

Blackpool Council

Statement of Accounts

For the Year Ended 31st March 2021



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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 2020/21 and the financial position as at 31st March 2021.

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 format of the accounts complies with CIPFA standards and is similar to those of previous years.

The 2020/21 Budget was again challenging with a budget savings target of £19.65m on the back of successfully delivering £151.7m over the previous 9 years. The Budget underwent detailed consideration and scrutiny over a lengthy formulation period. From the very outset this has 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 levels rises by at least 2.0% for the period from 1st April 2020 to 31st March 2021 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;
- pension auto-enrolment based on previous uptakes;
- a non-pay inflation contingency, to address contractual commitments and valid non-pay pressures @ 1.9%;
- Treasury Management budget predicated on a Base Rate of 1.00% (0.25% above current Base Rate);
- the latest estimates of Settlement Funding Assessment; and
- the Council fulfils 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.

During the year the Council has been faced with unprecedented challenges of the Covid-19 pandemic which has meant significant changes to the way the Council has had to operate and deliver services to the local community. The financial impact of the pandemic on the Council has been significant with additional costs in response to the pandemic and loss of income due to national lockdowns and restrictions. Central Government has provided significant financial support to the Council in 2020/2021 and has also provided funding so the Council can administer support schemes to businesses and local residents on behalf of the Government.

In recognition of the impact of the Covid-19 pandemic the legislation for 2020/2021 required the draft accounts to be published no later than 31st July 2021 rather than the pre-pandemic deadline of 31st May. It also required the audited accounts to be published by 30th September 2021 (previously 31st July). The public inspection of accounts took place between 1st August 2021 and 13th September 2021.

However there have been delays in publishing the final audited accounts due to a national issue in relation to accounting for Infrastructure Assets. A temporary solution to the issue was approved by Parliament at the end of November 2022.

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 2021.

Steve Thompson
Director of Resources

Section 1

Narrative Report

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 35 square kilometres and has a population of around 139,446. The number of people per kilometre is 10 times the England and Wales average.

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 2020 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 - 15 years		16 - 64 years		Age 65 and over	
	Number	Number	%	Number	%	Number	%
England	56,550,138	10,852,240	19.2	35,233,879	62.3	10,464,019	18.5
Blackpool	138,381	26,083	18.9	83,865	60.6	28,433	20.5

Source: Office for National Statistics (ONS) – 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 2020/21 was as follows:

Labour Party	21 Councillors
Conservative Party	16 Councillors
Independent (Blackpool Independents)	2 Councillors
Independent (Non-aligned)	3 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 eight 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 Assistant.

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:

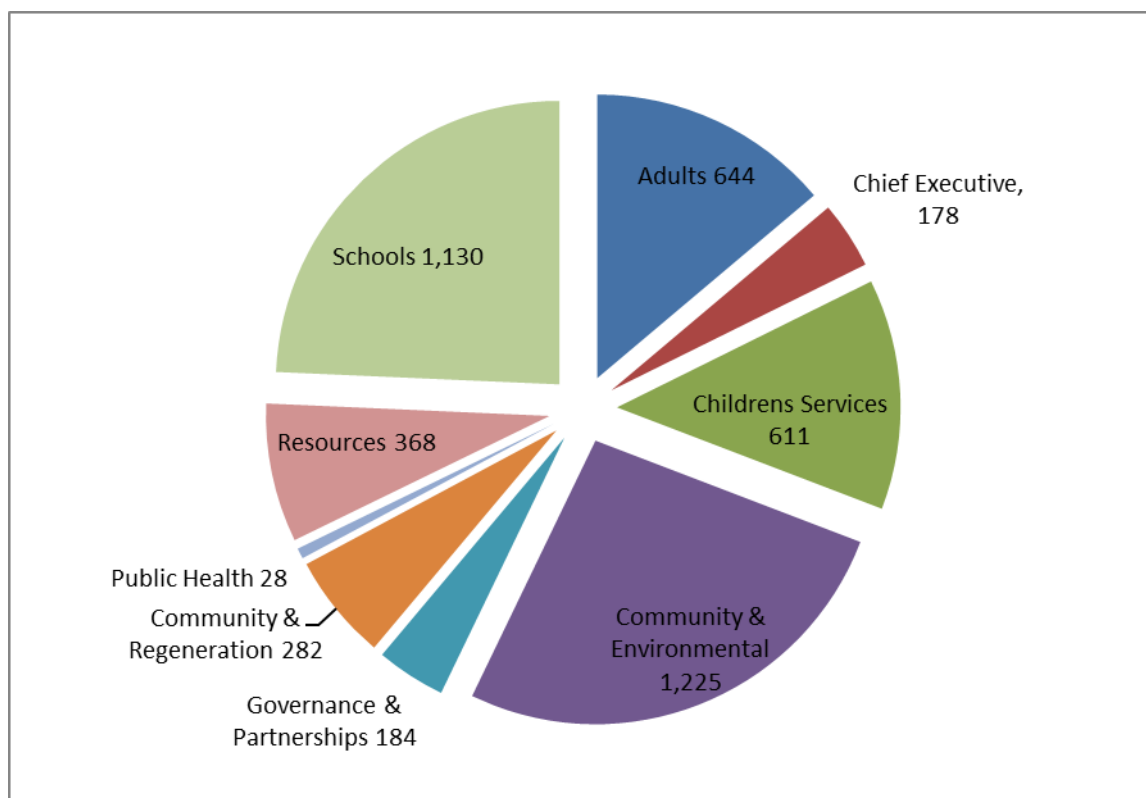
- Chief Executive (Head of Paid Service)
- Director of Adult Services (Statutory)
- Director of Children’s Services (Statutory)
- Director of Public Health (Statutory)
- Director of Governance and Partnership Services (Monitoring Officer)
- Director of Resources (Statutory Finance Officer)
- Director of Community and Environmental Services
- Director of Communications and Regeneration
- Director of Strategy and Assistant Chief Executive

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

- developing strategies
- delivering plans.

Staffing

At 31st March 2021 the Council employed 3,520 people (31st March 2020: 3,480) and also employed a further 1,130 (31st March 2020: 1,105) people in maintained schools. This represents 2,228 Full Time Equivalent Council staff (2019/20: 2,189) and 675 Full Time Equivalent schools staff (2019/20: 676). These support the Council’s services as follows:



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 UK's 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.

2020/2021 Financial Performance of the Council

2020/2021 Revenue Budget and Capital Programme

On 9th March 2020 the Council approved the 2020/2021 Revenue Budget and Capital Programme.

The Revenue Budget Net Requirement was set at £142.569m. The Council approved a 3.99% increase on Council Tax (including a 2% increase on the Adult Social Care Precept) for 2020/2021. The three year Capital Programme was approved, with £20.474m of resources being allocated to capital schemes in 2020/2021.

The Revenue Budget and Capital Programme are monitored throughout the year and monthly monitoring reports are presented to the Council's Executive and relevant Scrutiny Committee. In addition to these reports, the Council's Treasury Management performance of its investments and borrowing is reported to the Executive.

Revenue Outturn Position 2020/2021

The Council's 2020/2021 revenue outturn position compared to the budget is set out in the following table:

	2020/21 Adjusted Cash Limit Budget £ '000	2020/21 Actuals £ '000	2020/21 Variation £ '000
Directorate			
Chief Executive	370	337	(33)
Governance and Partnership Services	1,822	2,715	893
Ward Budgets	517	454	(63)
Resources	3,815	3,173	(642)
Communication and Regeneration	4,738	4,983	245
Strategic Leisure Assets	4,916	6,310	1,394
Strategic Leisure Assets - Transfer from Reserves	-	(1,394)	(1,394)
Growth and Prosperity	(11,549)	(1,464)	10,085
Growth and Prosperity - Transfer to Reserves	-	(8,832)	(8,832)
Community and Environmental Services	48,708	48,123	(585)
Adult Services	62,846	59,918	(2,928)
Children's Services	66,522	67,644	1,122
Public Health	26	26	-
Budgets Outside the Cash Limit	18,889	9,445	(9,444)
Contributions and Contingencies	(59,506)	(53,285)	6,221
Levies	455	415	(40)
Total Net Expenditure	142,569	138,568	(4,001)
Financed by:			
Council Tax	(60,135)	(60,135)	-
Revenue Support Grant	(15,030)	(15,030)	-
Business Rates Baseline	(19,510)	(19,510)	-
Business Rates - Top Up	(24,468)	(24,468)	-
Section 31 Grants	(21,039)	(21,039)	-
Enterprise Zone	(324)	(324)	-
Collection Fund Surpluses	(2,063)	(2,063)	-
Total	(142,569)	(142,569)	-
Amount transfer (to)/from Working Balances	-	(4,001)	(4,001)

The Council achieved a surplus of £4.001m for the financial year when compared to the budget. This surplus was transferred to the General Fund Working Balances and increased them from £2.292m to £6.293m at 31st March 2021.

The Comprehensive Income and Expenditure Statement shows a Deficit on the Provision of Services of £26.981m. The difference between this and the outturn surplus above relates to the adjustments which are made to the Comprehensive Income and Expenditure Statement through the Movement in Reserves to ensure the Council's General Fund Balance is prepared on a funding basis rather than an accounting basis. The following table shows the breakdown of the differences between the outturn surplus and the Deficit on the Provision of Services.

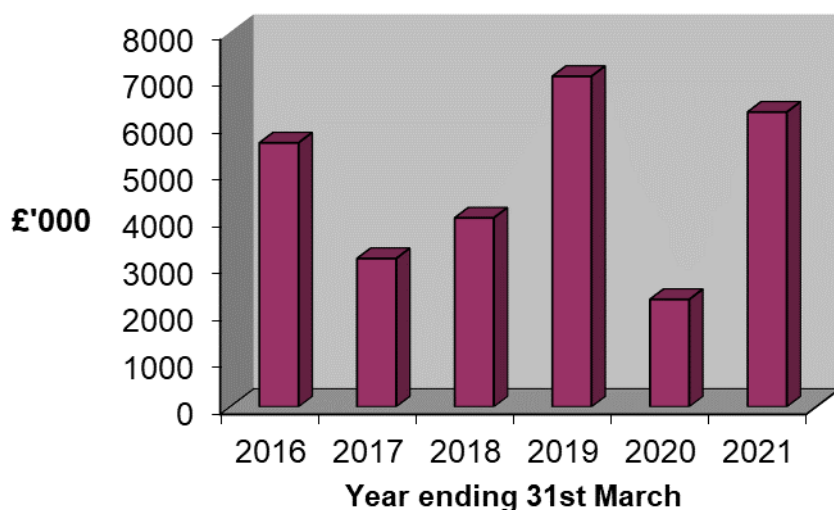
	£000
Revenue Outturn	(4,001)
Housing Revenue Account net requirement	1,798
Depreciation and Impairment	51,993
IAS 19 Pension and Annual Leave	17,132
Capital Grants	(19,280)
DSG Deficit to Adjustment Account	2,664
Collection Fund movement	18,972
Minimum Revenue Provision	(5,288)
Gains/Losses on sale of assets	705
Movements to/from Earmarked Reserves	(25,630)
Movements to/from Schools Reserves	(1,178)
Revenue contributions to capital	(11,220)
Other	314
Deficit on Provision of Services	26,981

General Fund Working Balances

In setting the Council's original budget for 2020/2021 the target Unallocated General Fund Working Balances as at 31st March 2021 were approximately £6,000,000. However the outturn position means that the actual General Fund Working Balances as at 31st March 2021 were slightly higher than the target at £6,293,000.

The next graph shows the change in the General Fund Working Balances over the last 6 years. Further information is shown in Note 10.

General Fund Balances



Earmarked Revenue Reserves

Earmarked Revenue Reserves are reserves which have been set aside to fund specific commitments and projects. The reserves are continuously reviewed for relevance, appropriateness and materiality.

The total earmarked revenue reserves increased by £25.6m to £75.448m during the year. The increase mainly relates to £14.599m of Business Rates Section 31 grants received by the Council in 2020/2021 to compensate for the loss of Business Rates income as a result of the extended retail reliefs given to eligible local businesses to support them through the Covid-19 pandemic. In addition there was also an increase on the Museum's reserve of £4.2m which relates to contributions received to be spent on the setting up and refurbishment of the Museum in 2021/22 and 2022/23 in time for it opening during 2023. A new reserve was also set up in 2020/21 for £1.5m to be spent on future regeneration schemes within the town. £2.0m related to Covid grants and other funding to be spent in 2021/22. Finally there was a £1.7m general increase in departmental reserves for future projects and budget stabilisation.

These grants are being held in earmarked revenue reserves to offset the Business Rates Collection Fund deficit created by the reliefs given which will be realised in 2021/2022. These grants are being held in reserves due to the accounting timing differences in terms of the receipt of the grant and their application and are not available to fund the Council's General Fund expenditure.

Capital Outturn 2020/2021

The total of the Council's capital spending in 2020/2021 was £49.880m, which is a 47.9% decrease from the previous year. The main reason for the decrease was £50.6m acquisition of Houndshill Shopping Centre in 2019/20. The net book value of the Council's capital assets as at 31st March 2021 was £815.769m.

The main areas of capital spending during the year were:

2019/2020 £000		2020/2021 £000
64,595	Communication and Regeneration	26,743
10,048	Community and Environment	5,633
2,687	Adult Services	2,067
4,611	Children's Services	3,164
1,798	Governance and Partnership Services	755
3,807	Housing - Private Sector Housing	133
4,574	Housing - HRA	8,856
3,617	Resources	2,529
95,737	Total	49,880

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

2019/2020 £000		2020/2021 £000
	- Capital receipts	2,069
22,780	Grants	23,627
64,408	Borrowing	13,103
8,549	Other	11,081
95,737	Total	49,880

As at 31st March 2021 the Council held a balance of usable capital receipts amounting to £13.792m (2019/20 £11.411m). 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.
- A three year programme to refurbish all trams.
- The development of new council homes at Troutbeck Crescent, Mereside creating a vibrant family friendly living area.
- Blackpool Town Deal which is expected to commence in 2022/2023. The objective of the Towns Fund is to 'drive the economic regeneration of towns to deliver long-term economic and productivity growth'.

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.

The balance on the HRA reserve stands at £3.032m at 31 March 2021 (31st March 2020 £4.830m).

Treasury Management

At its meeting on 9th March 2020 the Council approved the 2020/2021 Treasury Management Strategy and Annual Investment Strategy. This is an annual plan of how the Council will manage its investments and cash flows. It identifies the Council's borrowing needs and shows how it will invest temporary surplus cash balances and how it will control its banking, money market and capital market transactions.

At 31st March 2021 the Council had total borrowings of £339.094m (31st March 2020 £332.644m), being £79.487m (2019/20 £87.460m) long term and £259.607m short term (2019/20 £245.184m).

At 31st March 2021 the Council has short term investments of £4.350m which is a decrease of £17m from 31st March 2020. This decrease is due to "one off" covid grants being received at the end of March 2020 which

were spent in 2021/22. The long term investments were £22.899m which is an increase of £2.250m from 31st March 2020. This is due the purchase of shares in Blackpool Housing Company.

Business Rate Retention Pilot Scheme

From 1st April 2013 up to 31st March 2019, the local government finance regime was revised with the introduction of a retained business rates scheme. The main aim of the scheme was 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 National Non-Domestic Rate (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%).

On 13th December 2018 the Ministry of Housing, Communities and Local Government (MHCLG) approved the establishment of a Lancashire-wide 75% Business Rate Pilot Pool (including Blackpool) in 2019/20 to share risk and reward. As part of this, the 50% rate retention scheme increased to 75% and authorities in the pool forego the Revenue Support Grant. The value of the Revenue Support Grant was taken into account when revised business rate tariffs and top-ups for the pilot authorities were set. The Government also increased the Safety Net from 92.5% to 95% for the new pilot pools. Consequently, from 1st April 2019 to 31st March 2020 the income relating to Blackpool was shared between central government (25%), the Council (73.5%) and the Fire Authority (1.5%).

From 1st April 2020 the pilot scheme ceased and the business rates shares reverted back to the previous shares of 50% Central Government, 49% Blackpool Council and 1% Lancashire Fire Authority.

Pension Fund Liability

The actuarial valuation of the Council's pension scheme liabilities shown in the balance sheet has increased by £68.484m during the year. The increase in the liability is due some fundamental changes in market implied Retail Price Index (RPI) due at least in part to the UK Statistics Authority and HM Treasury confirming a change to the RPI formula, and as a result changes were made to the setting of the CPI assumption for accounting purposes. Further details are given in note 47 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 2020. In return a discount would be given to the Council resulting in an annual budget saving.

In setting the 2020/2021 budget the Council opted to make the 3 year advance payment of its employer pension contributions totalling £33.579m. This means the Council has paid its employer pension contributions to LCPF for 2020/21, 2021/22 and 2022/23. This has resulted in a budget saving of £1.989m over the 3 years.

Covid-19 Pandemic

Covid-19 pandemic is perhaps the UK's single greatest domestic emergency since the Second World War and the worst public health crisis this country has faced in generations.

During the 2020/2021 financial year we have witnessed a huge upheaval in the way we work and live. The financial impact of Covid-19 on the Council in 2020/2021 has resulted in losses of income due to national lockdowns and restrictions, and additional costs in response to the pandemic. Central Government has

provided funding to the Council towards these and has also provided funding so the Council can administer the payments of support grants to businesses and local residents. The following table shows a list of the grants received by the Council in 2020/2021 towards the Covid-19 pandemic.

