assessments form a part of the decision making process. The Equalities and Diversity Manager has developed a directorate self-assessment tool to monitor compliance and implemented Equality and Diversity Awareness Training for managers across

the Council. The self-assessment process has been piloted by the Resources Directorate and is now being rolled out across all other Council directorates.

Organisational Culture

The Council's organisational culture is driven by the Corporate Leadership Team and Executive and a set of values have been defined which all employees and elected members are expected to adhere to and these include:

- We are **accountable** for delivering on the promises we make and take responsibility for our actions and the outcomes achieved
- We are committed to being **fair** to people and treat everybody we meet with dignity and respect
- We take pride in delivering **quality** services that are community focussed and are based on listening carefully to what people need
- We act with integrity and we are **trustworthy** in all our dealings with people and we are open about the decisions we make and the services we offer
- We are **compassionate**, caring, hard-working and committed to delivering the best services that we can with a positive and collaborative attitude.

Commitment to Openness, Communication and Consultation

The Council complies with the requirements of the Transparency Agenda and provides a range of information in the public domain through its website. The Council adopts a priority campaign planning approach using a variety of different marketing communications channels. Key messages are also communicated to residents in the 'Your Blackpool' publication which is delivered to all Blackpool households on a quarterly basis. Following the findings of the December 2017 communications peer review, the Council will work further with its elected members to enhance their use of social media and has started to move towards greater use of social media as part of a strategic approach to communications. This approach is subject to monitoring and evaluation to test its effectiveness. The public are able to attend and speak at Committee and Full Council meetings. Full Council is broadcast on the Council's website.

The Council has in place a system to respond to Freedom of Information requests and compliance with the timelines is managed by the Information Governance Team.

Consultation and engagement with the public takes place by the lead service area, which can access the Council's in-house cost recovery research team Infusion Research, for wider ranging or more complex consultation exercises.

Structures are in place to ensure consultation with other public and voluntary sector agencies through the Fairness Commission and also local businesses through the Blackpool Business Leadership Group.

Developing, Communicating and Translating the Vision

A thorough review of the Council Plan was undertaken in 2018 to ensure it continues to address the key issues facing the town. As a result, the Council Plan 2019-2024 sets out the vision for Blackpool to continue to be *'The UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town'*. The two priorities remain the same as the previous iteration of the plan:

- The Economy: Maximising Growth and Opportunity across Blackpool.
- Communities: Creating Stronger Communities and Increasing Resilience.

Beneath each priority the plan details the key challenges faced by Blackpool and the key projects and schemes which will be implemented to address these issues. The Council Plan seeks to address the big issues and policy drivers facing local government. The concept of organisational resilience – ensuring that the organisation is capable of delivering the priorities, meeting its legal requirements, and maintaining

sustainability into the future - is captured throughout the plan, with the detail included in the Council's wider policy framework.

The new style plan illustrates through extensive photography and clear narrative the changes being made across the Borough, making it even more accessible than previous versions. In order to comply with new website accessibility guidelines, key parts of the plan are reproduced on the Council's website.

As in previous years the Council held a staff conference in 2018, hosted by the Chief Executive, with breakout sessions focussing on aspects of the Council's work across its directorates. These covered topics relevant to the plan, helping to encourage staff understanding of the direction taken by the Council and its Wholly Owned Companies.

The Corporate Delivery Unit has evolved since its introduction in 2016. Initially providing challenge to ensure that key outcomes identified in the Council Plan are achieved, it now also seeks to develop the provider market, allowing the Council to purchase services which meet needs more effectively. The business of the Transformation Board has been absorbed into the Corporate Leadership Team.

The Council priorities feed into directorate business plans and are a key tool for managers to use when developing business plans. The business plans then feed into Individual Performance Appraisals (IPA). A new business planning framework was developed for 2017 and is due to be reviewed in late 2019.