Grant	Credited to Taxation & Non-Specific Grant Income £000	Credited to Services £000	Agent* (not included in CIES) £000
Ministry of Housing, Communities and Local Government (MHCLG)			
COVID-19 Local Authority Support Grant	10,179		
Sales, Fees and Charges Compensation Scheme	8,461		
COVID-19 Business Rates Reliefs	14,768		14,177
Council Tax Hardship Fund	2,803		
Adult Social Care Workplace Capacity Fund		452	
Clinically Extremely Vulnerable (CEV) Funding		214	
Community Champions Fund		212	
Compliance and Enforcement Grant		114	
Rough Sleeping Emergency Funding/Accommodation Project		147	
Self Isolation Fund		269	
Department for Business, Energy and Industrial Strategy			
Business Support Grants Mandatory			44,995
Business Support Grants Discretionary		2,425	
Local Restrictions Support Grant Mandatory			44,227
Local Restrictions Support Grant Discretionary		2,452	
Additional Restrictions Grant		825	
Department for Health and Social Care			
Rapid Testing Grant		109	434
Contain Outbreak Management Fund		1,230	
Test and Trace Support Grant		1,694	
Infection Control Fund		990	3,412
Department for Transport			
Light Rail Revenue Grant (LRRG) including Restart			2,106
Additional Home to School Transport Funding		466	
COVID-19 Bus Services Support Grants (CBSSG), including Restart		156	
Emergency Active Travel Fund		415	
Department for Work and Pensions			
Winter Support Grant Scheme		526	
Department for Environment, Food and Rural Affairs			
Local Authority Emergency Assistance Grant for Food and Essential Supplies	261		
Total Covid-19 Grants Received in 2020/21	36,472	12,696	109,351

* The Council acts as an agent where it is required to administer the payment of grants to a third party on behalf of the Government. The Council has no control over the amount and timing of the grant.

It is important to highlight how the Council has responded to the challenge of managing services during a pandemic.

As the health crisis gathered momentum, resulting in a UK wide lockdown, the Council's ability to deliver services in the usual manner altered virtually overnight as some non-essential services temporarily closed, many staff moved to home working and essential care services found themselves facing a rapidly escalating demand. Some of the crisis measures that are in place are likely to last for the foreseeable future and as a "new normal" emerges, the Council will find ways of delivering services. At the same time the Council have a duty to plan for the future and map out a road to recovery for the local economy.

Blackpool Council is a core partner in the Lancashire Local Resilience Forum (LRF). The LRF is responsible for the coordination of a range of critical activities in emergency situations between the county's public services.

The LRF is coordinating activity on crucial issues such as hospital capacity, procurement of adequate supplies of personal protective equipment and emergency stocks of food to support the vulnerable.

The pandemic and emergency restrictions placed upon the population necessitated the urgent need for the Council to take a lead role in the shaping and delivering vital support services to help residents and protect the most vulnerable people in the community.

The immediate response was the launch of the Council's unique Corona Kindness Campaign, closely followed by the establishment of 12 community hubs across Blackpool. Corona Kindness is being delivered in partnership with a number of community based organisations, private companies and voluntary services. Services initially on offer ranged from the provision of food and pharmaceuticals to dog walking and talking to those who felt socially isolated. The services were expanded to also include advice on fuel supplies and household finances and provision of lists of local suppliers who could deliver food to the doorstep.

A critical part of the Council's response to this crisis has been enhanced level of support to our providers of adult social care. Social care is at the forefront of the crisis along with the NHS.

The Council recognised this situation early and built a new Provider Support and Resilience Hub to offer direct support to our providers through this very difficult and challenging period.

This hub provides hands on, practical support to any social care provider (residential care and care at home) requiring assistance. This includes supply and correct use of personal protective equipment; infection prevention and control; help with staffing; and supporting people who move where their needs deteriorate suddenly.

A critical part of the response to the pandemic has been the immediate establishment of an enhanced support service to help protect the local economy. With thousands of Blackpool's businesses and their employees facing huge upheaval after the Government lockdown announcement, it was vital that we were able to deliver a dedicated service that gave credible help and guidance to those who needed it.

As part of its emergency measures the Government announced £10,000 Small Business Grants to eligible small businesses and grants of up to £25,000 through the Retail, Hospitality and Leisure Grant Fund. On 1st April 2020 the Council received a total of £59m from the Government to start the process of paying business support grant payments to local businesses. Further grants were received during the year due to national lockdowns and tier restrictions and were paid to businesses and residents.

Despite the disruption caused by the pandemic the Council were determined to do everything possible to protect children and to continue the Council's Children's Service improvement journey. Children with the greatest concerns are in receipt of face-to-face visits by social workers. Other children open to the service now get virtual visits using technology with which the family is familiar, or by phone.

The vast majority of Blackpool schools have remained open providing care for vulnerable children and children of key workers. Support was given to head teachers as they decided on the appropriate measures to suit their individual schools layout, staffing levels and pupil numbers.

Central Government directed all local authorities to try to accommodate anyone rough sleeping, homeless, or at serious risk of becoming homeless. Accommodation being used allows people to self-isolate as necessary and follow Government guidelines. Our Homeless Partnership, Food Partnership and community hubs are supporting all individuals.

For all categories, wraparound support is in place ranging from housing, physical health, mental health, substance misuse services, the Food Partnership and many others, through the coordination of Public Health. In addition, the Council's Housing Options service continues to work with our partners to provide outreach services to identify any new rough sleepers, and provide advice to people who might be at risk of homelessness and supporting them to remain in their own homes as long as it is safe to do so.

The Council relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Tax payers and businesses to defer payments for the first two months of 2020/21 with revised payment plans over June 2020 to March 2021. The Council also applied the Government's hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction.

Other income streams, such as car parking, school catering and registrars services, property rental income, licencing, planning and building control have all been interrupted. The challenge for 2020/21 was for the Council to regain the lost or deferred income to avoid placing an additional burden on the people and businesses of Blackpool whilst at the same time attempting to manage its finances effectively. Central Government have provided the Council with support in the form of Sales, Fees and Charges grants to cover some of this lost income.

Central Government has provided several cash grants including four tranches of Covid-19 un-ringfenced grants totalling £16.264m (£6.1m of which was received on 27 March 2020, £0.4m of it used in 2019/20 and £5.7m was carried forward into 2020/21 via an earmarked reserve) to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Blackpool economy.

Key Financial Risks

Achieving Further Savings

The Council has a savings programme to realise £20.3m savings in 2021/22. Further savings are expected to be required over the next 6 years. As the Council's budget reduces finding additional savings becomes more difficult.

The Council's Medium Term Financial Sustainability Strategy (MTFSS) covering the period 2021/22 to 2026/27 presents a financial outlook, an assessment of risks and an indication of the Council's challenges over these 6 years. Since the last 4 year settlement ending in 2019/20 the Council has to plan based on 1 year only settlements due to the consequences of exiting the European Union, followed by the impact of Covid 19.

The 10 key principles of the MTFSS are:

- the statutory obligation to balance the Council's budget in each year of the period;
- resourcing services in line with Council priorities;
- embedding a culture of value for money and efficiency savings in all activities;
- keeping local taxes and charges as low as practicable;
- maximising the level and resilience of the resources of cash, assets and people;
- ensuring significant risks are identified and mitigated where possible;
- ensuring financial reserves reflect the levels of business and risk;
- optimising capital spending freedoms;
- a sympathetic but robust approach to income and debt management in accordance with a refreshed Income and Debt Recovery Strategy
- adherence to the Council's climate emergency declaration of reaching net carbon zero by 2030 (and measures to lead the town towards the same objective).

Brexit

On 31st January 2020 the UK left the European Union and was in a transition period until 31st December 2020 while the government sought agreement of the terms of the departure.

At 11pm on 31st December 2020 the UK left the EU single market and customs union. This is likely to affect the costs of materials and labour in relation to capital schemes and also the costs and availability of labour

at least in the short term. Although inflation, interest rates and pay have increased it is difficult to assess how much of this is due to Brexit. However the risk associated with these increases is being managed through the budget monitoring process and in the longer term via its Medium Term Financial Plan.

In preparation for the EU Exit, the Council has established a working group of officers from across the council overseeing the preparations and working in conjunction with the Lancashire Resilience Forum (LRF). The Council also engaged on EU Exit related matters through a number of regional and national forums including working with the Local Government Association (LGA) and various Whitehall departments. Due to the preparations which were undertaken there has been minimal impact on the Council as a result of leaving the European Union.

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.

The pressure nationally on social care is well documented and despite the additional funding allocated in the form of government grants and adult social care precept, there will be ongoing challenges for adult social care which cannot be addressed without effective partnership working with health partners including funding commitments which are under discussion on the model of delivery and commissioning across health areas.

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 2021. 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 2020/21 and the CIPFA Bulletin 09 Closure of the Financial Statements issued in April 2021.

The Council prepares its accounts on a going concern basis under the assumption that it will continue in existence into the foreseeable future.

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, senior managers' salaries and trade union facility data 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 the 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 authority'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;
- assessed the Council's (and the Group's) ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumptions that the functions of the Council (and the Group) will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 2021.

Steve Thompson
Director of Resources
23rd November 2023

4. Approval of the Accounts

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

Councillor Jason Roberts
Chair of the Audit Committee
23rd November 2023

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 2021 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 2020/21.

We have audited the financial statements which comprise:

- the Group and Council Comprehensive Income and Expenditure Statements;
- the Group and Council Movement in Reserves Statements;
- the Group and Council Balance Sheets;
- the Group and Council Cash Flow Statements;
- the related notes to the Council financial statements 1 to 50;
- the related notes to the Group Accounts G1 to G8;
- the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 9; and
- the Collection Fund and related notes 1 to 4.

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 2020/21.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 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.

Emphasis of matter: Material uncertainty related to the valuation of the Council's land and buildings We draw attention to notes 14 and 17 of the Council financial statements which describe the effects of the uncertainties created by the coronavirus (Covid-19) pandemic on the valuation of the Council's land and buildings, and investment properties.

As noted by the Council's property valuers, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of some land and buildings and investment properties at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Group and the Council is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

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. The Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 2020/21 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. Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the Group and Council and their control environment, and reviewed the Group's and Council's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the Group and Council operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Act 2012 and Local Government and Housing Act 1989; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's and Council's ability to operate or to avoid a material penalty. This included relevant employment legislation.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the Group and Council for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Risk of fraud in revenue recognition: We tested a sample of grants with terms and conditions attached, to ensure that where management judgements have been made relating to the recognition of the income, all terms and conditions have been achieved. We also challenged the Council's assessment of the accounting treatment of each significant grant claim, with a particular emphasis on Covid-19 related grants, and challenged the appropriateness of the approach adopted. We also tested a sample of manual debtors to supporting documentation to check whether they are valid debtors at the year end and that the amount recognised is appropriately supported.

- Completeness of accrued expenditure: We tested a sample of accruals to supporting documentation to check whether they are valid liabilities, that the amount accrued is appropriately supported, and that the liability was incurred as at 31 March 2021. We also tested a sample of post year end payments made, per the Council's bank statements, in order to ensure that the associated expenditure has been included in the correct period.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with Ofsted.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

On 11 November 2021 we reported to the Council a significant weakness in the Council's governance arrangements. The significant weakness reported was in relation to Ofsted's inspection of the Council's children's social care services, which provided an overall grading of 'inadequate' in January 2019. The monitoring reports produced by Ofsted, since the initial rating, have highlighted that progress has been made. However, as at 31 March 2021 the "inadequate" rating remained in place, with Ofsted highlighting that there are still a number of areas for improvement. Our recommendation is that the Council continues to focus on the areas for improvement highlighted by Ofsted.

Our work in respect of the Council's arrangements is not complete at the date of our report on the financial statements. We will report the outcome of our work on the Council's arrangements and include any additional exception reporting in respect of significant weaknesses in our audit completion certificate and our separate Auditor's Annual Report. We are satisfied that the remaining work is unlikely to have a material impact on the financial statements.

Respective responsibilities relating to the Council's 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 the Code of Audit Practice and 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 undertake our work 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 April 2020, as to whether the Council had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Council a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

Reports in the public interest or to the regulator

The Code of Audit Practice also 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 respect of these matters.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate until we have completed our work in respect of the Council's arrangements for securing economy, efficiency and effectiveness in

its use of resources (as reported in the Matters on which we are required to report by exception – Use of resources section of our report). We are satisfied that our remaining work in this area is unlikely to have a material impact on the financial statements.

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 Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Nicola Wright (Key Audit Partner)
For and on behalf of Deloitte LLP
Newcastle upon Tyne
24 November 2023

Section 4

Core Financial Statements

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2021

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.

Restated 2019/2020				2020/21		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
13,055	(6,366)	6,689	Chief Executive	8,197	(6,423)	1,774
11,992	(3,846)	8,146	Governance and Partnership Services	8,362	(3,954)	4,408
190	(2)	188	Ward Budgets	454	-	454
30,924	(9,867)	21,057	Resources	27,872	(10,189)	17,683
36,865	(9,840)	27,025	Communications & Regeneration	25,378	(11,732)	13,646
10,157	(4,818)	5,339	Strategic Leisure Assets	22,007	(4,379)	17,628
69,090	(21,323)	47,767	Community and Environmental Services	64,104	(18,548)	45,556
83,339	(22,447)	60,892	Adult Services	93,724	(36,314)	57,410
134,670	(75,311)	59,359	Children's Services	146,457	(80,745)	65,712
13,182	(21,120)	(7,938)	Public Health	15,655	(25,507)	(9,852)
58,051	(69,619)	(11,568)	Budgets Outside the Cash Limit	58,181	(64,780)	(6,599)
3,385	(24,244)	(20,859)	Contingencies, Levies etc	12,318	(17,847)	(5,529)
15,745	(18,817)	(3,072)	Housing Revenue Account	14,767	(19,515)	(4,748)
480,645	(287,620)	193,025	Net Cost of Services	497,476	(299,933)	197,543
1,787	-	1,787	Other Operating Expenditure (Note 11)	1,032	-	1,032
15,284	(16,532)	(1,248)	Financing & Investment Income & Expenditure - Other (Note 12)	19,024	(7,646)	11,378
-	(163,519)	(163,519)	Taxation and Non-Specific Grant Income (Note 13)	-	(182,972)	(182,972)
497,716	(467,671)	30,045	Deficit on Provision of Services	517,532	(490,551)	26,981
		(14,033)	(Surplus) or Deficit on revaluation of non-current assets (Note 29)			(9,928)
		(27,364)	Remeasurement of the net defined benefit liability (Note 29 and Note 47)			75,308
		(41,397)	Other Comprehensive Income and Expenditure			65,380
		(11,352)	Total Comprehensive Income and Expenditure			92,361

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' (i.e. 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.

2020/21

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Restated Balance as at 1st April 2020	(1,576)	(49,818)	(4,830)	(11,411)	(3,112)	(70,747)	(164,209)	(234,956)
Reporting of Schools Budget Deficit to new Adjustment Account at 1st April 2020	(3,098)	-	-	-	-	(3,098)	3,098	-
Restated Balance as at 1st April 2020	(4,674)	(49,818)	(4,830)	(11,411)	(3,112)	(73,845)	(161,111)	(234,956)
Movements in Reserves in 2020/21								
(Surplus) or Deficit on the provision of services	31,365	-	(4,384)	-	-	26,981	-	26,981
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	65,380	65,380
Total Comprehensive Income and Expenditure	31,365	-	(4,384)	-	-	26,981	65,380	92,361
Adjustments between accounting basis and funding basis under regulations (Note 9)	(62,175)	-	6,182	(2,381)	-	(58,374)	58,374	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(30,810)	-	1,798	(2,381)	-	(31,393)	123,754	92,361
Transfer (to)/from Earmarked Reserves (Note 10)	25,630	(25,630)	-	-	-	-	-	-
(Increase)/Decrease in 2020/21	(5,180)	(25,630)	1,798	(2,381)	-	(31,393)	123,754	92,361
Balance as at 31st March 2021	(9,854)	(75,448)	(3,032)	(13,792)	(3,112)	(105,238)	(37,357)	(142,595)

Restated 2019/20

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Restated Balance as at 1st April 2019	(8,988)	(41,662)	(5,705)	(7,527)	(3,112)	(66,994)	(156,610)	(223,604)
Movements in Reserves in 2019/2020								
(Surplus) or Deficit on the provision of services	33,459	-	(3,414)	-	-	30,045	-	30,045
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(41,397)	(41,397)
Total Comprehensive Income and Expenditure	33,459	-	(3,414)	-	-	30,045	(41,397)	(11,352)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(34,203)	-	4,289	(576)	-	(30,490)	30,490	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(744)	-	875	(576)	-	(445)	(10,907)	(11,352)
Transfer (to)/from Earmarked Reserves (Note 10)	8,156	(8,156)	-	(3,308)	-	(3,308)	3,308	-
(Increase)/Decrease in 2019/2020	7,412	(8,156)	875	(3,884)	-	(3,753)	(7,599)	(11,352)
Restated Balance as at 31st March 2020	(1,576)	(49,818)	(4,830)	(11,411)	(3,112)	(70,747)	(164,209)	(234,956)

Balance Sheet As At 31st March 2021

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 2019 £000	Restated 31st March 2020 £000		Notes	31st March 2021 £000
401,656	441,117	Property, Plant and Equipment	14	446,602
308,457	304,280	Infrastructure Assets	15	298,177
8,185	8,364	Heritage Assets	16	8,345
50,565	58,529	Investment Property	17	61,211
-	466	Intangible Assets	19	737
897	753	Surplus Assets	18	697
17,524	20,649	Long Term Investments	21	22,899
57,924	78,273	Long Term Debtors	22	80,932
845,208	912,431	Long Term Assets		919,600
445	642	Inventories	23	774
49,499	57,055	Short Term Debtors	24	68,675
800	774	Short Term Loans		1,235
7,618	19,504	Cash and Cash Equivalents	25	3,458
58,362	77,975	Current Assets		74,142
(159,452)	(245,184)	Short Term Borrowing	20	(259,607)
(69,148)	(69,712)	Short Term Creditors	26	(93,538)
(14,551)	(13,123)	Short Term Provisions	27	(9,363)
(243,151)	(328,019)	Current Liabilities		(362,508)
(99,161)	(96,511)	Long Term Creditors	26	(93,359)
(89,895)	(87,460)	Long Term Borrowing	20	(79,487)
(232,296)	(230,786)	Pension Liability	47	(299,270)
(63)	(63)	Other Long Term Liabilities		(62)
(15,400)	(12,611)	Capital Grants in Advance	41	(16,461)
(436,815)	(427,431)	Long Term Liabilities		(488,639)
223,604	234,956	Net Assets		142,595
(66,994)	(70,747)	Usable Reserves	28	(105,238)
(156,610)	(164,209)	Unusable Reserves	29	(37,357)
(223,604)	(234,956)	Total Reserves		(142,595)

Cash Flow Statement for the Year Ended 31st March 2021

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.