Performance Management

A Policy Framework is in place which sets out the corporate strategies and plans which are in place and the Corporate Delivery Unit has a role in the production, monitoring and management of these key documents.

The Council's performance management system is now well established, with strategic performance reported to Corporate Leadership Team and the relevant Scrutiny Committees, whilst local performance indicators are managed through the Business Planning Process. A specific partnership board was established in July 2017 to focus on the particular challenges of improving performance in Children's Services. The Children's Improvement Board has since been strengthened and is responsible for strategically driving and co-ordinating the response to the Ofsted inspection of Children's Services in November 2018 and subsequent inadequate judgement. An improvement plan has been developed, supported by a series of service plans to address the twelve areas for improvement identified in the inspection report. In addition the Youth Offending Partnership Board has been reviewed and an Executive Board created in response to the HMIP inspection of youth offending services in Blackpool in October 2018 and the inadequate judgement. The delivery of both improvement plans is supported by a robust performance and quality assurance framework to ensure that improvements in performance and practice are embedded within services.

In order to improve performance the Council participates in peer reviews and benchmarking exercises to learn from others and to ensure that services delivered are value for money. In 2017 peer reviews focussed on Communications and Children's Services. CIPFA was also commissioned to undertake a review of the Council's financial resilience with a focus on the savings proposals for 2017/18 onwards. It is intended that the LGA will be asked to undertake a peer review of Corporate Governance / Health in the future.

The Individual Performance Appraisal process which is in place is part of the Council's wider approach to performance management. The IPA process is an important tool designed to provide an opportunity to establish and understand expectations and to evaluate performance in order to help employees develop to their full potential. The IPA process is not a replacement for day to day people management so in addition employees are supported by their line managers and should be mentored, coached and directed according to their individual needs. This may come through regular one to one meetings, formal supervision meetings, team meetings and informal feedback. The Leadership Charter supports the Council's priorities and values and is included in the Managers IPA template. The Council's second Leadership survey has been undertaken to benchmark our performance and progress against the new Charter.

Roles and Responsibilities

Responsibilities and functions are in place for each Council Committee including Licensing, Planning, Standards, Scrutiny Committees and the Audit Committee. These are reviewed annually with any changes made at the Council's Annual Meeting to ensure that they continue to be fit for purpose. The Executive has agreed a set of criteria relating to the levels of decision making within the Executive Framework which provide clarity and consistency for decision makers.

All Council Officers, including the Corporate Leadership Team, have a job description which sets out their roles and responsibilities. Annually, through the Individual Performance Appraisal process individual objectives are set for each officer which align with their job description and the Business Plan for the Service in which they work.

The Corporate Leadership Team has been extended once a month to involve key Heads of Service in the decision making process. Steps continue to be taken to address some of the concerns with 'hard to recruit to posts' such as the development of the Next Step Blackpool website to recruit Children's Social Workers and Teachers to the area. In addition, there is ongoing investment in digital technologies to help improve capacity across the Council.

The Council's Constitution, including the Scheme of Delegation, sets out the arrangements and protocols which are in place to enable effective communication within the authority.

The Council has in place effective arrangements to discharge the Head of Paid Service function and this role is undertaken by the Chief Executive.

The Council has designated a Monitoring Officer and Deputy with appropriate qualifications and experience. The Monitoring Officer has the specific duty to ensure that the Council, its officers and its Elected Members maintain the highest standards in all they do and is responsible to the Council for ensuring that governance procedures are followed and all applicable statutes and regulations are complied with.

Decision Making

The Constitution sets out the functions and responsibilities of the Council, the Executive and Committees. Included in this are the delegation arrangements adopted by the Council and the Executive and this is reviewed on a regular basis.

All Executive decisions contain all relevant policy implications including financial, risk management, human resources, equality analysis, ethical considerations, legal considerations and links to Council priorities. All Executive decisions are subject to finance and legal approval before they are taken forward for a decision to be made. The Monitoring Officer or a designated representative, receives all decisions before they are processed and therefore is able to check the robustness of data quality prior to a decision being submitted for formal approval.