Restated 2019/2020 £000		Notes	2020/2021 £000
30,045	Net deficit on the provision of services		26,981
(69,211)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30	(53,661)
24,041	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	30	707
(15,125)	Net cash flows from Operating Activities		(25,973)
86,940	Investing Activities	31	25,440
(83,701)	Financing Activities	32	16,579
(11,886)	Net (increase) or decrease in cash and cash equivalents		16,046
7,618	Cash and cash equivalents at the beginning of the reporting period		19,504
19,504	Cash and cash equivalents at the end of the reporting period		3,458

Section 5

Notes to the Accounts

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1. Prior Year Adjustments

Capital Financing Requirement – Note to the Accounts

The capital financing requirement note has historically been prepared using the draft financial statement values rather than using the final audited financial statement values. This error has now been restated and in aggregate has resulted in an increase of the 2019/20 closing capital financing requirement of £109m. The changes to note 43 for 2019/20 are as follows:

	2019/20 Accounts £000	Restated 2019/20 £000	Variance £000
Capital Financing Requirement			
Restated Opening Capital Financing Requirement	338,851	440,708	101,857
Capital Investment			
Property, Plant & Equipment	78,492	78,147	(345)
Investment Properties	984	196	(788)
Assets under Construction	8,323	8,591	268
Revenue Expenditure funded from Capital under Statute	5,289	5,289	-
Long Term Debtor - Loan to Blackpool Transport Services	6,650	6,650	-
Long Term Debtor - Loan to Blackpool Housing Company	5,000	5,000	-
Long Term Debtor - Loan to Ocean Boulevard III	5,389	5,597	208
Long Term Debtor - Loan to Coolsilk	3,661	3,943	282
Long Term Debtor - Loan to Blackpool Airport	813	814	1
Long Term Debtor - Enveco Leased Vehicles	2,851	2,138	(713)
Long Term Debtor - Other business loans	-	191	191
Blackpool Housing Company Shares	-	3,125	3,125
Sources of Finance			
Capital Receipts	-	-	-
Government Grants & Other Contributions	(22,780)	(24,479)	(1,699)
Sums set aside from Revenue	(20,277)	(15,923)	4,354
Payments Received for :-			-
Long Term Debtor - Loan to Blackpool Transport Services	(1,789)	(1,789)	-
Long Term Debtor - Loan to Blackpool Victoria Hospital	(923)	(923)	-
Long Term Debtor - Loan to Laila's Fine Foods	(94)	(84)	10
Long Term Debtor - Loan to Ocean Boulevard III	(500)	(500)	-
Long Term Debtor - Blackpool Pleasure Beach	-	(688)	(688)
Lease/PFI Repayments	-	3,306	3,306
Closing Capital Financing Requirement	409,940	519,309	109,369
Explanations of Movements in Year			
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	71,809	78,601	6,792
Increase in Capital Financing Requirement	71,809	78,601	6,792

The prior year adjustment only affects the capital financing requirement note and does not impact on the financial statements.

Property, Plant and Equipment – Note to the Accounts

Trams

Following a review of infrastructure assets the purchase of new trams had been included within infrastructure assets rather than vehicles, plant and equipment. The trams have been moved to vehicles, plant and equipment and the changes to the notes to the accounts is as follows:

	2019/20 Accounts £000	Restated 2019/20 £000	Variance £000
Infrastructure assets cost or valuation - Opening balance at 1st April	515,506	475,922	39,584
Infrastructure assets depreciation - Opening balance at 1st April	(179,885)	(167,464)	(12,421)
Infrastructure assets net book value Opening balance at 1st April	335,621	308,458	27,163
Vehicles, plant and equipment cost or valuation - Opening balance at 1st April	46,313	85,897	(39,584)
Vehicles, plant and equipment depreciation - Opening balance at 1st April	(38,651)	(51,072)	12,421
Vehicles, plant and equipment net book value - Opening balance at 1st April	7,662	34,825	(27,163)

Long Term Investment – Subsidiary Company Valuations

The CIPFA Code of Practice requires all investments to be valued on a consistent basis, however following a review of the valuation of the investments held by the Council it was identified that a mixed approach of holding some investments at valuation and others at cost had been adopted. The decision was therefore made by the Council to change the valuation approach and to hold all assets at cost. This approach has been adopted as the Council does not hold these investments for financial gain, but instead for regeneration purposes to support the wider objectives of the Council.

Removal of Voluntary Aided Schools

In 2019/20 three voluntary aided schools were held on the Council's balance sheet. However, following a review of these assets it was identified that the Council does not own these assets and therefore the decision has been taken to remove them from the Balance Sheet.

Cash Flow Statement

In the prior year financial statements net decrease in cash and cash equivalents totalling £11.9m was incorrectly presented as net increase in cash and cash equivalents.

This error has been corrected which has resulted in a change to the net (increase) or decrease in cash and cash equivalents of £23.772m. This correction does not impact on the cash and cash equivalents balance on the balance sheet.

Notes 30, 31 and 32 have also been restated.

The change on the core financial statements of the above changes is shown below:

Effect on Comprehensive Income and Expenditure Statement

	2019/2020			Non Current Assets	Restated 2019/2020		
	Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
	£000	£000	£000		£000	£000	£000
Chief Executive	13,055	(6,366)	6,689		13,055	(6,366)	6,689
Governance and Partnership Services	11,992	(3,846)	8,146		11,992	(3,846)	8,146
Ward Budgets	190	(2)	188		190	(2)	188
Resources	30,924	(9,867)	21,057		30,924	(9,867)	21,057
Communications & Regeneration	37,525	(9,840)	27,685	(660)	36,865	(9,840)	27,025
Strategic Leisure Assets	10,157	(4,818)	5,339		10,157	(4,818)	5,339
Community and Environmental Services	69,090	(21,323)	47,767	-	69,090	(21,323)	47,767
Adult Services	83,339	(22,447)	60,892		83,339	(22,447)	60,892
Children's Services	134,919	(75,311)	59,608	(249)	134,670	(75,311)	59,359
Public Health	13,182	(21,120)	(7,938)		13,182	(21,120)	(7,938)
Budgets Outside the Cash Limit	58,051	(69,619)	(11,568)		58,051	(69,619)	(11,568)
Contingencies, Levies etc	3,385	(24,244)	(20,859)		3,385	(24,244)	(20,859)
Housing Revenue Account	15,745	(18,817)	(3,072)		15,745	(18,817)	(3,072)
Net Cost of Services	481,554	(287,620)	193,934		480,645	(287,620)	193,025
Other Operating Expenditure (Note 11)	1,787	-	1,787		1,787	-	1,787
Financing & Investment Income & Expenditure - Other (Note 12)	10,163	(3,933)	6,230		10,163	(3,933)	6,230
Financing and Investment Income and Expenditure - Investment Properties (Note 17)	5,121	(12,599)	(7,478)		5,121	(12,599)	(7,478)
Taxation and Non-Specific Grant Income - Other (Note 13)	-	(163,519)	(163,519)		-	(163,519)	(163,519)
Deficit on Provision of Services	498,625	(467,671)	30,954		497,716	(467,671)	30,045
(Surplus) or Deficit on revaluation of non-current assets (Note 29)			3,384				3,384
Impairment (gains)/losses on non-current assets charged to Revaluation Reserve (Note 29)			(17,417)				(17,417)
(Surplus) or deficit on revaluation of available for sale financial assets			4,465	(4,465)			-
Remeasurement of the net defined benefit liability (Note 29 and Note 47)			(27,364)				(27,364)
Other Comprehensive Income and Expenditure			(36,932)				(41,397)
Total Comprehensive Income and Expenditure			(5,978)				(11,352)

Effect on the Movement in Reserves Statement - Unusable Reserves

	Balances at 31st March 2019 as previously stated £'000	2019/20 Restated £'000	Change to Balances at 31st March 2020 £'000
Balance at 1st April 2019	(171,901)	(156,610)	15,291
(Surplus)/Deficit on the provision of services	30,954	30,045	(909)
Other Comprehensive Income and Expenditure	(36,932)	(41,397)	(4,465)
Adjustments between accounting basis and funding basis under regulations	31,399	30,490	(909)
Net increase or decrease before transfer to earmarked reserves	(5,533)	(10,907)	(5,374)
Increase/Decrease in 2019/20	(2,225)	(7,599)	(5,374)
Balance as at 31st March 2020	(174,126)	(164,209)	9,917

Effect on Opening Balance Sheet 1st April 2019

	Balances at 31st March 2019 as previously stated £'000	Opening Balance Sheet 1st April 2020 Restated £'000	Change to Balances £'000
Property, Plant and Equipment	714,178	710,113	(4,065)
Long Term Investments	28,750	17,524	(11,226)
Long Term Assets	860,499	845,208	(15,291)
Net Assets	238,895	223,604	(15,291)
Unusable Reserves	(171,901)	(156,610)	15,291
Total Reserves	(238,895)	(223,604)	15,291

	Balances at 31st March 2020 as previously stated £'000	2019/20 Restated £'000	Change to Balances at 31st March 2020 £'000
Property, Plant and Equipment	748,553	745,397	(3,156)
Long Term Investments	27,410	20,649	(6,761)
Long Term Assets	922,348	912,431	(9,917)
Net Assets	244,873	234,956	(9,917)
Unusable Reserves	(174,126)	(164,209)	9,917
Total Reserves	(244,873)	(234,956)	9,917

Effect on Cash Flow Statement

	Balances at 31st March 2020 as previously stated	2019/20 Restated	Change to Balances at 31st March 2020
	£'000	£'000	£'000
Net deficit on the provision of services	30,954	30,045	(909)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(52,157)	(69,211)	(17,054)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	24,041	24,041	-
Net cash flows from Operating Activities	2,838	(15,125)	(17,963)
Investing Activities	111,692	86,940	(24,752)
Financing Activities	(102,644)	(83,701)	18,943
Net (increase) or decrease in cash and cash equivalents	11,886	(11,886)	(23,772)
Cash and cash equivalents at the beginning of the reporting period	7,618	7,618	-
Cash and cash equivalents at the end of the reporting period	19,504	19,504	-

2. 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.

2020/21	Outturn as reported to Executive (including HRA)	Adjustments to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Service Area	£000	£000	£000	£000	£000
Chief Executive	337	(93)	244	1,530	1,774
Governance and Partnership Services	2,715	161	2,876	1,532	4,408
Ward Budgets	454	-	454	-	454
Resources	3,173	3,819	6,992	10,691	17,683
Communications & Regeneration	(6,707)	2,808	(3,899)	17,545	13,646
Strategic Leisure Assets	6,310	-	6,310	11,318	17,628
Community and Environmental Services	48,123	(20,575)	27,548	18,008	45,556
Adult Services	59,918	(10,111)	49,807	7,603	57,410
Children's Services	67,644	(17,936)	49,708	16,004	65,712
Public Health	26	(10,234)	(10,208)	356	(9,852)
Budgets Outside the Cash Limit	9,445	11,737	21,182	(27,781)	(6,599)
Contingencies, Levies etc	(52,871)	47,436	(5,435)	(94)	(5,229)
Housing Revenue Account	(4,710)	6,144	1,434	(6,182)	(4,748)
Net Cost of Services	133,857	13,156	147,013	50,530	197,543
Other Income and Expenditure	(137,239)	(41,167)	(178,406)	7,844	(170,562)
(Surplus) or Deficit on Provision of Services	(3,382)	(28,011)	(31,393)	58,374	26,981

Reconciliation of Movement in Balances

	General Fund £000	HRA £000	Total £000
Opening General Fund and HRA Balances 1st April 2020	(4,674)	(4,830)	(9,504)
(Surplus)/Deficit on Provision of Services	(5,180)	1,798	(3,382)
Closing General Fund and HRA Balances 31st March 2021	(9,854)	(3,032)	(12,886)

Restated 2019/20	Outturn as reported to Executive (including HRA)	Adjustments to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
Service Area	£000	£000	£000	£000	£000
Chief Executive	528	766	1,294	5,395	6,689
Governance and Partnership Services	3,974	(53)	3,921	4,225	8,146
Ward Budgets	188	-	188	-	188
Resources	1,004	13,487	14,491	6,566	21,057
Communications & Regeneration	2,022	7,931	9,953	17,072	27,025
Strategic Leisure Assets	5,339	-	5,339	-	5,339
Community and Environmental Services	42,637	2,694	45,331	2,436	47,767
Adult Services	54,015	1,104	55,119	5,773	60,892
Children's Services	55,032	(2,518)	52,514	6,845	59,359
Public Health	21	(7,955)	(7,934)	(4)	(7,938)
Budgets Outside the Cash Limit	13,416	(6,330)	7,086	(18,654)	(11,568)
Contingencies, Levies etc	(16,049)	(4,784)	(20,833)	(26)	(20,859)
Housing Revenue Account	3,128	(314)	2,814	(5,886)	(3,072)
Net Cost of Services	165,255	4,028	169,283	23,742	193,025
Other Income and Expenditure	(156,958)	(12,770)	(169,728)	6,748	(162,980)
(Surplus) or Deficit on Provision of Services	8,297	(8,742)	(445)	30,490	30,045

Reconciliation of Movement in Balances

	General Fund £000	HRA £000	Total £000
Opening General Fund and HRA Balances 1st April 2019	(8,988)	(5,705)	(14,693)
(Surplus)/Deficit on Provision of Services	7,412	875	8,287
Closing General Fund and HRA Balances 31st March 2020	(1,576)	(4,830)	(6,406)

2a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2020/2021				
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	(195)	1,659	66	1,530
Governance and Partnership Services	73	1,420	39	1,532
Ward Budgets	-	-	-	-
Resources	5,988	4,579	124	10,691
Communications and Regeneration	14,666	2,848	31	17,545
Strategic Leisure Assets	11,318	-	-	11,318
Community and Environmental Services	12,595	5,388	25	18,008
Adult Services	286	7,225	92	7,603
Children's Services	1,690	11,429	2,885	16,004
Public Health	-	350	6	356
Budgets Outside the Cash Limit	(4,727)	(22,987)	(67)	(27,781)
Contingencies	-	(94)	-	(94)
Housing Revenue Account	(6,182)	-	-	(6,182)
Net Cost of Services	35,512	11,817	3,201	50,530
Other income and expenditure from the Expenditure and Funding Analysis	(10,562)	4,723	13,683	7,844
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	24,950	16,540	16,884	58,374

Adjustments between Funding and Accounting Basis Restated 2019/2020				
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	4,049	1,360	(14)	5,395
Governance and Partnership Services	3,118	1,071	36	4,225
Ward Budgets	-	-	-	-
Resources	2,722	3,853	(9)	6,566
Communications and Regeneration	14,832	2,240	-	17,072
Strategic Leisure Assets	-	-	-	-
Community and Environmental Services	(1,893)	4,371	(42)	2,436
Adult Services	(21)	5,845	(51)	5,773
Children's Services	(434)	7,299	(20)	6,845
Public Health	-	-	(4)	(4)
Budgets Outside the Cash Limit	(6,187)	(12,467)	-	(18,654)
Contingencies	-	-	(26)	(26)
Housing Revenue Account	(5,886)	-	-	(5,886)
Net Cost of Services	10,300	13,572	(130)	23,742
Other income and expenditure from the Expenditure and Funding Analysis	10,488	-	(3,740)	6,748
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	20,788	13,572	(3,870)	30,490

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 i.e. 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 Statement.

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.

2b. Expenditure and Income Analysed By Nature

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

Restated 2019/2020 £000		2020/2021 £000
	Expenditure	
135,171	Employee expenses	133,534
285,602	Other Services expenses	318,699
62,121	Depreciation, amortisation, impairment	51,993
7,586	Interest payments	7,551
68	Precepts and Levies	70
487	Payments to Housing Capital Receipts Pool	257
1,232	Loss on the disposal of assets	705
5,449	Pension Interest Cost and return on assets	4,723
497,716	Total Expenditure	517,532
	Income	
151,958	Fees, charges and other service income	148,579
6,805	Interest and investment income	3,584
89,042	Income from council tax, non-domestic rates	62,688
219,866	Government grants and contributions	275,700
467,671	Total Income	490,551
30,045	Deficit on the Provision of Services	26,981

3. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/2021 financial year and its position at the year-end 31st March 2021. 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, under Section 21 of the 2003 Act, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/2021 (the 'Code') supported by International Financial Reporting Standards (IFRS).

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

The accounts have been prepared on a going concern basis under the assumption that the Council will continue in existence for the foreseeable future and the Council's services will continue to be delivered.

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 2020/21 for these contracts is £828,888 (2019/20 £827,680).

iii. 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.

iv. 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.

v. Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to 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.

vi. 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 (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council'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 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.

vii. 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 entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or where applicable to a corporate service segment 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 Council.