Cabinet Member and relevant Officer Decisions are published to meet transparency requirements and inform the public.

A framework for undertaking compliance checks to ensure that decision making processes are appropriate has been developed and these reviews are jointly carried out by Internal Audit and Democratic Governance and the findings reported to Audit Committee.

Compliance with relevant Laws, Regulations, Internal Policies and Procedures

A wide range of corporate policies and procedures are in place to ensure compliance with laws and regulations. These cover all key areas including financial management, human resources, procurement, contract management, risk management, business continuity, data protection, health and safety management arrangements and safeguarding arrangements.

Managers are responsible for ensuring that their service adheres to the relevant policies and procedures and Disciplinary and Capability Procedures are in place to deal with non-compliance. An audit was undertaken

to assess current levels of compliance and identify any necessary actions for improvement the results of which have been shared with the Corporate Leadership Team and Senior Leadership Team.

Internal and external audit arrangements are in place to provide a reasonable level of assurance on compliance with the Council's system of internal control. The Health and Safety Team also undertake a programme of audits to ensure that managers maintain their manuals and comply with statutory requirements.

The Council has obtained PSNN, PCI and N3 security compliance so that it can effectively share data with other organisations including the National Health Service and Department for Work and Pensions. There is an ongoing review of cyber risks and progress against this is monitored by the Audit Committee. An ICT Security Policy is in place. Considerable work has been undertaken throughout the year to help ensure compliance with the General Data Protection Regulations which came into effect in May 2018.

A Corporate Procurement and Projects Team is in place to support Heads of Services and Service Managers to undertake market engagement for those goods, services and works which are delivered through third-party organisations. Procedures are in place to ensure compliance with the Public Contract Regulations Act 2015, European Union Procurement Directive 2014 and the Council's Contract Procedure Rules. Standard Control Documents are used to ensure consistency of practice, demonstrate value for money and to maximise Social Value through tendering and contract arrangements.

Mandatory training is delivered in a number of ways including through the iPool online system to advise permanent and temporary employees of legislative requirements. Reporting tools have been developed to enable Managers to monitor completion of mandatory training courses and completion of Individual Performance Appraisals in real time.

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process ensures the application of the Constitution. The Monitoring Officer is responsible for the in-house legal team which serves as an additional control to ensure that the Council operates within the constraints of the law and the team hold LEXCEL accreditation.

A number of arrangements are in place to deal with potential breaches to compliance and these include a Data Breach Panel, Corporate Complaints Panel and Serious Case Reviews. These are chaired independently of the service which has breached requirements to ensure that objective decisions can be taken.

A Disclosure and Barring Service (DBS) Panel is in place which reviews any positive DBS's in relation to pre-employment checks to ensure Council wide robust and consistent decision making.

Financial Management

The Council has an appropriately qualified and experienced designated Chief Financial Officer who holds Section 151 responsibilities and a deputy has also been appointed. The Chief Financial Officer has arrangements in place for financial management, financial reporting and value for money which is assessed annually by the Council's external auditors.

Financial Regulations are in place which are supported by a Scheme of Delegation to ensure that managers are aware of the level of expenditure they are able to authorise.

The Council sets a lawful annual budget and is part way through a six year Medium Term Financial Sustainability Strategy. The associated plan is updated on an annual basis to enable early planning on the financial position to take place.

Monthly financial monitoring reports, starting from month 0, are reported to the Corporate Leadership Team, the Executive and Tourism, Economy and Resources Scrutiny Committee.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council facilitates a Public Inspection of the Accounts and publishes details of all payment transactions over and above the minimum requirements of the Transparency Code.