However, the arrangements for the NHS and teachers' schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The 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 Pension 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 – i.e. 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 2.1% to 2.4% in 2020/2021 (2.3% to 2.5% in 2019/2020) 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:
 - 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the 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 – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Lancashire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the 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.

Every three years, following the revaluation of the Fund, the Council has the option to pay three years employer's contributions and deficit contribution up front which results in a saving to the Council. When the up-front payment is made the contributions and deficit payment are included in the year to which they relate. The future years are held in the pension reserve.

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.

viii. 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.

ix. Financial Instruments

Financial Liabilities

Financial Liabilities 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 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 Council 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.

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 (i.e. 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 22. 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 are 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 Council 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)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes 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 arise in Other Comprehensive Income and Expenditure. The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI).

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.

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 in the form of 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 Heritage Assets

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council'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 Council'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 valuation provided by the Head of Heritage. These 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 Council 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 Council'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. Valuations have been provided by the Head of Heritage at 31st March 2018 and these have 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 Heritage.

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 Council 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 Council'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 is deemed to have an indeterminate life and a high residual value hence the Council 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 Council'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 valuation 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 Council 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 Council'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 net realisable value 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xviii. Infrastructure Assets

Infrastructure assets include the highways network, seawall and sea defences and the tramway.

Highways network includes carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the infrastructure assets is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item is measured reliably.

Measurement

Infrastructure assets are generally measured at depreciated historic cost. However, this is a modified form of historic cost – opening balances for the infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1st April 1994 which was deemed at that time to be historic cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the infrastructure assets are assessed by the Chief Engineer/Project Manager using industry standards where applicable as follows:

Road Type:

A,B,C, Strategic -	25 years
Distributor -	42 years
Unclassified -	43 years

Traffic management -	28 years (average)
Street furniture -	20 – 40 years
Footways -	20 - 47 years
Drainage -	20 years

Bridges - 120 years

Seawall -	50 to 100 years
Tramway -	60 years

Disposals and De-recognition

When a component of the infrastructure assets is disposed of or decommissioned, the carrying amount of the component 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 (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. 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 Council 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.

xx. 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 Council 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 Council 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 Council 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. Any loss would be debited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain/loss on disposal.

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.

xxi. Overheads and Support Services

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

The main basis for charging of overhead costs is percentage time, floor area and actual time allocation.

xxii. 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; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The de-minimis level for capitalisation is £15,000.

The Council 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 Council). In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Community assets and assets under construction – depreciated historical cost;
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- 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 current value. This includes schools, libraries etc.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every 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); and
- 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); and
- 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 (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. 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 1 to 40 years, as advised by a suitably qualified officer.

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 assets 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 reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any 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.

xxiii. 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.

xxiv. 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.

xxv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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 – these reserves are explained in the relevant accounting policies.

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 Council as if they were the transactions cash flows and balances of the Council.

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.

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

Under the Code of Practice on Local Authority Accounting in the UK 2020/2021 (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. The standards will be introduced into the 2021/22 accounts.

- Definition of a Business – Amendments to IFRS 3 Business Combinations.
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS39, and IFRS 7.
- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 3 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.
- 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.

6. 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 Council's Balance Sheet at 31st March 2021 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
Pensions Liability	<p>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. Further information is included in Note 47.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured although the assumptions interact in complex ways. During 2020/2021 the Council's actuaries advised that the Council's net pension liability had increased by £68.484m.</p>
Property, Plant and Equipment Valuations	<p>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 2020/2021. 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 (RICS).</p> <p>The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.</p>	<p>As at the valuation date we continue to be faced with the impact of COVID-19. Our valuation of the car parks and social housing, included within this report, is reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. See note 14 for further details.</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 (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or discounted cash flow (DCF) model). 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 and 20.</p>	<p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors investment properties. Significant change in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p>

7. Material Items of Income and Expense

On 7th May 2020 the Council took advantage of the option by the pension fund to make a one off payment in advance to cover its employers' future service contributions and deficit recovery payments for the three years 2020/21 to 2022/23. The value of the payment totalled £33.579m and resulted in a saving to the Council of £1.989m over the 3 year period.

In 2020/2021 the Council received both its local share and the central share of additional Business Rates Section 31 grants totalling £28.5m. This is to compensate for the loss of Business Rates income as a result of the extended retail relief given to retail hospitality and leisure businesses and nursery providers to support them through the Covid -19 pandemic. In Collection Fund accounting the deficit incurred as a result of the loss of Business Rates income in 2020/2021 will not be charged to the General Fund until 2021/2022. As a result the local share of £14.3m has been transferred to an earmarked revenue reserve to be drawn down in 2021/22 to offset the deficit. The remaining central share of £14.2m will be paid back to central government in 2021/22 and has been included as a creditor.

The Council received £34.4m of additional government grants during 2020/21 to cover the additional costs and losses of income during the Covid 19 pandemic.

At 1st April 2020 the Houndshill Shopping Centre was held on the balance sheet under Property, Plant and Equipment at a value of £39.6m. Following a revaluation of the property at 31st March 2021 there has been an impairment loss of £11.6m and it is now held on the balance sheet at a value of £28m.

The Conference Centre at the Winter Gardens is included at cost on the balance sheet as an asset under construction until the asset is fully operational in 2022. Following a revaluation of the asset the carrying amount (cost) is significantly higher than the revalued amount. Therefore an impairment loss of £11.318m has been included in 2020/21. The asset is now held on the balance sheet at a value of £10m.

8. Events After The Reporting Period

The Statement of Accounts was authorised for issue by the Director of Resources on 23rd November 2023. 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 2021 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 1st April 2022 Lancashire Management Operations Limited transferred to Blackpool Housing Company. Both companies are 100% wholly-owned Council subsidiary companies. This transfer will be reflected in the 2022/23 Statement of Accounts.

On 11th August 2022 the Council replaced some of its temporary borrowing with long term Public Works Loan Board (PWLB) loans. 13 loans totalling £125m have been taken with interest rates between 2.9% and 3.18%. The maturity period of the loans is between 18 and 50 years.

9. 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 Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the 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 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 repayment 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.

2020/2021	Usable Reserves			
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £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	(16,540)	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	55	-	-	-
Council Tax and NDR (transfers to or (from) Fund Adjustment Account)	(18,971)	-	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(592)	-	-	-
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).	(50,138)	(2,674)	(4,707)	(2,523)
Transfer of the deficit on the Dedicated Schools Grant to the Dedicated Schools Grant Adjustment Account	(2,664)	-	-	-
Total Adjustments to Revenue Resources	(88,850)	(2,674)	(4,707)	(2,523)
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(257)	-	257	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	5,288	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,493	8,727	-	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	2,523
Total Adjustments between Revenue and Capital Resources	7,524	8,727	257	2,523
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	19,151	129	-	-
Use of capital receipts reserve to finance capital expenditure	-	-	2,069	-
Total Adjustments to Capital Resources	19,151	129	2,069	-
Total Adjustments	(62,175)	6,182	(2,381)	-

	Usable Reserves		
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000
Restated 2019/2020			
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)	(13,572)	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	31	-	-
Council Tax and NDR (transfers to or (from) Collection Fund Adjustment Account)	3,710	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	129	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account).	(53,665)	(3,283)	(1,063)
Total Adjustments to Revenue Resources	(63,367)	(3,283)	(1,063)
Adjustments between Revenue and Capital Resources			
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(487)	-	487
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	9,533	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,447	6,144	-
Total Adjustments between Revenue and Capital Resources	11,493	6,144	487
Adjustments to Capital Resources			
Application of capital grants to finance capital expenditure	17,671	1,428	-
Total Adjustments to Capital Resources	17,671	1,428	-
Total Adjustments	(34,203)	4,289	(576)

10. 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 2020/2021.

	Balance at 1st April 2019 £000	Transfers Out 2019/2020 £000	Transfers In 2019/2020 £000	Balance at 31st March 2020 £000	Transfers Out 2020/2021 £000	Transfers In 2020/2021 £000	Balance at 31st March 2021 £000
General Fund:							
Balances held by schools under scheme of delegation	(2,353)	286	(317)	(2,384)	166	(1,343)	(3,561)
School DSG Balances	422	3,161	(483)	3,100	(3,100)	-	-
Unallocated Reserves	(7,057)	4,765	-	(2,292)	-	(4,001)	(6,293)
Total General Fund	(8,988)	8,212	(800)	(1,576)	(2,934)	(5,344)	(9,854)
Earmarked Reserves							
Potential Pay Liabilities	(2,919)	1,240	(2,811)	(4,490)	448	(151)	(4,193)
Public/Private Partnership Reserve	(4,833)	6,431	(633)	965	3,574	(1,346)	3,193
Council Tax & Non-Domestic Rates Deficits	(12,574)	11,669	(7,323)	(8,228)	21,779	(19,663)	(6,112)
Museum Reserve	(294)	11	(1,337)	(1,620)	9	(4,170)	(5,781)
Transformation Reserve	(518)	692	(1,298)	(1,124)	355	-	(769)
Specific Settlements in Dispute	(539)	-	-	(539)	-	-	(539)
Strategic Investments	(320)	-	-	(320)	-	-	(320)
Financial systems upgrade, renewals & replacements	(118)	45	(428)	(501)	398	(64)	(167)
Financial Instruments	(14)	14	-	-	-	-	-
Treasury Management - Prudential borrowing	(465)	-	(332)	(797)	-	-	(797)
Insurances	(1,100)	-	(5,943)	(7,043)	639	(2,411)	(8,815)
Enterprise Zone	(170)	429	(496)	(237)	414	(389)	(212)
Opportunity Area	(3,096)	3,096	(1,631)	(1,631)	1,631	(1,131)	(1,131)
Vehicles Replacement Reserve	(1,202)	2,056	(2,326)	(1,472)	3,063	(3,260)	(1,669)
Contributions to Future Regeneration projects	-	-	-	-	140	(1,625)	(1,485)
Covid-19 support grant	-	380	(6,085)	(5,705)	5,705	(2,061)	(2,061)
Covid-19 Non-Domestic Rates S31 Reliefs	-	-	-	-	-	(14,599)	(14,599)
Future Increases in Pension	-	-	-	-	-	(1,400)	(1,400)
Adult Social Care Support	(3,469)	3,126	(870)	(1,213)	160	(3,031)	(4,084)
Financial Inclusion and Hardship	(82)	-	(192)	(274)	14	(1,369)	(1,629)
Housing General Fund - Homelessness	(1,025)	94	(402)	(1,333)	168	(370)	(1,535)
Town Centre Regeneration	(1,814)	-	(969)	(2,783)	78	(623)	(3,328)
Early Years Funding	-	-	(790)	(790)	390	(1,027)	(1,427)
Enterprise and Employment	(356)	223	(970)	(1,103)	607	(635)	(1,131)
Other departmental reserves	(6,754)	3,702	(6,528)	(9,580)	4,458	(10,335)	(15,457)
Total Earmarked Reserves	(41,662)	33,208	(41,364)	(49,818)	44,030	(69,660)	(75,448)
HRA							
Housing Revenue Account	(5,705)	875	-	(4,830)	1,798	-	(3,032)

11. Other Operating Expenditure

2019/2020 £000		2020/2021 £000
68	Flood Defence Levy	70
487	Payments to the Government Housing Capital Receipts Pool	257
1,232	Losses on the disposal of non-current assets	705
1,787	Total	1,032

12. Financing And Investments Income And Expenditure

2019/2020 £000		2020/2021 £000
7,586	Interest payable and similar charges	7,551
5,449	Net interest on the net defined benefit liability/(asset)	4,723
(2,872)	Pension Pooling - Business Combinations	-
(3,092)	Interest receivable and similar income	(3,584)
(841)	Dividend - Council Owned Subsidiaries	-
(7,478)	Investment Properties	2,688
(1,248)	Total	11,378

13. Taxation And Non Specific Grant Income

2019/2020 £000		2020/2021 £000
(56,837)	Council Tax Income	(60,135)
(3,690)	Collection Fund (surplus)/deficit movement	16,954
(28,515)	Retained Business Rates	(19,507)
(27,137)	Business Rates Top Up	(24,468)
(22,156)	Non-ringfenced government grants	(40,065)
(19,099)	Capital Grants & contributions	(19,280)
(6,085)	Covid-19 Un-ringfenced Grants	(21,704)
-	S31 NNDR Extended Reliefs (Covid-19)	(14,767)
(163,519)	Total Taxation and Non-Specific Grant Income	(182,972)

14. Property, Plant And Equipment (PPE)

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

2020/2021

	Council Dwellings & Other Land HRA & Buildings £000 £000		Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation							
Restated Balance as at 1 April 2020	123,365	265,313	89,784	66	24,212	502,740	32,705
Additions	8,856	4,277	3,759	1	16,244	33,137	-
Revaluation increases to Revaluation Reserve	1,734	2,216	-	-	-	3,950	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	(11,731)	-	-	218	(11,513)	-
Impairment on Conference Centre	-	-	-	-	(11,318)	(11,318)	-
Derecognition - Disposals	(567)	(1,270)	-	-	-	(1,837)	-
Transfer	187	2,595	-	-	-	2,782	-
Balance as at 31 March 2021	133,575	261,400	93,543	67	29,356	517,941	32,705
Depreciation and Impairment							
Restated Balance as at 1 April 2020	(2,253)	(8,669)	(50,701)	-	-	(61,623)	(9,419)
Depreciation Charge	(2,523)	(8,204)	(4,544)	-	-	(15,271)	(1,198)
Depreciation written out on Revaluation Reserve	-	3,785	-	-	-	3,785	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,253	31	-	-	-	2,284	-
Derecognition - Disposals	-	953	-	-	-	953	-
Transfer	(37)	(1,430)	-	-	-	(1,467)	-
Balance as at 31 March 2021	(2,560)	(13,534)	(55,245)	-	-	(71,339)	(10,617)
Net Book Value							
Balance as at 31 March 2021	131,015	247,866	38,298	67	29,356	446,602	22,088
Restated Balance as at 31 March 2020	121,112	256,644	39,083	66	24,212	441,117	23,286

Comparative Movements Restated 2019/2020

	Council Dwellings & Other HRA £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation							
Restated Balance as at 1 April 2019	117,887	236,077	85,898	66	22,199	462,127	32,705
Additions	7,571	55,473	3,886	-	8,591	75,521	-
Revaluation increases/decreases to Revaluation Reserve	-	7,663	-	-	-	7,663	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(258)	(31,775)	-	-	(6,354)	(38,387)	-
Derecognition - Disposals	(1,835)	(221)	-	-	(224)	(2,280)	-
Transfer		(1,904)	-	-		(1,904)	-
Balance as at 31 March 2020	123,365	265,313	89,784	66	24,212	502,740	32,705
Depreciation and Impairment							
Balance as at 1 April 2019	-	(13,539)	(46,932)	-	-	(60,471)	(8,220)
Depreciation Charge	(2,253)	(8,417)	(3,769)	-	-	(14,439)	(1,199)
Depreciation written out on Revaluation Reserve	-	6,051	-	-	-	6,051	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	6,887	-	-	-	6,887	-
Derecognition - Disposals	-	349	-	-	-	349	-
Restated Balance as at 31 March 2020	(2,253)	(8,669)	(50,701)	-	-	(61,623)	(9,419)
Net Book Value							
Restated Balance as at 31 March 2020	121,112	256,644	39,083	66	24,212	441,117	23,286
Restated Balance as at 31 March 2019	117,887	222,538	38,966	66	22,199	401,656	24,485

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 (between 3 and 125 years).
- 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 (between 5 and 40 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 2021 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 £30.2m. Similar commitments at 31st March 2020 were £20.5m. The major commitments are in relation to Central Business District Phase 2 (£19.2m), the tramway extension (£0.5m), the Conference Centre (£3.6m), Enterprise Zone (£2m) and Troutbeck housing scheme (£4.9m).

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 2020/2021. 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 (RICS). 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 outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

The pandemic has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of some land and buildings and investment properties at the balance sheet date.

In respect of the Blackpool Council car parks and social housing portfolios as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the car parks and social housing, included within this report, is therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

The valuations were carried out by internal and external valuers who are RICS qualified.

	Council Dwellings £000	Other Land & Buildings £000	Surplus Assets £000	Total £000
Valued at cost 31/03/2021	-	1,262	-	1,262
Valued at fair value as at:				
31/03/2021	131,015	84,331	697	216,043
31/03/2020	-	80,378	-	80,378
31/03/2019	-	56,860	-	56,860
31/03/2018	-	25,035	-	25,035
Total Cost or Valuation	131,015	247,866	697	379,578

15. Infrastructure Assets

Movements on Balances

In accordance with the Temporary Relief offered by the Update to the Code on Infrastructure Assets this note does not include the gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as to the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Restated 2019/2020 £000		2020/2021 £000
308,457	Net Book Value (Modified Historic Cost) at 1st April	304,280
11,126	Additions	6,977
(15,303)	Depreciation (in year)	(11,818)
-	Transfer	(1,262)
304,280	Net Book Value at 31st March	298,177

16. Heritage Assets

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

	Art Collection	Civic Regalia	Other	Tower & Local History Collection	Illuminations	Stanley Park Statues	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation 1st April 2020	5,655	689	20	1,450	550	-	8,364
Revaluations	-	(19)	-	-	-	-	(19)
Balance 31st March 2021	5,655	670	20	1,450	550	-	8,345

	Art Collection	Civic Regalia	Other	Tower & Local History Collection	Illuminations	Stanley Park Statues	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation 1st April 2019	5,655	510	20	1,450	550	-	8,185
Purchases	-	-	-	-	-	-	-
Revaluations	-	179	-	-	-	-	179
Balance 31st March 2020	5,655	689	20	1,450	550	-	8,364

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 2021.

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 on a separate line in the Comprehensive Income and Expenditure Statement.

2019/2020 £000		2020/2021 £000
(6,905)	Rental income from investment property	(4,062)
5,121	Direct operating expenses arising from investment property	4,434
(5,694)	Net (gains)/losses from fair value adjustments	2,316
(7,478)	Net (gain)/loss	2,688

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.

2019/2020 £000		2020/2021 £000
50,565	Balance at start of the year	58,529
	Additions -	
15	- Purchases	4,843
181	- Construction	175
	- Disposals	(20)
	Transfer -	
2,074	- (To)/from PPE	-
6,573	Upward Revaluation	224
(879)	Impairment	(2,540)
58,529	Balance at end of the year	61,211

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 3 Accounting Policies xxvii 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 2021 by the authority's Chief Valuation Officer, who is RICS qualified, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The pandemic has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of some land and buildings and investment properties at the balance sheet date.

In respect of the Victoria Street properties portfolio as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the properties, included within this report, is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

18. Surplus Assets

2019/2020 £000		2020/2021 £000
897	Balance outstanding at start of year	753
57	Revaluation gains/(losses)	8
(3)	Impairment losses	(12)
(25)	Disposals	-
(173)	Assets declassified as surplus assets: - property, plant and equipment	(52)
753	Balance outstanding at year end	697

19. Intangibles

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets consist of purchased software licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to intangibles is 5 years.

The carrying amount of intangible assets is amortised on a straight line basis. The cost is charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

2019/2020 £000		2020/2021 £000
	- Net Carrying Amount at 1st April 2020	466
	Additions:	
466	Purchases	364
	- Amortisation for the period	(93)
466	Net Carrying Amount at 31st March 2021	737
	Comprising:	
466	Gross Carrying Amount	830
	- Accumulated Amortisation	(93)
466		737

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non exchange contracts such as those relating to taxes and government grants do not give rise to 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	
	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000
Amortised Cost								
Principal	-	-	78,273	80,932	21,350	-	-	5,654
Trade Debtors	-	-	-	-	-	-	46,670	36,805
Cash & Cash Equivalents	-	-	-	-	-	3,458	-	-
Total Amortised Cost	-	-	78,273	80,932	21,350	3,458	46,670	42,459
Non Financial Assets	-	-	-	-	-	-	10,385	26,216
Total Financial Assets	-	-	78,273	80,932	21,350	3,458	57,055	68,675

Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000	31/03/2020 £000	31/03/2021 £000
Amortised Cost								
Principal & accrued loan interest	87,460	79,487	-	-	245,184	259,607	793	588
PFI and Finance Lease	-	-	96,408	93,355	-	-	4,243	4,390
Total Financial Liabilities	87,460	79,487	96,408	93,355	245,184	259,607	5,036	4,978
Non Financial Liabilities	-	-	103	4	-	-	46,664	51,010
Total	87,460	79,487	96,511	93,359	245,184	259,607	51,700	55,988

Income, Expense, Gains and Losses

	2020/2021			2019/2020		
	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Total
	£000	£000	£000	£000	£000	£000
Interest expense	7,551	-	7,551	7,586	-	7,586
Total expense in Surplus or Deficit on the Provision of Services	7,551	-	7,551	7,586	-	7,586
Interest income	-	(3,584)	(3,584)	-	(3,092)	(3,092)
Total income in Surplus or Deficit on the Provision of Services	-	(3,584)	(3,584)	-	(3,092)	(3,092)
Net gain/(loss) for the year	7,551	(3,584)	3,967	7,586	(3,092)	4,494

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 2021 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 2021		31st March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	339,094	363,137	332,644	365,031
Long term creditors	93,359	93,359	96,511	96,511

The fair value of the liabilities reflects the cost to the Council if it chose to repay its Public Works Loans Board (PWLB) loans at 31st March 2021 as the aggregate net present value of future cash flows, discounted using the appropriate discount rate taken from the premature repayment set of rates in force at the close of business on the last working day of the financial year.

	31st March 2021		31st March 2020	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial assets held at amortised cost	5,467	5,467	20,920	20,920
Long term debtors	80,932	80,932	78,547	76,135
Short term debtors	36,805	36,805	57,055	57,055

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 2021) 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.

21. Long Term Investments

Restated 31st March 2020 £000		31st March 2021 £000
	Ordinary Shares (£1 per share) in:-	
2,789	Blackpool Transport Services Ltd	2,789
13,600	Blackpool Housing Company	15,850
4,250	Blackpool Airport	4,250
10	Municipal Bonds Agency	10
20,649	Total	22,899

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.

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 £15,850,000.

The movement in share value in 2020/2021 is as follows:

	£000
Shares as at 31st March 2021	13,600
Purchase of shares in 2020/21	2,250
Shares as at 31st March 2021	15,850

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.

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 2021 the Council had purchased £10,000 worth of shares in the Company which equates to 0.13%.

Blackpool Waste Services Limited

Blackpool Waste Services Limited was set up on 1st July 2019. The company was set up to deliver the domestic waste service in Blackpool. The Council owns 100% of the shares valued at £1.

Lancashire Management Operations Limited

Lancashire Management Operations was set up on 15th November 2018. The company is wholly owned by the Council and was set up to manage and operate the Trashed student accommodation in Preston.

The Council owns 100% of the shares valued at £1.

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, Blackpool Airport Limited and Blackpool Waste Services Limited and Lancashire Management Operations Limited.

22. 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 2020 £000		31st March 2021 £000
17,742	Blackpool Transport Services	13,298
6,461	Blackpool Teaching Hospital (NHS)	4,615
2,812	Blackpool Pleasure Beach	2,390
19,200	Blackpool Housing Company	22,800
4,488	Create Developments (Blackpool) Ltd	4,781
8,988	Coolsilk	9,333
11,845	Ocean Boulevard III	10,939
912	Laila's Fine Foods	754
814	Blackpool Airport Operations Ltd	1,052
1,215	Small Business Loans	1,146
552	Waste Disposal Site (prev PFI)	552
652	Adult Social Care Deferred Payments	737
447	Lancashire County Developments	468
2,138	Enveco Refuse Vehicles	1,731
7	Council Mortgages - (Right to Buy)	7
-	Red Rocket Group	113
	Covid Recovery Fund:	
-	Blackpool Transport Services	3,716
-	Blackpool Entertainment Company	2,500
78,273	Total	80,932

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 was increased to £100m. A further increase to £200m was agreed as part of the 2019/20 budget process. 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 £1.2m.

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 was phased as shown in the table below:

Date Purchased	Number of Buses	Cost £
October 2017	20	4,782,532
April 2018	9	1,468,485
May 2018	9	1,498,985
April 2019	8	1,430,000
June 2019	7	1,348,361
March 2020	19	3,871,848
Total		14,400,211

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.

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 was due to be repaid by November 2020 and interest is charged at the market rate. Prior to the expiry date Blackpool Pleasure Beach requested to re-finance the loan and this was agreed. The loan and applicable interest is due to be repaid in full by November 2029.

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.

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.

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.

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.

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.

Blackpool Airport Operations Limited

At its meeting on 23rd March 2020 the Executive agreed to the provision of a £1m business loan to Blackpool Airport Operations Ltd (BAOL) over a 25 year repayment term towards essential capital investment at Blackpool Airport.

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 2020/2021 was £468,056 (£447,247 in 2019/2020). The movement in fair value of £20,809 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.

Enveco Refuse Vehicles

At its meeting on 16th July 2018 the Executive agreed for form an arms-length company (Enveco) to manage the Council's domestic waste service following the termination of the contract with an external supplier.

As part of the new arrangement the Executive agreed to the Council purchasing a number of new refuse vehicles and funding them through prudential borrowing. The vehicles were then leased by the Council to Enveco, who are repaying the lease to the Council over 84 monthly equal instalments including interest.

Covid-19 Recovery Fund

On 2nd November 2020 the Leader of the Council agreed to set up a £20m Covid-19 Recovery Fund, with a 20% contingency of £4m. This was to be ring-fenced for Council Wholly Owned Companies and was taken from the previously established business loans fund. The Covid-19 pandemic has led to a number of council wholly owned companies facing significant income losses as a result of lockdown and subsequent social distancing restrictions. This has impacted on both profitability and cash flow.

The terms of the support require the companies to demonstrate cumulative breakeven income and expenditure position by the end of year 5 of their recovery plan. The loans are tailored to the individual circumstances of the company and its recovery plan, the loan may be offered as either:

- an interest-only basis with a balloon principal repayment, or
- monthly repayments of principal and interest.

The loans are offered at fixed rates over 5 years.

23. Inventories

2020/2021	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	117	525	642
Purchases	675	1,495	2,170
Recognised as an expense in the year	(338)	(1,700)	(2,038)
Balance outstanding at year end	454	320	774

2019/2020	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	66	379	445
Purchases	77	2,189	2,266
Recognised as an expense in the year	(26)	(2,043)	(2,069)
Balance outstanding at year end	117	525	642

24. Debtors

31st March 2020 £000		31st March 2021 £000
4,477	Trade receivables	16,991
10,385	Prepayments	2,405
40,714	Other receivable amounts	36,906
	Debtors for local taxation:	
16,011	- Council Tax	18,420
5,340	- NNDR	13,714
(19,872)	Total impairment	(19,761)
57,055	Net Value of Debtors	68,675

25. Cash and Cash Equivalents

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

31st March 2020 £000		31st March 2021 £000
26	Cash held by the Authority	27
21,350	Short term deposits with institutions	4,350
(1,872)	Bank current accounts	(919)
19,504	Total Cash and Cash Equivalents	3,458

26. Creditors

Short Term Creditors

31st March 2020 £000		31st March 2021 £000
(42,339)	Trade payables	(4,080)
(1,389)	Other payables - PFI	(1,009)
(4,008)	Other payables - non PFI	(65,832)
(18,012)	Receipts in Advance	(21,444)
	Creditors for local taxation:	
(289)	- Council tax	(417)
(3,675)	- NNDR	(756)
(69,712)	Total Short Term Creditors	(93,538)

Long Term Creditors

31st March 2020 £000		31st March 2021 £000
(39,232)	PFI schemes liabilities	(37,364)
(29,203)	Ex Waste PFI scheme Liability	(28,089)
(27,973)	Finance lease liabilities	(27,902)
(103)	Other long term creditors	(4)
(96,511)	Total Long Term Creditors	(93,359)

27. Provisions

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2020	(1,329)	(11,794)	(13,123)
Additional Provisions Made in 2020/2021	(1,050)	(5,660)	(6,710)
Amounts Used in 2020/2021	668	8,468	9,136
Unused Amounts Reversed Back in 2020/2021	1,334	-	1,334
Balance at 31 March 2021	(377)	(8,986)	(9,363)

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2019	(6,609)	(7,942)	(14,551)
Additional Provisions Made in 2019/2020	(1,450)	(10,405)	(11,855)
Amounts Used in 2019/2020	537	5,979	6,516
Write Back Unused Amounts	6,193	574	6,767
Balance at 31 March 2020	(1,329)	(11,794)	(13,123)

Outstanding legal cases**Injury Compensation Claims**

Most of the injury compensation claims are individually insignificant. 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 within few years. 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.

28. Usable Reserves

31st March 2020 £000		31st March 2021 £000
716	Schools Reserves	(3,561)
(2,292)	Unallocated General Fund Reserves	(6,293)
(4,830)	Housing Revenue Account	(3,032)
(49,818)	Earmarked Revenue Reserves	(75,448)
(11,411)	Capital Receipts Reserve	(13,792)
(3,112)	Capital Reserves	(3,112)
(70,747)	Total Usable Reserves	(105,238)

29. Unusable Reserves

Restated 31st March 2020 £000		31st March 2021 £000
(100,463)	Revaluation Reserve	(104,300)
(293,157)	Capital Adjustment Account	(279,587)
1,633	Financial Instruments Adjustment Account	1,578
230,786	Pensions Reserve	322,635
(4,199)	Collection Fund Adjustment Account	14,772
1,191	Accumulated Absences Account	1,783
-	Dedicated Schools Grant Adjustment Account	5,762
(164,209)	Total Unusable Reserves	(37,357)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council 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.

Restated 2019/2020 £000		2020/2021 £000
(87,835)	Balance at 1st April	(100,463)
(7,989)	Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(3,889)
(6,044)	Depreciation written out to Revaluation Reserve	(6,039)
67	Accumulated gains on assets sold or scrapped	99
1,338	Amount written off to the Capital Adjustment Account	5,992
(100,463)	Balance at 31st March	(104,300)

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

Restated 2019/2020 £000		2020/2021	
		£000	£000
(315,848)	Balance at 1st April		(293,157)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
55,808	- Charges for depreciation and impairment of non-current assets	51,993	
(91)	- Revenue expenditure funded from capital under statute	112	
	- 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	1,078	
2,226			
57,943			53,183
(1,338)	Adjusting amounts written out of the Revaluation Reserve	(5,992)	
56,605	Net written out amount of the cost of non-current assets consumed in year		47,191
	Capital financing applied in year:		
	- Use of the Capital Receipts Reserve to finance new capital expenditure	(2,069)	
(19,098)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(19,280)	
(9,532)	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(5,288)	
(8,590)	- Capital expenditure charged against the general fund and HRA balances	(10,905)	
3,306	- Business loans repayment of principal	3,921	
(33,914)			(33,621)
(293,157)	Balance at 31st March		(279,587)

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.

2019/2020 £000		2020/2021 £000
1,664	Balance at 1st April	1,633
(31)	Amount by which finance costs are charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(55)
1,633	Balance at 31st March	1,578

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.

2019/2020 £000		2020/2021 £000
244,578	Balance at 1st April	230,786
(27,364)	Remeasurement of net defined benefit liability (Actuarial gains/(losses) on pension assets (liabilities))	75,308
31,570	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	27,683
(4,872)	Transfer of Blackpool Transport Services pension surplus into pooling arrangement	-
(844)	Employers pension contributions and deficit payments for future years	181
(12,282)	Employers pension contributions and direct payments to pensions in year	(11,323)
230,786	Balance at 31st March	322,635

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.

The significant year on year movement on non-domestic rates arises from the additional business rates reliefs given to support particular business sectors during the Covid-19 pandemic which was not reflected in the business rate income estimated in January 2020 and therefore not reflected and paid across to the General Fund in 2020/2021. These business rate reliefs will be paid to the General Fund in 2021/2022.

2019/2020 £000		2020/2021 £000
(489)	Balance at 1st April	(4,199)
83	Amount by which council tax credited to the Comprehensive Income and Expenditure Statement is different to council tax income calculated for the year in accordance with statutory requirements	2,308
(3,793)	Amount by which non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different to non-domestic rates income calculated for the year in accordance with statutory requirements	16,663
(4,199)	Balance at 31st March	14,772

Accumulated Absences Account

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

2019/2020 £000		2020/2021 £000
1,320	Balance at 1st April	1,191
(1,320)	Settlement or cancellation of accrual made at the end of the preceding year	(1,191)
1,191	Amounts accrued at the end of the current year	1,783
1,191	Balance at 31st March	1,783

Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant Adjustment Account was created following a statutory instrument to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' school budget deficits such as where a local authority has a deficit on its school budget for the financial years beginning 1st April 2020, 1st April 2021 and 1st April 2022, it must not charge the amount of that deficit to the revenue account. The council must record the deficit in an unusable reserve created solely for the purpose of recording deficits relating to its school budgets.

2019/2020 £000		2020/2021 £000
	- Balance at 1st April	-
	- Reporting of Schools Budget Deficit to new Adjustment Account at 1st April	3,098
	- Deficit on Schools Budget for the year	2,664
	- Balance at 31st March	5,762

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2019/2020 £000		2020/2021 £000
(3,008)	Interest Received	(3,584)
7,187	Interest Paid	7,551
(841)	Dividend Received	-

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

Restated 2019/2020 £000		2020/2021 £000
(62,300)	Depreciation/Impairment charges to CIES	(52,229)
(13,572)	Movement in Pension Liability	7,186
(26)	(Decrease)/Increase in Short Term Loans	461
7,556	Increase in Debtors	11,620
197	Increase/(decrease) in Inventories	132
1,428	(Increase)/decrease in Provisions	3,760
(564)	(Increase)/decrease in Creditors	(23,826)
(1,930)	Other non-cash items credited to the net surplus or deficit on the provision of services	(765)
(69,211)	Total	(53,661)

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

2019/2020 £000		2020/2021 £000
19,099	Capital grants credited to the surplus or deficit on the provision of services	19,280
1,232	Loss on disposal of property, plant and equipment investment property and intangible assets	705
3,710	Billing Authorities - Collection Fund adjustments	(19,278)
24,041	Total	707

31. Cash Flow Statement – Investing Activities

Restated 31st March 2020 £000		31st March 2021 £000
87,309	Purchase of property, plant & equipment, investment property and intangible assets	45,495
28,767	Other payments for investing activities	9,026
(1,063)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(1,858)
(22,780)	Capital Grants received	(23,106)
(5,293)	Other receipts for investing activities	(4,117)
86,940	Net cash flows from investing activities	25,440

32. Cash Flow Statement – Financing Activities

Restated 31st March 2020 £000		31st March 2021 £000
(557,077)	Cash receipts of short and long term borrowing	(510,436)
473,780	Repayments of short and long term borrowing	503,987
3,306	Other payments for financing activities	3,750
(3,710)	Billing Authorities - Collection Fund adjustments	19,278
(83,701)	Net cash flows from financing activities	16,579

33. Reconciliation of Liabilities Arising From Financing Activities

	1st April 2020 £000	Financing Cash Flows £000	Non-Financing Cash Flows £000	31st March 2021 £000
Long term borrowings	87,460	(7,973)	-	79,487
Short term borrowings	245,184	14,423	-	259,607
Lease liabilities	57,280	(1,244)	(45)	55,991
PFI Liabilities	39,231	(1,772)	(96)	37,363
Total Liabilities from Financing Activities	429,155	3,434	(141)	432,448

	1st April 2019 £000	Financing Cash Flows £000	Non-Financing Cash Flows £000	31st March 2020 £000
Long term borrowings	89,895	(2,435)	-	87,460
Short term borrowings	159,452	85,732	-	245,184
Lease liabilities	75,451	(18,135)	(36)	57,280
PFI Liabilities	42,707	(3,302)	(174)	39,231
Total Liabilities from Financing Activities	367,505	61,860	(210)	429,155

34. Road Charging Schemes under the Transport Act 2000

2019/2020 £000		2020/2021 £000
(1,571)	On-street parking operation surplus	(1,055)
	Utilised to Fund:	
5,341	Public Transport	4,273
391	Traffic Management & Road Safety	230
5,732	Total Qualifying Expenditure	4,503

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.