Audit Arrangements

An Audit Committee is in place which is independent of the scrutiny function. As a full committee of the Council it is able to discharge all the core functions of an Audit Committee outlined in the CIPFA Audit Committee: Practical Guidance for Local Authorities (2018), from which the Committee has adopted the model terms of reference. Over the past twelve months the Chair of the Audit Committee has continued to raise the profile of the Audit Committee and has presented a report to Full Council on the work of the Committee and has proactively requested Chief Officers and Head of Services to attend Committee to be challenged and held to account where controls issues have been identified. An independent member has been co-opted onto the Committee to enhance the robustness of the Committee.

Modular training is delivered prior to each Audit Committee meeting to ensure that members have the appropriate skills and knowledge to effectively discharge their duties.

The Council has an internal audit team who prepare an Annual Internal Audit Plan which is approved by the Corporate Leadership Team and the Audit Committee. This includes a balance of risk and compliance work. The audit opinion and assurance statement for each audit is reported quarterly to the Audit Committee.

In 2018/19 the Head of Audit and Risks Annual Audit Opinion was that sufficient assurance work was undertaken to provide a reasonable conclusion on the adequacy and effectiveness of the control environment and that the overall control environment at the Council is adequate, with the exception of Children's Services where significant risks have been identified by Ofsted. Where weaknesses were identified through internal audit work the team have worked with management to agree appropriate remedial actions and a timescale for improvement.

The Council's internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and the Public Sector Internal Audit Standards. An external review of the Council's compliance with the Public Sector Internal Audit Standards took place in 2016/17 which confirmed conformance with the standards. The recommendations made in the external assessment report have been incorporated into the Quality Assurance and Improvement Programme for the service.

External audit arrangements are in place and representatives are invited to attend Audit Committee to present the findings of their work and raise any concerns which they may have.

Risk Management

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council's Risk Management Framework 2018-2021. It is supported by directorate and thematic risk management groups.

All directorates have nominated risk champions to promote best practice in their areas and ensure that service level risk registers are in place and that risk registers are developed for major projects and partnerships where appropriate. A full review of all service level risk registers has been undertaken by Risk Services during the year to ensure consistency in approach and the identification of key risks.

The Strategic Risk Register is reviewed by the Corporate Leadership Team and considered by the Audit Committee annually. Chief Officers identified in the Strategic Risk Register are required to attend Audit Committee to explain how the risks are being managed and what further mitigating controls may be required.

Risk management should be considered for all decisions made by the Council and these are evidenced in the dedicated section on the decision making template.

A Corporate Business Continuity Plan and Critical Activities List are in place and this is supported by service level business continuity plans.

Counter Fraud and Anti-Corruption Arrangements

The Council has developed counter fraud and anti-corruption arrangements in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). A Fraud Prevention Charter has been

developed and approved by the Corporate Leadership Team and the Audit Committee. Any suspected instance of fraud or corruption should be reported to the Head of Audit and Risk so that an appropriate investigation into the matter can be undertaken.

A dedicated Corporate Fraud Team is in place which deals with a range of corporate fraud issues and proactive work has commenced on high risk areas such as insurance fraud, blue badges and council tax.

The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk.

The Council participates in the National Fraud Initiative and progress against this and outcomes, are reported to Audit Committee on quarterly basis.

A corporate group is in place to review the Council's use of covert surveillance and to ensure compliance with the Regulatory of Investigatory Powers Act (2000).

Scrutiny Arrangements

Three Scrutiny Committees are in place which reflect the Council's priorities including a Resilient Communities and Children's Scrutiny Committee, Tourism, Economy and Resources Scrutiny Committee and an Adults Social Care and Health Scrutiny Committee. These committees help empower elected members and provide them with the opportunity to challenge and hold decision makers to account. These Committees meet on a regular basis and the minutes of the meetings and supporting documentation are published.

Learning and Development

An Induction and Probation process is in place for all new employees in the Council. Following successful completion of the probation process employees will then receive a mandatory Individual Performance Appraisal (IPA). The IPA incorporates an annual and interim review, held at an appropriate time in a private, comfortable space and can be considered as the setting of a 'roadmap' for an employee for the coming twelve months.