35. Agency Services

The Council provides payroll services for a number of other local authorities, schools including academies and its wholly-owned subsidiary companies. These organisations pay a management fee to the Council for the service. The total management fee received by the Council in 2020/2021 was £149,445 (2019/2020 £200,635) and is based on the number of employees paid.

In 2020/21 the Council received government grants totalling £109.368m in relation to support for local businesses and care homes during the Covid-19 pandemic. The Council acted as agent and passed these grants onto the appropriate organisations in line with government requirements. At 31st March 2021 a creditor of £29.652m is included on the balance sheet for amounts still to be paid to organisations in 2021/22. If there is any mounts left over after the creditors has been distributed these must be paid back to government.

36. 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.

2019/2020 £000			2020/2021 £000	
15,061	32,763	Funding provided to the pooled budget:	15,183	33,639
17,702		Blackpool Council	18,456	
		Blackpool CCG		
24,671	32,484	Expenditure met from the pooled budget:	24,841	33,060
7,813		Blackpool Council	8,219	
		Blackpool CCG		
	279	Net surplus arising on the pooled budget		579
		during the year		

37. Members' Allowances

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

2019/2020 £000		2020/2021 £000
835	Allowances	825
72	Expenses	79
907	Total	904

38. Officers' Remuneration

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

	Number in 2020/2021		Number in 2019/2020	
	Schools	Other Staff	Schools	Other Staff
£50,000 - £54,999	13	32	10	28
£55,000 - £59,999	6	21	7	23
£60,000 - £64,999	3	17	5	15
£65,000 - £69,999	4	9	4	6
£70,000 - £74,999	6	6	6	8
£75,000 - £79,999	1	3	-	2
£80,000 - £84,999	-	2	1	-
£85,000 - £89,999	1	-	2	2
£90,000 - £94,999	2	1	-	-
£95,000 - £99,999	-	1	-	1
£100,000 - £104,999	-	4	-	3
£105,000 - £109,999	-	2	-	2
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	1	-	1
£120,000 - £124,999	-	1	-	1
£140,000 - £144,999	-	-	-	1
£145,000-£149,999	-	1	-	-
TOTAL	36	101	35	93

The remuneration paid to the Authority's senior officers is in the above table and is broken down as follows:

Employees in Post 2020/2021					
Post Holder Information	Salary	Expense Allowance	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£
Chief Executive - Neil Jack	146,855	-	146,855	22,909	169,764
Director of Resources	105,842	54	105,896	16,511	122,407
Director of Communication & Regeneration	100,026	-	100,026	-	100,026
Director of Governance & Partnership Services	100,182	370	100,552	15,628	116,180
Director of Community & Environmental Services	100,182	-	100,182	15,628	115,810
Director of Public Health	119,364	12	119,376	16,468	135,844
Director of Children's Services	106,257	-	106,257	16,576	122,833
Director of Adult Services	100,182	710	100,892	15,628	116,520
Director of Strategy and Assistant Chief Executive	95,672	-	95,672	14,925	110,597
TOTAL	974,562	1,146	975,708	134,273	1,109,981

Employees in Post 2019/2020					
Post Holder Information	Salary	Expense Allowance	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£
Chief Executive - Neil Jack	143,485	334	143,819	14,487	158,306
Director of Resources	103,413	1,832	105,245	15,653	120,898
Director of Communications and Regeneration	103,695	641	104,336	-	104,336
Director of Governance & Partnership Services	100,044	-	100,044	14,807	114,851
Director of Community & Environmental Services	100,044	-	100,044	1,153	101,197
Director of Public Health	120,096	196	120,292	16,574	136,866
Director of Children's Services	105,762	-	105,762	16,574	122,336
Director of Adult Services	97,884	334	98,218	14,487	112,705
Director of Strategy and Assistant Chief	88,327	246	88,573	13,072	101,645
TOTAL	962,750	3,583	966,333	106,807	1,073,140

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	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021 £000	2019/2020 £000
£0 - £20,000	1	10	35	25	36	35	327	188
£20,001 - £40,000	-	1	3	5	3	6	90	168
£40,001 - £60,000	-	-	2	1	2	1	102	50
£60,001 - £80,000	-	-	1	-	1	-	76	-
£80,001 - £100,000	1	-	-	-	1	-	83	-
Total	2	11	41	31	43	42	678	406

39. 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 Deloitte.

	2020/2021 £000	2019/2020 £000
Fees payable to auditors with regard to external audit services carried out by the appointed auditor	85	85
Additional fees payable to auditors in relation to the previous year's audit	-	18
Fees payable to auditors for the certification of grant claims and returns	9	18
Total	94	121

40. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Education and Skills Funding Agency, 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 and Early Years (England) (No2) Regulations 2018. 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 2020/2021 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2020/21 before academy & high needs recoupment			120,967
Academy & high needs figure recouped for 2020/21			(72,275)
Total DSG after Academy & high needs recoupment for 2020/21			48,692
B/F from 2019/20			(3,105)
C/F to 2021/22 agreed in advance			0
Agreed initial budget distribution in 2020/21	26,576	19,010	45,586
In year adjustments	-	-	-
Final budgeted distribution for 2020/21	26,576	19,010	45,586
Less Actual Central Expenditure	32,338		
Less Actual ISB deployed to Schools		19,010	
Plus Local authority contribution for 2020/21	-	-	-
C/F to 2021/22	(5,762)	-	(5,762)

41. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/2021.

	2020/2021 £000	2019/2020 £000
Credited to Taxation and Non Specific Grant Income		
Business Rates Retained	19,507	28,515
Business Rates Top Up	24,468	27,137
Revenue Support Grant	15,030	-
Section 31 Grants (NNDR 1 return)	6,017	7,515
New Homes Bonus	266	454
Adult Social Care Grants	16,477	12,196
Opportunity Area	1,950	2,012
Covid-19 Grants:		
- Covid-19 support grant	10,179	6,085
- Sales, Fees and Charges	8,461	-
- Council Tax Hardship Fund	2,803	-
- DEFRA Emergency Assistance Grant	261	-
- Additional S31 Business Rate Reliefs	14,767	-
Other Contributions	324	427
Capital Grants - Other	19,280	19,099
Total	139,790	103,440
Credited to Services		
Dedicated Schools Grant	48,692	45,701
Pupil Premium Grant	3,474	3,247
Housing Benefit Administration Subsidy	746	763
Rent Allowance Subsidy	42,336	51,012
Rent Rebates Subsidy	10,933	10,813
Public Health Grant	18,512	17,941
Street Lighting PFI	2,627	2,627
Building Schools for the Future PFI	3,024	3,024
Universal Infant Free School Meals	556	596
Sustainable Transport Access Fund	2,500	2,498
Museum Project	3,505	955
Project Adder Grant (Public Health)	825	-
Independent Living Fund	168	168
Department for Transport Condition Surveys/Resurfacing Funding	2,060	2,100
Covid-19 Grants:		
- Contain Outbreak Management Fund/Test and Trace	1,230	-
- Infection Control	990	-
- Rapid Testing	109	-
- Workforce Capacity Fund	452	-
- Emergency Active Travel	415	-
- Bus Services Grant	156	-
- Complaine and Enforcement	114	-
- Rough Sleeping/Accomodation Project	147	-
- Clinically Extremely Vulnerable Support	214	-
- Community Champions	212	-
- Schools Catch Up Grant	293	-
- Winter Grant	526	-
- Self Isolating Fund	269	-
- Discretionary Business Support Grants	3,277	-
- Other Covid grants including New Burdens	206	-
Other Grants and Contributions	6,849	3,496
Total	155,417	144,941

As part of the Council's Growth and Prosperity programme the Council, working in partnership with Blackpool and the Fylde College (B&FC), commissioned a consultant team to prepare a comprehensive 'Masterplan and Delivery Plan' for a multiversity campus on the edge of Blackpool Town Centre for which the costs would be equally shared.

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:

	2020/2021 £000	2019/2020 £000
Current Liabilities		
Revenue Grants Received in Advance		
S31 Business Rate Retention 2020/21	-	6,017
Department for Transport - Project Amber	4,392	4,400
Rogue Landlord	-	63
Sport England	22	46
Green Homes	2,000	-
Active Travel	308	-
Covid-19 - Contain Outbreak/Test & Trace	4,767	-
Other	908	247
Total	12,397	10,773
Long Term Liabilities		
Capital Grants Received in Advance		
Department of Health	360	360
Environment Agency grants	2,807	2,183
Local Transport Plan	8,159	4,612
Empty Homes	2,013	2,142
Education & Skills Funding Agency	3,122	2,788
Other Grants & Contributions	-	526
Total	16,461	12,611

42. 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 40. Capital grant receipts unspent at 31st March 2021 are shown in Note 41.

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 2020/21 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 2020/21 is shown in Note 37.

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 £223,317 in 2020/2021 (2019/2020 - £266,704). The Council had an outstanding creditor with Calico at 31st March 2021 of £2,500. These payments were to meet the Council's social responsibilities.

These transactions were conducted at arms-length and in accordance with the Council'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.

The Director of Resources is a Trustee at Trinity Hospice and Treasurer at Clevr Money (previously known as Blackpool, Fylde and Wyre Credit Union). The Council received £79,557 from Trinity Hospice in relation to funding social care support staff and the collection of waste. £48,188 was received by the Council from Clevr Money in 2020/21 mainly in relation to waste collection and postage.

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 36.

The Council received £3.3m from Lancashire Enterprise Partnership (LEP) towards capital projects including the tramway extension and quality corridor regeneration works. The Council had an outstanding debtor with LEP at 31st March 2021 of £1.485m in relation to contributions to the cost of capital schemes.

Entities Controlled or Significantly Influenced by the Council

The Council 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 2021 was £19,236,000.

The Council 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 2021 was £22,800,000.

The Council controls Blackpool Airport 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 2021 was £1,052,000.

The Council controls Blackpool Operating 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 2021 was £1,101,000

The Council controls Blackpool Entertainment 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 2021 was £2,500,000.

Full details on these loans are within Note 22.

The Council controls Blackpool Coastal Housing (BCH) through the ownership of 100% shares in the Company. In 2020/21 the Council made payments to BCH of £11,195,170 in relation to the management and maintenance of the Council's housing stock.

The authority also controls Blackpool Waste Services Limited and Lancashire Management Operations Limited through its ownership of 100% shares in the companies. Full details are in Section 7 Group Accounts.

All transactions between the Council and the subsidiary companies are included in Note G2 within the Group Accounts section.

43. 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.

	2020/2021 £000	Restated 2019/2020 £000
<u>Capital Financing Requirement</u>		
Restated Opening Capital Financing Requirement	519,775	440,708
Capital Investment		
Property, Plant & Equipment	23,870	78,147
Intangible Assets	364	466
Investment Properties	5,018	196
Assets under Construction	16,244	8,591
Revenue Expenditure funded from Capital under Statute	4,438	5,289
Long Term Debtor - Loan to Blackpool Transport Services	-	6,650
Long Term Debtor - Loan to Create	294	-
Long Term Debtor - Loan to Blackpool Housing Company	3,600	5,000
Long Term Debtor - Loan to Laila's Fine Foods	19	-
Long Term Debtor - Loan to Ocean Boulevard III	282	5,597
Long Term Debtor - Loan to Coolsilk	345	3,943
Long Term Debtor - Loan to Blackpool Airport	238	814
Long Term Debtor - Enveco Leased Vehicles	-	2,138
Long Term Debtor - Red Rocket Group	113	-
Long Term Debtor - Other business loans	-	191
Blackpool Housing Company Shares	2,250	3,125
Sources of Finance		
Capital Receipts	(2,069)	-
Government Grants & Other Contributions	(23,607)	(24,479)
Sums set aside from Revenue	(16,193)	(15,923)
Payments Received for :-		
Long Term Debtor - Loan to Blackpool Transport Services	(2,222)	(1,789)
Long Term Debtor - Loan to Blackpool Victoria Hospital	(923)	(923)
Long Term Debtor - Loan to Laila's Fine Foods	(65)	(84)
Long Term Debtor - Enveco Leased Vehicles	(407)	-
Long Term Debtor - Loan to Ocean Boulevard III	(305)	(500)
Long Term Debtor - Blackpool Pleasure Beach	(110)	(688)
Long Term Debtor - Other business loans	(428)	
Lease/PFI Repayments	3,750	3,306
Closing Capital Financing Requirement	534,271	519,775
Explanations of Movements in Year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	14,496	78,601
Increase in Capital Financing Requirement	14,496	78,601

44. Long Term Creditors

Waste Services

The Council has recognised a creditor in respect of the borrowing raised by Lancashire County Council to settle the PFI liability in respect of the former Lancashire Waste PFI. The assets underpinning the finance lease are the land and buildings comprising the waste plants and are included within Property, Plant and Equipment – Other Land and Buildings on the balance sheet. Blackpool Council's share of the liability is 12.5%.

The total future repayments payable at 31st March 2021 were as follows:

	31st March 2021	31st March 2020
	£000	£000
Payments due no later than one year	1,114	1,070
Payments due later than one year not later than five years	4,898	4,718
Payment due later than five years	23,191	24,486
Total	29,203	30,274

Authority as Lessee

Finance Leases

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 2021 was £19.3m which is included within Investment Properties on the balance sheet.

The total future repayments payable at 31st March 2021 were as follows:

	Minimum Lease Payments	
	31st March 2021	31st March 2020
	£000	£000
Not later than one year	690	690
Later than one year and not later than five years	2,760	2,760
Later than five years	15,194	15,884
Total	18,644	19,334

Tramshed

In 2018/19 the Council entered into a 30 year lease for the Tramshed – a purpose-built student accommodation property. The property is managed by a wholly owned subsidiary of the Council and it's net book value of £14.925m (£15.317m in 2019/20) is included within Investment Properties on the balance sheet.

The future repayments payable at 31st March 2021 were as follows:

	Minimum Lease Payments	
	31st March 2021 £000	31st March 2020 £000
Not later than one year	709	707
Later than one year and not later than five years	2,856	2,847
Later than five years	16,110	16,828
Total	19,675	20,382

The Authority as Lessor

The Council has granted various property leases including the lease of the Sandcastle Waterpark, Ribble House and part of Number One Bickerstaffe Square. The future minimum lease payments under non-cancellable lease for all property leases in future years are:

	Minimum Lease Payments	
	31st March 2021 £000	31st March 2020 £000
Not later than one year	2,176	2,176
Later than one year and not later than five years	7,661	6,498
Later than five years	4,820	9,339
Total	14,657	18,013

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.

45. 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 2021 (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 2021/22	1,313	675	1,785	3,773
Payable in two to five years	6,139	2,618	6,560	15,317
Payable in six to ten years	9,272	4,300	6,548	20,120
Payable in eleven to fifteen years	10,394	7,213	3,944	21,551
Payable in sixteen to twenty years	2,835	3,149	417	6,401
Total	29,953	17,955	19,254	67,162

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:

2019/2020 £000		2020/2021 £000
(19,244)	Balance outstanding at start of year	(18,643)
601	Payments during the year	688
(18,643)	Total	(17,955)

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 2021 (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 2021/2022	1,818	1,192	1,122	4,132
Payable in two to five years	5,812	6,333	4,443	16,588
Payable in six to ten years	10,891	13,424	5,008	29,323
Payable in eleven to fifteen years	12,500	15,015	1,685	29,200
Total	31,021	35,964	12,258	79,243

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:

2019/2020 £000		2020/2021 £000
(23,463)	Balance outstanding at start of year	(22,790)
1,005	Payments during the year	1,084
(332)	Additions	(879)
(22,790)	Total	(22,585)

46. 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 2020/2021 the Council paid £2,820,418 (2019/20 £2,437,327) to the Department for Education in respect of teachers retirement benefits, representing 23.68% (2019/20 20.68%) 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 £2.8m.

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 47.

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 2020/2021, the Council paid £80,255 (2019/20 £81,970) to the NHS Pension Scheme in respect of Public Health employees' retirement benefits, representing 14.38% (2019/20 14.38%) 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 £74,580.

47. 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 (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund 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. The government is of the opinion that the difference in treatment will need to be remedied across all public sector pension schemes. The figures include an allowance for the McCloud judgement.