A wide range of training is available corporately which is informed from development needs identified in the Individual Performance Appraisal. The Council is committed to leadership development and various courses are available to continue to develop skills and knowledge. A revised leadership development programme will be delivered in 2018/19 based upon the outcomes of the Leadership survey which has been conducted. An aspiring leadership programme has been delivered but further work is required in relation to succession planning and this will form part of HRs Business Plan for 2019/20. The attainment of professional qualifications in relevant disciplines is encouraged and the Council is committed to funding studies where appropriate.

Many professionals across the Council maintain continuing professional development records to ensure they continue to meet the requirements of their professional bodies.

A Workforce Strategy is in place and steps have been taken through the new Business Planning Framework to better align workforce planning with the business plan process. However it is recognised that this is in its infancy.

The Council runs an apprentice programme to encourage young people and those who may have struggled to access work previously to engage in employment with the Council. From 2016/17 the way apprentices are funded has changed as employers with a pay bill of more than £3m are now required to pay an Apprenticeship Levy. The Council pays the levy and is able to use this to access funding to meet the cost of apprenticeship training and assessment against the approved apprenticeship framework or standard and this funding is used for existing employees as well as new starters.

Project Search, the job scheme for young people with learning disabilities also ran for a third year where each of the students learn personal and job skills for a two month period before embarking on work placements to find a suitable job for them.

An induction programme is in place for all elected members. A three year development plan is in place for elected members which helps deliver training to help them fulfil their role. All elected members have a personal development plan which helps to identify training needs.

Partnerships and Joint Working

The Council is involved in a number of key projects with partner organisations in order to transform the way in which services are delivered. Examples include A Better Start and HeadStart which focus on early intervention in order to build resilience in the community. Boards with representation from partner organisations are also in place for key risks faced by the Council to introduce an element of independence and challenge. Transformation is also been achieved through the Opportunity Area funding stream which seeks to improve educational attainment.

Arrangements are in place for the provision of Shared Services with Fylde Borough Council in a number of areas, the most significant being the Revenues and Benefits Service. Shared arrangements are also in place with Blackpool Teaching Hospital NHS Foundation Trust in relation to legal services, information governance and emergency planning. The Council is also working jointly with other Fylde Coast authorities on the development of an enterprise zone and other economic prosperity opportunities to improve the local economy.

Where joint working arrangements are not achieving the desired outcomes this is recognised in the pilot phase of the scheme so that other opportunities and delivery models can be identified.

The Council has a number of wholly-owned companies, including the acquisition of Blackpool Airport in the year, and a Good Governance Framework is in place for each company in order to strengthen the governance arrangements in place and ensure that the Council's vision for the town, as the shareholder, is able to form part of the direction of travel of each company. The Framework also gives assurance that each company is operating in an effective and accountable way.

In order to strengthen the democratic accountability and due to the increasing number of companies, a Shareholder Advisory Board was appointed in September 2017. This Board, consisting of four councillors, meets senior company representatives on a twice yearly basis and helps co-ordinate the work of the Council and its companies. It provides feedback to the shareholder on key strategic performance and helps inform long term development across Blackpool. The Council is looking at the use of wholly owned companies further in the future and this new Board is an important mechanism to ensure any business case adds to the Council delivering its priorities and vision going forward.

Value for money in the procurement process is also being sought through collaborative tender exercises with other local authorities in the region to achieve economies of scale.

Annual Review of Effectiveness

Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The stages included in the review process and the key findings from each are summarised below.

Good Governance Group

A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Head of Audit and Risk, Head of Democratic Governance, Transformation Manager, Deputy

Head of Legal Services, Head of ICT, Chief Accountant, Equality and Diversity Manager and the Head of Organisation and Workforce Development.

Elected Member Workshop

A workshop was held on the 7th March 2019 with representation from Scrutiny, Audit and Standards Committees and facilitated by the Head of Audit and Risk, Head of Democratic Governance and the Transformation Manager. A representative of the Executive was also consulted as part of the process.

The workshop was based around the principles of good governance and elected members were asked to establish what arrangements are already in place and these have been reflected in the overview of the governance framework included in this report. Elected members were also asked to identify areas for further development and these have been incorporated into the governance issues action plan.

Key Officer Consultation

Key officers who are involved in governance were consulted as part of the production of the Annual Governance Statement. This consultation identified a number of areas of good practice and these have been summarised in the governance framework outlined earlier in this report and areas for improvement have been captured in the significant governance issues action plan.

Control Self-Assessment Questionnaire

The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls.

Review of 2018/19 Actions

A summary of the actions completed in 2018/19 can be seen in **Appendix 1** and any partially implemented actions have been carried forward into the 2019/20 action plan.

Assurance Statement

The results of the effectiveness of the governance framework have been considered by the Corporate Leadership Team and Audit Committee who have determined that the arrangements are fit for purpose in accordance with the governance framework.

Governance Issues

Actions have been identified as part of the 2018/19 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed significant but have been included to aid openness and transparency.

Issue	Actions	Responsible Officer (s)	Target Date
Code of Conduct and Behaviours	Review the Government response to the consultation on Intimidation in Office issued by the Committee on Standards in Public Life and assess whether the Council needs to put additional arrangements in place for elected members. This should include ensuring that all elected members are aware of the mitigations in place to prevent intimidation and delivering training to members for dealing with threatening situations.	Director of Governance and Partnerships	Before mid-term review
	Consider the potential national changes to the Standards and implement any changes identified as part of this.	Director of Governance and Partnerships	Before mid-term review
Commitment to Openness, Communication and Consultation	Continue to deliver the channel shift agenda to improve accessibility to residents and reduce demand on Council resources.	Director of Resources	After mid-term review
	Implement a Community Engagement Strategy and supported guidance to ensure a coordinate and robust approach is in place.	Director of Public Health	Before mid-term review
	Continue to deliver the web development plan ensuring that the Council adheres to the new accessibility requirements which are being introduced.	Director of Communication and Regeneration	After mid-term review
	Consider using targeted social media groups for specific groups of residents to share relevant information.	Director of Communication and Regeneration	After mid-term review
	Undertake an evaluation of the benefits of a Wigan deal approach to communications and engagement and if it would be of value to Blackpool / what we can learn from it.	Director of Public Health	After mid-term review
Developing, Communicating and Translating the Vision	Deliver an employee conference which ensures that all staff are aware of how their role fits into the overall vision of the Council building on the findings of the employee survey.	Chief Executive	Before mid-term review

Roles and Responsibilities	Role descriptions for key elected member responsibility areas should be developed identifying the knowledge required for the role, competencies, behaviours, time commitment and the requirement to attend training.	Director of Governance and Partnerships	Before mid-term review
Compliance with Relevant Laws, Regulations, Internal Policies and Procedures	Ensure that data protection training is rolled out to staff who do not have IT access, monitor and renew the Council's Information Asset Register and start a programme of GDPR compliance audits to ensure continued compliance with GDPR.	Director of Governance and Partnerships	Before mid-term review
	Ensure that the recommendations highlighted in the Ofsted Report on Children's Services are adequately addressed.	Director of Children's Services	Before mid-term review
	Strengthen contract management across the Council including improved measurement of social value, launch of an iPool course and exploration of software tools.	Director of Resources	After mid-term review
	Improve the recording and scrutiny of driving at work documentation for the Council's grey fleet.	Director of Communities and Environmental Services	Before mid-term review
Audit Arrangements	Ensure that effective working relations are developed with the Council's new external auditors.	Director of Resources	Before mid-term review
Counter Fraud and Anti-Corruption Arrangements	Implement joint working for investigations with the Department for Work and Pensions.	Director of Resources	Before mid-term review
Scrutiny Arrangements	Deliver the actions arising from the review of the scrutiny function by North West Employers via the working group which has been established.	Director of Governance and Partnerships	Before mid-term review
Learning and Developing	Develop an information pack for managers to use with casual and agency staff for CLT approved mandatory training.	Chief Executive	Before mid-term review
	Ensure that succession planning is embedded in the appraisal process.	Chief Executive	Before mid-term review
	Deliver a Leadership Development Programme based on the outcome of the Leadership Survey.	Chief Executive	After mid-term review