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	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
<i>Service Cost comprising</i>				
- current service cost	22,623	23,174	-	-
- past service costs	-	2,947	-	-
- curtailments	337	-	-	-
<i>Financing & Investment Income and Expenditure</i>				
Net interest expense	4,649	5,369	74	80
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	27,609	31,490	74	80
<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	151,876	(11,954)	338	(81)
- Actuarial gains and losses arising on changes in demographic assumptions	-	(31,506)	-	(86)
- Experience gains and losses	(57,787)	13,349	-	(44)
Return on plan assets	(19,068)	2,958	(51)	-
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	75,021	(27,153)	287	(211)
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	(27,609)	(31,490)	(74)	(80)
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	34,351	687		
Retirement benefits payable to pensioners			156	157

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	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Present value of the defined benefit obligation	1,039,054	882,784	3,348	3,143
Fair value of plan assets	(743,132)	(655,141)	-	-
Net liability arising from defined benefit obligation	295,922	227,643	3,348	3,143

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Opening fair value of scheme assets	655,141	626,341	-	-
Interest Income	16,298	15,891	-	-
Remeasurement gain/(loss):				
- The return on plan assets , excluding the amount included in the net interest expense	57,787	(13,349)	-	-
- Other	(425)	(401)	-	-
Contributions from employer	34,351	687	156	157
Contributions from employees into the scheme	4,563	4,320	-	-
Benefits paid	(24,583)	(23,273)	(156)	(157)
Business combinations	-	44,925	-	-
Closing fair value of scheme assets	743,132	655,141	-	-

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Opening balance at 1 April	882,784	855,206	3,143	3,431
Current service cost	22,198	22,773	-	-
Interest cost	20,947	21,260	74	80
Contributions from scheme participants	4,563	4,320	-	-
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	-	(31,506)	-	(86)
- Actuarial (gains)/losses arising from changes in financial assumptions	151,876	(11,954)	338	(81)
- Experience (gains) and losses	(19,068)	2,958	(51)	(44)
Past service cost	-	2,788	-	-
Losses/(gains) on curtailment	337	159	-	-
Benefits paid	(24,583)	(23,273)	(156)	(157)
Business Combinations	-	40,053	-	-
Closing balance at 31 March	1,039,054	882,784	3,348	3,143

	Fair Value of Scheme Assets	
	2020/21 £000	2019/20 £000
Cash & cash equivalents	16,412	7,207
Bonds:		
- Corporate	-	16,380
Sub total bonds	-	16,380
Property:		
-Retail	730	655
- Commercial	12,002	8,517
Sub total property	12,732	9,172
Private Equity: Overseas	400,057	347,224
Other investment funds:		
- Credit Funds	99,338	103,512
- Pooled Fixed Income	24,771	34,722
- Infrastructure	89,121	90,409
- Property	93,101	46,515
- UK Pooled Equity Funds	7,600	-
Sub total other investment funds	313,931	275,158
Total assets	743,132	655,141

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 2019.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2020/21 £000	2019/20 £000	2020/21 £000	2019/20 £000
Post Retirement Mortality Assumptions:				
Non Retired:				
Men/Women	110%/94%	110%/94%	110%/94%	110%/94%
Retired				
Men/Women	103%/91%	103%/91%	103%/91%	103%/91%
Longevity at 65 for current pensioners:				
- Men	22.4yrs	22.3yrs	22.4yrs	22.3yrs
- Women	25.1yr	25.0 yrs	25.1yr	25.0yrs
Longevity at 75 for current pensioners:				
- Men	-	-	13.7yrs	13.6yrs
- Women	-	-	15.9yrs	15.8yrs
Longevity at 65 for future pensioners:				
- Men	23.9yrs	23.8 yrs	-	-
- Women	26.9yrs	26.8yrs	-	-
Rate of inflation	2.7%	2.1%	2.7%	2.1%
Rate of increase in salaries	4.2%	3.6%	-	-
Rate of increase in pensions	2.8%	2.2%	2.8%	2.2%
Rate for discounting scheme liabilities	2.1%	2.4%	2.1%	2.4%

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.

	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	3.03%	31,444
Rate of Inflation - increase by 0.1%	1.74%	18,049
Rate of increase in salaries - increase by 0.1%	0.18%	1,832
1% increase in real discount rate	(1.71%)	(17,741)

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 2022.

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.

The Council opted to make the 3 year advance payment of its employer pension contributions and deficit payments totalling £33.579m in 2020/21. This covers the contributions for 2020/21, 2021/22 and 2022/23.

48. 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; and
- 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

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 £4.35m 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 recoverability applies to all of the Authority's deposits but there was no evidence at 31st March 2021 that this was likely to crystallize therefore no separate provision for loss has been made in the accounts. The Council limits the amount of borrowing undertaken, thereby reducing the potential credit risk from placing deposits.

Expected Credit Losses

Expected credit losses are an allowance based on all reasonably possible future events that could result in default, weighted by likelihood of occurrence. They are calculated by comparing the net present value of all contractual cash flows that are due with the net present value of all cash flows that are expected to be received. There were no significant expected losses identified.

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

	Amount at 31st March 2021 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2021 %	Estimated maximum exposure to default and uncollectability At 31st March 2021 £000	Estimated maximum exposure at 31st March 2020 £000
Deposits with banks and financial institutions	4,350	-	-	-	-
Customers	53,897	35%	-	18,864	16,432

Of the £63m current debtors £10.663m relates to invoices raised for customer accounts.

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 and invoices should be paid within 30 days, however £5.283m of the £10.663m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31st March 2021 £000	31st March 2020 £000
Up to 3 months	550	1,256
Three to six months	1,764	672
Six months to one year	1,189	604
1-2 years	820	1,172
2-3 years	364	190
Over 3 years	596	583
Total	5,283	4,477

The year on year increase is due to the Council's response to the Covid-19 pandemic. The Council introduced a moratorium on collecting debts in the early days of the pandemic and agreed terms and repayment plans with some rental customers in order to protect and support local businesses. In light of this, the Council carried out additional reviews when considering the impairment allowance.

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.

The following table shows the maturity profile of the Council's borrowings with 76% maturing within one year. This is structural borrowing being held on short term liquidity risk and requires regular refinancing, as part of the Council's Treasury Management Strategy, to benefit from short term low interest rates. Although this creates some interest rate risk it is mitigated due to the Council being able to switch from short term to long term borrowing should interest rates rise.

	31st March 2021 £000	31st March 2020 £000
Less than one year	259,607	245,184
Between one and two years	3,024	6,184
Between two and five years	6,808	9,833
Between five and ten years	20,312	22,157
Between ten and fifteen years	11,810	11,814
Between fifteen and twenty years	-	-
More than twenty years	37,533	38,472
Total	339,094	333,644

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 £2.5m effect on the financial statements. This assumption is based on the methodology used in the Note 19 Fair Value of Assets and Liabilities.

Price Risk

The Authority does not invest in equity shares but does have shareholdings with a historic cost value of £25.426m 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.

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.

49. 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.

As at 31st March 2021 the Council had no material contingent assets to disclose.

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

50. 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.

	2016/2017 £000	2017/2018 £000	2018/2019 £000	2019/2020 £000	2020/2021 £000
Balance B/fwd					
Cenotaph	120	120	20	20	20
Civic Regalia	591	591	510	510	689
Illuminations	500	500	550	550	550
Tower Collection & Local Family					
History Collection	900	900	1,450	1,450	1,450
Art Collection	5,000	5,000	5,655	5,655	5,655
Stanley Park Statues	653	653	-	-	-
Total Balance B/fwd	7,764	7,764	8,185	8,185	8,364
Additions					
Art Collection	-	55	-	-	-
Total Additions	-	55	-	-	-
Impairment/Revaluation					
Cenotaph	-	(100)	-	-	-
Civic Regalia	-	(81)	-	179	(19)
Illuminations	-	50	-	-	-
Tower Collection & Local Family					
History Collection	-	550	-	-	-
Art Collection	-	600	-	-	-
Stanley Park Statues	-	(653)	-	-	-
Total Impairment/Revaluation	-	366	-	179	(19)
Balance C/fwd					
Cenotaph	120	20	20	20	20
Civic Regalia	591	510	510	689	670
Illuminations	500	550	550	550	550
Tower Collection & Local Family					
History Collection	900	1,450	1,450	1,450	1,450
Art Collection	5,000	5,655	5,655	5,655	5,655
Stanley Park Statues	653	-	-	-	-
Total Balance C/fwd	7,764	8,185	8,185	8,364	8,345

Section 6

Supplementary Single Entity Financial Statements

Housing Revenue Account

Housing Revenue Account

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 2021			
2019/2020		2020/2021	
£000		£000	£000
	Expenditure		
3,988	Repairs and maintenance	3,935	
8,725	Supervision and management	7,932	
186	Rent, rates , taxes and other charges	145	
2,511	Depreciation and impairment of non-current assets	2,523	
52	Debt management costs	30	
283	Movement in the allowance for bad debts	240	
15,745	Total Expenditure		14,805
	Income		
(16,766)	Dwelling rents	(17,094)	
(120)	Non-dwelling rents	(119)	
(1,676)	Charges for services and facilities	(1,949)	
(255)	Contributions towards expenditure	(353)	
(18,817)	Total Income		(19,515)
(3,072)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(4,710)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
772	Loss on sale of HRA non-currents assets	150	
(1,428)	Capital grants	(129)	
399	Interest payable and similar charges	341	
(85)	Interest and investment income	(36)	326
(3,414)	Surplus for the year on HRA services		(4,384)

Movement on the Housing Revenue Account Statement for the Year Ending 31st March 2021

	2020/2021 £000	2019/2020 £000
Balance on HRA Reserve at 1st April	(4,830)	(5,705)
Surplus for the year on HRA Income and Expenditure Statement	(4,384)	(3,414)
Adjustments between accounting basis and funding basis under statute	6,182	4,289
Net increase or decrease in year	1,798	875
Balance on HRA Reserve at 31st March	(3,032)	(4,830)

Notes to the HRA Statement

1. Housing Revenue Account Stock

The Council owned 4,741 dwellings at 31st March 2021 which are analysed below:-

	2020/2021	2019/2020
Bedsits	51	56
Flats	2,885	2,853
Maisonettes	1	30
Bungalows	8	8
Houses	1,728	1,735
Multi occupied dwellings	68	54
Total	4,741	4,736

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

	2020/2021	2019/2020
Stock at 1st April	4,736	4,801
Less: Sales to tenants	(9)	(28)
Disposal of Troutbeck properties	-	(81)
Other Disposals	-	(3)
Add: Queens Park Phase II	-	8
William Lyons House	14	-
Hoyle House	-	12
Other Additions/Purchases	-	17
Recovery Houses/Hostels	-	10
Stock at 31st March	4,741	4,736

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

	2020/2021 £000	2019/2020 £000
Operational assets:		
Council dwellings	123,239	118,763
Other HRA	7,626	2,350
Stock at 31st March	130,865	121,113

2. Dwelling Rents

This is the total rent due for the year after allowance is made for voids etc. During the year 3.3% of lettable properties, excluding hostels, were vacant (2019/20: 3.1%). This includes properties intentionally held vacant pending the ongoing re-development of the Troutbeck estate and other sites. During the year the average void rate for hostels was 24.6% (2019/20 - 11%).

The average rent (excluding Affordable Rent properties) was £69.19 a week in 2020/21, an increase of 2.88% over the previous year.

	2020/2021 £000	2019/2020 £000
Vacant possession value of properties	293,881	283,494

The vacant possession value of dwellings held on 31st March 2021 was £293,880,905. The difference between this and the Existing Use Value (Social Housing) and Existing Use Value (Affordable Rent) valuation of £121,420,847 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:

	2020/2021 £000	2019/2020 £000
Balance at 1st April	-	-
Transferred to MRR during the year	-	-
Transfer between MRR and HRA during the year	2,523	2,253
Debits to MRR during the financial year in respect of capital expenditure:		
Houses held within HRA	(2,523)	(2,253)
Balance at 31st March	-	-

4. Housing Repairs Account

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

	2020/2021 £000	2019/2020 £000
Balance at 1st April	-	-
Add: Revenue contribution	3,935	3,988
Less: Expenditure in year		
Responsive repairs	(2,810)	(2,879)
Planned maintenance	(1,125)	(1,109)
Balance at 31st March	-	-

5. Capital Expenditure within Housing Revenue Account

	2020/2021 £000	2019/2020 £000
Total capital expenditure within the Housing Revenue Account on land, housing & other property	8,856	7,571
Sources of funding for the above Capital Expenditure:		
- Revenue contributions (as defined in Local Government & Housing Act 1989)	5,969	3,747
- Major Repairs Reserve	2,523	2,253
- Grants and other funding	364	1,571
Total capital expenditure within the HRA	8,856	7,571

Usable capital receipts totalling £76,963 were received and carried forward to be applied in future years.

6. Depreciation Charge within the HRA

	2020/2021 £000	2019/2020 £000
Depreciation charges for:		
- Operational assets, comprising dwellings and other land and buildings	2,467	2,203
- Non-Operational assets	56	50
Total	2,523	2,253

7. Impairment

	2020/21 £000	2019/2020 £000
Impairment charges in respect of land, houses and other property within the HRA	-	258

The basis of valuation of the housing stock within the HRA is Existing Use Value – Social Housing (EUV-SH) and Existing Use Value – Affordable Housing (EUV-AH). This is calculated by applying a prescribed discount factor to the Existing Use Value – Vacant Possession (EUV-VP) as advised by the Ministry for Housing, Communities and Local Government (MHCLG).

There is no government guidance on how the EUV-AH should be calculated. Having taken advice from the Valuer it has been calculated using a discount factor of 52% on the basis that the average difference in chargeable rent between EUV-SH and EUV-AH within the estates is 52%.

The 2020/2021 HRA revaluation exercise was a desk top review which resulted in an increased value to both the social housing stock and the non-dwelling assets.

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 2020/2021 amounted to £894,000 compared to £675,000 in the previous year. During the year 2020/2021 rent arrears as a proportion of gross collectable rent (including service charges) were 4.55% (2019/2020: 3.52%).

Amounts written off during the year amounted to £2,100 (2019/20: £426,000). The total provision for bad and doubtful rental debts in the Housing Revenue Account at 31st March 2021 is £814,000 (£578,000 at 31st March 2020). This provision has been calculated in accordance with the Housing Revenue Account (Arrears of Rents and Charges) Directions 1990.

In common with many other housing providers there was some impact on rent collection due to Covid-19 and this was particularly the case with former tenants arrears in the absence of legal means of redress during the pandemic. A 1% increase in arrears as a proportion of gross collectible rent is lower than many other comparable organisations including the use of algorithm software.

Collection Fund

Collection Fund Statement 2020/2021

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 (NNDR).

2019/2020 £000 Council Tax	2019/2020 £000 NNDR	2019/2020 £000 Total		2020/2021 £000 Council Tax	2020/2021 £000 NNDR	2020/2021 £000 Total
			Income			
68,180		68,180	Council Tax Receivable	70,123		70,123
	45,603	45,603	Business Rates Receivable		13,775	13,775
68,180	45,603	113,783	Total Income	70,123	13,775	83,898
			Expenditure			
			<u>Apportionment of previous year's surplus/(deficit)</u>			
	(1,503)	(1,503)	Central Government		755	755
1,146	(1,473)	(327)	Blackpool Council	477	1,539	2,016
51	(30)	21	Lancashire Fire Authority	21	31	52
134		134	Police & Crime Commissioner for Lancashire	62		62
			<u>Precepts, Demands and Shares</u>			
	9,447	9,447	Central Government		19,581	19,581
56,837	28,515	85,352	Blackpool Council	60,135	19,507	79,642
2,537	582	3,119	Lancashire Fire Authority	2,633	398	3,031
7,357		7,357	Police & Crime Commissioner for Lancashire	7,857		7,857
			<u>Charges to Collection Fund</u>			
668	680	1,348	less: Increase/Decrease in BDP	1,191	1,345	2,536
	2,550	2,550	less: Increase/Decrease in Provision for Appeals		1,554	1,554
	251	251	less: Cost of Collection		248	248
	655	655	less: Transitional Protection Payments	(10)	1,014	1,004
68,730	39,674	108,404	Total Expenditure	72,366	45,972	118,338
550	(5,929)	(5,379)	(Surplus)/Deficit for the Year	2,243	32,197	34,440
			Collection Fund Balance			
(1,890)	2,310	420	Fund balance at 1st April (Surplus)/Deficit	(1,340)	(3,619)	(4,959)
(1,340)	(3,619)	(4,959)	(Surplus)/Deficit as at 31st March	903	28,578	29,481
			Allocated to:			
(1,141)	(2,660)	(3,801)	- Blackpool Council	768	14,003	14,771
(50)	(54)	(104)	- Lancashire Fire Authority	33	286	319
(149)		(149)	- Police & Crime Commissioner for Lancashire	102		102
	(905)	(905)	- Central Government		14,289	14,289
(1,340)	(3,619)	(4,959)	Total	903	28,578	29,481

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 up to 31st March 2019, the local government finance regime was revised with the introduction of a retained business rates scheme. The main aim of the scheme was 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%).

On 13th December 2018 the Ministry of Housing, Communities and Local Government (MHCLG) approved the establishment of a Lancashire-wide 75% Business Rate Pilot Pool (including Blackpool) in 2019/20 to share risk and reward. As part of this, the 50% rate retention scheme increased to 75% and authorities in the pool forego Revenue Support Grant. The value of the Revenue Support Grant was taken into account when revised business rate tariffs and top-ups for the pilot authorities were set. The Government also increased the Safety Net from 92.5% to 95% for the new pilot pools. Consequently, from 1st April 2019 to 31st March 2020 the income relating to Blackpool was shared between Central Government (25%), the Council (73.5%) and the Fire Authority (1.5%).

Following the ending of the pilot, the percentage shares reverted to previous rates and from 1st April 2020 the income is shared between Central Government (50%), the Council (49%) and Lancashire Fire Authority (1%).

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

2. 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 2020/2021 was 37,157 (36,521 in 2019/2020). 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 2020/2021 was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	32	5/9	18
A	17,032	6/9	11,355
B	15,033	7/9	11,692
C	8,940	8/9	7,947
D	3,950	1	3,950
E	1,660	11/9	2,029
F	499	13/9	721
G	217	15/9	362
H	19	18/9	38
Less Family Annex Discount			1
Less allowances for non collection			953
Tax Base for the Calculation of Council Tax			37,157

3. 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.