	Continue the roll-out of Windows 10 incorporating training on how to work smarter using Office 365.	Director of Resources	Before mid-term review
	Encourage the use of a buddy system / mentoring arrangements for newly elected members.	Director of Governance and Partnerships	Before mid-term review
Partnership and Joint Working	Consider how elected members can network with other public sector partners at neighbourhood level.	Director of Public Health	After mid-term review

Conclusion

We propose over the coming year to take steps to address the significant governance issues identified to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader of the Council)

Signed: (Chief Executive)

Appendix 1 – Actions Completed in 2018/19

- Awareness raising of the whistleblowing policy has been undertaken for officers and elected members. Specific training for elected members has been incorporated into the member induction programme.
- Elected members have been made aware of their ability to access the Employee Assistance Programme.
- Elected members have been made aware of the option to use a political party address for their contact details available on the Council website.
- A Director responsible for Communications has been appointed to ensure that this important function receives the appropriate profile and steps have been taken to increase resilience in the Communications Team.
- The Channel Shift Group has continued to deliver online projects for the benefit of residents and to assist with demand on Council Services. Examples of projects delivered in the year include changes to the bulky matters on line process, residential bin changes, street cleansing reporting, environmental protection complaint reporting, tip permits and alley gate key ordering.
- Improved the level of information published on the Council website so that it's readily accessible.
- A residents' survey has been undertaken and the findings reported to the Corporate Leadership Team with a clear majority of indicators showing positive change.
- Refreshed the Council Plan to capture priority actions for the Council.
- Implemented a new Performance Framework supported by appropriate data gathering and reporting mechanisms.
- The organisation charts for Chief Officers and their senior managers have been updated to illustrate the roles and responsibilities for services across the Council.
- GDPR training has been rolled out to office based staff and elected members.
- The process for monitoring the Policy and Strategy Framework to ensure that forthcoming documents are reviewed on a timely basis has been strengthened.
- A review of all service level risk registers has been undertaken to ensure that these are up to date and reflect the risk environment.
- The Risk Management Framework 2018-2021 has been rolled out across the Council and an internal audit review has established that this is embedding well.
- A revised approach for reporting progress against the Strategic Risk Register to the Corporate Leadership Team and the Audit Committee has been implemented.
- Alternative ways to delivery member training, such as webinars, have been developed.
- Conducted the second leadership survey to assess the effectiveness of leadership across the Council.
- Developed and rolled-out new cyber security training across the Council.
- A framework for the implementation of shared services has been developed.

Section 9

Glossary of Terms

Accounting Period

The period of time covered by the accounts; normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

Accruals

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

Acquired Operations

Operations comprise services and divisions of service as defined in Service Reporting Code of Practice. Acquired operations are those operations of the local authority that are acquired in the period.

Actuarial Gains and Losses

For a defined benefit scheme the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experienced gains and losses); or
- (b) the actuarial assumptions have changed.

Agency Services

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

Asset

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within one financial year (eg short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (eg land).

Associate Company

This is an entity other than a subsidiary or joint venture in which the Council has a participating interest and over whose operating and financial policies the Council is able to exercise significant influence.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

Capital Charge

A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

Capital Expenditure

Expenditure above £15,000 on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts

Proceeds above £10,000 from the sale of capital assets. Such income may only be used for capital purposes, i.e. to repay existing loan debt or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as "capital receipts unapplied".

Carrying Amount

The balance sheet value recorded of either an asset or a liability.

Cash Limited Budget

A defined figure set by the Council that represents the maximum expenditure that a service can spend on its particular activities.

CIPFA

The Chartered Institute of Public Finance and Accountancy - the Institute provides financial and statistical information for local government and other public sector bodies and advises central government and other bodies on local government and public finance matters.

Collection Fund

A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates.

Community Assets

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

Consistency

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

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax

A banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1st April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

Amounts owed by the Council for work done, goods received or services rendered to it during the accounting period, but for which payment has not been made by the balance sheet date.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailement

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

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts due to the Council which relate to the accounting period and have not been received by the balance sheet date.

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 scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset, whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved.
- the activities relating to the operations have ceased permanently.
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations.
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes..

Operations not satisfying all these conditions are classified as continuing.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

Earmarked Reserves

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

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Estimation Techniques

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique.

Estimation techniques include, for example:

- Methods of depreciation, such as straight line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a non-current asset consumed in period.
- Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pension 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.

Extraordinary Items

Material items possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur.

Fair Value

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

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

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

Financial Year

The Council's financial year runs from the 1st April through to the following 31st March.

Formula Grant

Grant distributed by formula through the local government finance settlement. It comprises Revenue Support Grant and redistributed business rates (NNDR). It is a general subsidy towards council spending and is not ring-fenced for specific services.

General Fund

The main revenue account of the Council which brings together all income and expenditure other than that recorded in the Housing Revenue Account and the Collection Fund.

Heritage Asset

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

Housing Revenue Account

A statutory account which local authorities have to maintain if they provide public housing and which includes all income and expenditure relating to the administration and maintenance of council dwellings and related properties.

Impairment

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

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Accounting Standards (IAS)

Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

International Financial Reporting Standards (IFRS)

Financial reporting standards developed by the International Accounting Standards Board.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories: goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, long-term contract balances and finished goods.

Investments (Non Pensions Fund)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pension fund, that do not meet the above criteria should be classified as current assets.

Investment Properties

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

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Minimum Revenue Provision (MRP)

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

National Non-Domestic Rates (NNDR)

A tax levied on business properties and sometimes known as Business Rates. An NNDR poundage is set annually by the Government. Sums based on rateable values are collected by billing authorities and paid

into a national pool. The proceeds are then redistributed by central government as a grant to local authorities in proportion to adult population.

Net Book Value (NBV)

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

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of an asset in its existing use less the expenses to be incurred in realising the asset.

Non-current Assets

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Operating Leases

Leases which do not meet the definition of a finance lease, ie where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant and equipment from the lessor to the lessee, are accounted for as operating leases.

Outside the Cash Limit

Services, which due to their volatility, are not part of the cash limited budgets regime. These services include Parking Services and Housing Benefits.

Outturn

Actual expenditure and income compared to the budget.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept

The amount collected by the Council on behalf of other bodies.

Prior Period Adjustments

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

Private Finance Initiative (PFI)

A central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authority's participation.

Property, Plant and Equipment (PPE)

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

Public Works Loan Board (PWLB)

An arm of central government which is the major provider of loans to finance long term funding requirements for local authorities.

Provision

An amount set aside by the Council for any liability of uncertain timing or amount that has been incurred.

Prudential Code for Capital Finance

The Code was introduced from 1st April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take account to demonstrate that they have fulfilled this objective.

Reserves

Amounts set aside in the accounts to meet expenditure which the Council may be committed to in future periods, but not allocated to specific liabilities which are certain or very likely to occur.

Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council.

Revenue Support Grant

A central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar council tax levy.

Work in Progress

The cost of work undertaken up to a specified date on an uncompleted revenue project.