The business rates shares payable for 2020/2021 were estimated before the start of the financial year as £19.581m (50%) (£9.447m in 2019/20 at 25%) to Central Government, £0.398m (1%) (£0.582m in 2019/20 at 1.5%) to Lancashire Fire Authority and £19.507m (49%) (£28.515m in 2019/20 at 73.5%) to Blackpool Council. These sums have been paid in 2020/2021 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 Council received top up grant to the General Fund in 2020/2021 to the value of £24.468m (£27.137m in 2019/2020).

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 2020/2021 has been calculated at £15.902m (£13.623m in 2019/2020).

For 2020/2021, the total non-domestic rateable value at the year-end is £124.84m. The national multiplier for 2020/2021 was 49.9p (50.4p in 2019/2020) for qualifying small businesses and the standard multiplier being 51.2p (49.1p in 2019/2020) for all other businesses.

4. Allocation Of Closing Balances

The allocation of the closing balances for 2020/2021 between the preceptors is as follows:

	Central Government £000	Blackpool Council £000	Lancashire Fire Authority £000	Police and Crime Commissioner for Lancashire £000	Total £000
Council Tax					
Arrears at 31st March 2021		18,421	783	2,455	21,659
Receipts in Advance		(955)	(41)	(127)	(1,123)
Bad Debt Provision		(7,688)	(327)	(1,025)	(9,040)
Surplus/Deficit		768	33	102	903
Business Rates					
Arrears at 31st March 2021	4,901	4,803	98		9,802
Receipts in Advance	(186)	(182)	(4)		(372)
Bad Debt Provision	(2,318)	(2,272)	(46)		(4,636)
Appeals	(7,951)	(7,792)	(159)		(15,902)
Surplus/Deficit	14,289	14,003	286		28,578

Section 7

Group Accounts

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, Regional & City Airports (Blackpool) Holdings Ltd, Blackpool Waste Services Ltd and Lancashire Management Operations Limited are 100% owned by the Council and are therefore classified as subsidiaries. They are incorporated into the accounts on a line-by-line basis.

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: 06581425

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 taken over 100% ownership of the airport site.

Blackpool Waste Services Limited

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 11645026

On 1st July 2019 Blackpool Waste Services Limited took over Blackpool's domestic waste services contract. The Company is wholly owned by the Council.

Lancashire Management Operations Limited

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 11680239

The company was incorporated in November 2018 and is responsible for the management of Tramshed student accommodation in Preston. The company is wholly owned by the Council.

Core Financial Statements - Group

Group Movement in Reserves Statement

2020/21

	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
Restated Balance as at 1st April 2020	(1,576)	(49,818)	(4,830)	(11,411)	-	(3,112)	(70,747)	(164,209)	(234,956)	8,178	(226,778)
Reporting of Schools Budget Deficit to new Adjustment Account at 1st April	(3,098)	-	-	-	-	-	(3,098)	3,098	-	-	-
Restated Balance as at 1st April 2020	(4,674)	(49,818)	(4,830)	(11,411)	-	(3,112)	(73,845)	(161,111)	(234,956)	8,178	(226,778)
Movements in Reserves in 2020/21											
(Surplus) or Deficit on the provision of services	31,365	-	(4,384)	-	-	-	26,981	-	26,981	3,646	30,627
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	65,380	65,380	4,852	70,232
Total Comprehensive Income and Expenditure	31,365	-	(4,384)	-	-	-	26,981	65,380	92,361	8,498	100,859
Adjustments between accounting basis and funding basis under regulations (Note 10)	(62,175)	-	6,182	(2,381)	-	-	(58,374)	58,374	-	-	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(30,810)	-	1,798	(2,381)	-	-	(31,393)	123,754	92,361	8,498	100,859
Transfer (to)/from Earmarked Reserves (Note 11)	25,630	(25,630)	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2020/21	(5,180)	(25,630)	1,798	(2,381)	-	-	(31,393)	123,754	92,361	8,498	100,859
Balance as at 31st March 2021	(9,854)	(75,448)	(3,032)	(13,792)	-	(3,112)	(105,238)	(37,357)	(142,595)	16,676	(125,919)

2019/20

	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
Restated Balance as at 1st April 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(156,610)	(223,604)	1,078	(222,526)
Movements in Reserves in 2019/2020											
Surplus or Deficit on the provision of services	33,459	-	(3,414)	-	-	-	30,045	-	30,045	6,276	36,321
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(41,397)	(41,397)	824	(40,573)
Total Comprehensive Income and Expenditure	33,459	-	(3,414)	-	-	-	30,045	(41,397)	(11,352)	7,100	(4,252)
Adjustments between accounting basis and funding basis under regulations	(34,203)	-	4,289	(576)	-	-	(30,490)	30,490	-	-	-
Net increase or Decrease before Transfer to Earmarked Reserves	(744)	-	875	(576)	-	-	(445)	(10,907)	(11,352)	7,100	(4,252)
Transfer to/from Earmarked Reserves	8,156	(8,156)	-	(3,308)	-	-	(3,308)	3,308	-	-	-
Increase/Decrease in 2019/2020	7,412	(8,156)	875	(3,884)	-	-	(3,753)	(7,599)	(11,352)	7,100	(4,252)
Restated Balance as at 31st March 2020	(1,576)	(49,818)	(4,830)	(11,411)	-	(3,112)	(70,747)	(164,209)	(234,956)	8,178	(226,778)

Group Comprehensive Income and Expenditure Statement

Restated 2019/2020				2020/2021		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
13,055	(6,366)	6,689	Chief Executive	8,197	(6,423)	1,774
11,992	(3,846)	8,146	Governance and Partnership Services	8,362	(3,954)	4,408
190	(2)	188	Ward Budgets	454	-	454
30,924	(9,867)	21,057	Resources	27,872	(10,189)	17,683
36,865	(9,840)	27,025	Communication and Regeneration	25,378	(11,732)	13,646
10,157	(4,818)	5,339	Strategic Leisure Assets	22,007	(4,379)	17,628
69,090	(21,323)	47,767	Community and Environmental Services	64,104	(18,548)	45,556
83,339	(22,447)	60,892	Adult Services	93,724	(36,314)	57,410
134,670	(75,311)	59,359	Children's Services	146,457	(80,745)	65,712
13,182	(21,120)	(7,938)	Public Health	15,655	(25,507)	(9,852)
103,085	(114,652)	(11,567)	Budgets Outside the Cash Limit	95,194	(99,174)	(3,980)
3,385	(24,244)	(20,859)	Contingencies	12,318	(17,847)	(5,529)
15,745	(18,817)	(3,072)	Housing Revenue Account	14,767	(19,515)	(4,748)
525,679	(332,653)	193,026	Cost of Services	534,489	(334,327)	200,162
1,867	-	1,867	Other Operating Expenditure	1,032		1,032
21,836	(16,543)	5,293	Financing & Investment Income & Expenditure - Other	22,534	(9,897)	12,637
-	(163,518)	(163,518)	Taxation and Non-Specific Grant Income	-	(182,972)	(182,972)
549,382	(512,714)	36,668	Deficit on Provision of Services	558,055	(527,196)	30,859
		(28)	Share of (surplus)/deficit on Provision of Services by Associates			-
		(319)	Tax of Subsidiaries			(232)
		36,321	Group Deficit			30,627
		(13,587)	Surplus or Deficit on revaluation of non-current assets			(9,928)
		(27,754)	Remeasurement of the net defined pension liability			80,160
		768	Other Movements			-
		(40,573)	Other Comprehensive Income and Expenditure			70,232
		(4,252)	Total Comprehensive Income and Expenditure			100,859

Group Balance Sheet

Restated 1st April 2019	Restated 31st March 2020		Notes	31st March 2021
£000	£000			£000
425,991	472,295	Property, Plant and Equipment	G3	476,153
308,457	304,280	Infrastructure Assets		298,177
8,185	8,364	Heritage Assets		8,345
76,043	92,289	Investment Property	G4	101,382
-	466	Intangible Assets		737
897	753	Surplus Assets		697
10	10	Long Term Investments		10
30,843	38,379	Long Term Debtors		32,525
132	144	Net Share of Associates		-
850,558	916,980	Long Term Assets		918,026
1,274	1,475	Inventories		1,544
54,241	58,360	Short Term Debtors	G5	73,105
13,504	26,957	Cash and Cash Equivalents	G6	10,248
69,019	86,792	Current Assets		84,897
(159,452)	(245,184)	Short Term Borrowing		(259,607)
(80,866)	(81,768)	Short Term Creditors	G7	(102,858)
(17,845)	(15,037)	Provisions		(11,058)
(258,163)	(341,989)	Current Liabilities		(373,523)
(98,905)	(94,795)	Long Term Creditors		(92,919)
(89,895)	(87,460)	Long term Borrowing		(79,487)
(234,625)	(240,076)	Pension Liability		(314,552)
(63)	(63)	Other Long Term Liabilities		(62)
(15,400)	(12,611)	Capital Grants in Advance		(16,461)
(438,888)	(435,005)	Long Term Liabilities		(503,481)
222,526	226,778	Net Assets		125,919
(66,191)	(70,333)	Usable Reserves		(96,167)
(156,335)	(156,445)	Unusable Reserves		(29,752)
(222,526)	(226,778)	Total Reserves		(125,919)

Group Cash Flow Statement

Restated 2019/2020 £000		2020/2021 £000
36,321	Deficit on the provision of services	30,627
(95,166)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(64,291)
24,041	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	707
(34,804)	Net cash flows from Operating Activities	(32,957)
105,052	Investing Activities	33,087
(83,701)	Financing Activities	16,579
(13,453)	Net (increase) or decrease in cash and cash equivalents	16,709
13,504	Cash and cash equivalents at the beginning of the reporting period	26,957
26,957	Cash and cash equivalents at the end of the reporting period	10,248

Notes to the Group Accounts

G1. 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.

G2. 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 reserves.
- ii) The Council owns shares to the value of £15,850,000 in Blackpool Housing Company. This has been taken out of long term investments and capital 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 reserves
- iv) An amount of £1,353,000 representing amounts outstanding between the Council and Blackpool Coastal Housing has been taken out of debtors and creditors.
- v) An amount of £19,236,000 representing loans to Blackpool Transport from the Council has been taken out of long term debtors and long term creditors.
- vi) An amount of £22,800,000 representing loans to Blackpool Housing Company from the Council has been taken out of long term debtors and long term creditors.
- vii) An amount of £420,000 representing amounts outstanding between the Council and Blackpool Waste Services has been taken out of debtors and creditors.
- viii) An amount of £732,000 representing amounts outstanding between the Council and Lancashire Management Operations Limited has been taken out of debtors and creditors.
- ix) An amount of £1,052,000 representing a loan to Blackpool Airport from the Council has been taken out of long term debtors and long term creditors.
- x) An amount of £1,718,000 representing a lease arrangement for waste vehicles between the Council and Blackpool Waste Services has been taken out of long term debtors and long term creditors.
- xi) An amount of £262,000 representing amounts outstanding between the Council and Blackpool Housing Company has been taken out of debtors and creditors.
- xii) An amount of £611,000 representing amounts outstanding between the Council and Blackpool Entertainment Company has been taken out of debtors and creditors.
- xiii) An amount of £1,235,000 representing a short term cash flow loan to Blackpool Airport Ltd from the Council has been taken out of short term loans and creditors.
- xiv) An amount of £2,500,000 representing a loan to Blackpool Entertainment Company from the Council has been taken out of long term debtors and long term creditors.
- xv) An amount of £1,101,000 representing a loan to Blackpool Operating Company from the Council has been taken out of long term debtors and long term creditors.

G3. Prior Period Adjustment

Group Comprehensive Income and Expenditure Statement – Other Movements

In 2019/20 Blackpool Transport Services (BTS) pension surplus was transferred to the Council and was accounted for by increasing “Other Movements” and decreasing “Remeasurement of the Net Defined Benefit Liability” in Other Comprehensive Income and Expenditure by £4,791k. However, this was an intercompany transaction and therefore should have been eliminated on consolidation and not recognised in Other Comprehensive Income and Expenditure. This has resulted in £4,791k being removed from both lines.

The purchase of shares by the Council in Blackpool Housing Company was accounted for by increasing “Other Movements” and decreasing “(Surplus)/deficit on revaluation of available for sale financial assets” in Other Comprehensive Income and Expenditure” by £3,114k. The purchase of shares is a balance sheet transaction and therefore should not be recognised in Other Comprehensive Income and Expenditure. The original entry has been reversed. Upon consolidation the purchase of shares has been removed as an intercompany transaction on the balance sheet from long term investments and reserves.

Cash Flow Statement

In the prior year financial statements net decrease in cash and cash equivalents totalling £13.453m was incorrectly presented as net increase in cash and cash equivalents.

This error has been corrected which has resulted in a change to the net (increase) or decrease in cash and cash equivalents of £26.906m. This correction does not impact on the cash and cash equivalents balance on the balance sheet.

Effect on Comprehensive Income and Expenditure Statement

	2019/2020			Restated £000	Restated 2019/2020		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Chief Executive	13,055	(6,366)	6,689		13,055	(6,366)	6,689
Governance and Partnership Services	11,992	(3,846)	8,146		11,992	(3,846)	8,146
Ward Budgets	190	(2)	188		190	(2)	188
Resources	30,924	(9,867)	21,057		30,924	(9,867)	21,057
Communications & Regeneration	37,525	(9,840)	27,685	(660)	36,865	(9,840)	27,025
Strategic Leisure Assets	10,157	(4,818)	5,339		10,157	(4,818)	5,339
Community and Environmental Services	69,090	(21,323)	47,767		69,090	(21,323)	47,767
Adult Services	83,339	(22,447)	60,892		83,339	(22,447)	60,892
Children's Services	134,919	(75,311)	59,608	(249)	134,670	(75,311)	59,359
Public Health	13,182	(21,120)	(7,938)		13,182	(21,120)	(7,938)
Budgets Outside the Cash Limit	103,085	(114,652)	(11,567)		103,085	(114,652)	(11,567)
Contingencies, Levies etc	3,385	(24,244)	(20,859)		3,385	(24,244)	(20,859)
Housing Revenue Account	15,745	(18,817)	(3,072)		15,745	(18,817)	(3,072)
Net Cost of Services	526,588	(332,653)	193,935		525,679	(332,653)	193,026
Other Operating Expenditure			1,867				1,867
Financing & Investment Income & Expenditure - Other			5,293				5,293
Taxation and Non-Specific Grant Income			(163,518)				(163,518)
Deficit on Provision of Services			37,577				36,668
Share of (surplus)/Deficit on Provision of Services by Associates			(28)				(28)
Tax of Subsidiaries			(319)				(319)
Group (Surplus)/Deficit			37,230				36,321
(Surplus) or deficit on revaluation of non-current assets			(13,587)				(13,587)
(Surplus)/Deficit on revaluation of available for sale financial assets			1,340	(1,340)			-
Remeasurement of the net defined benefit liability			(32,545)	4,791			(27,754)
Other Movements			8,673	7,905			768
Other Comprehensive Income and Expenditure			(36,119)				(40,573)
Total Comprehensive Income and Expenditure			1,111				(4,252)

Effect on Cash Flow Statement

	Balances at 31st March 2020 as previously stated	2019/20 Restated	Change to Balances at 31st March 2020
	£'000	£'000	£'000
Net deficit on the provision of services	37,230	36,321	(909)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(51,369)	(95,166)	(43,797)
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	21,714	24,041	2,327
Net cash flows from Operating Activities	7,575	(34,804)	(42,379)
Investing Activities	108,522	105,052	(3,470)
Financing Activities	(102,644)	(83,701)	18,943
Net (increase) or decrease in cash and cash equivalents	13,453	(13,453)	(26,906)
Cash and cash equivalents at the beginning of the reporting period	13,504	13,504	-
Cash and cash equivalents at the end of the reporting period	26,957	26,957	-

G4. Property, Plant and Equipment

2020/2021

	Council Dwellings & Other HRA £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation							
Restated Balance as at 1 April 2020	123,365	277,506	136,392	66	24,212	561,541	32,705
Additions	8,856	4,400	5,862	1	16,244	35,363	-
Revaluation increases/decreases to Revaluation Reserve	1,734	2,216	-	-	-	3,950	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	(11,731)	-	-	(11,100)	(22,831)	-
Derecognition - Disposals	(567)	(2,968)	(3,029)	-	-	(6,564)	-
Derecognition - Other	-	-	-	-	-	-	-
Transfer	187	2,594	-	-	-	2,781	-
Balance as at 31 March 2021	133,575	272,017	139,225	67	29,356	574,240	32,705
Depreciation and Impairment							
Restated Balance as at 1 April 2020	(2,253)	(15,987)	(71,006)	-	-	(89,246)	(9,419)
Depreciation Charge	(2,523)	(8,442)	(8,529)	-	-	(19,494)	(1,198)
Depreciation written out on Revaluation Reserve		3,785	-	-	-	3,785	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,253	31	-	-	-	2,284	-
Derecognition - Disposals		2,975	2,827	-	-	5,802	-
Derecognition - Other	(37)	(1,181)	-	-	-	(1,218)	-
Balance as at 31 March 2021	(2,560)	(18,819)	(76,708)	-	-	(98,087)	(10,617)
Net Book Value							
Balance as at 31 March 2021	131,015	253,198	62,517	67	29,356	476,153	22,088
Restated Balance as at 31 March 2020	121,112	261,519	65,386	66	24,212	472,295	23,286

Restated Comparatives 2019/2020

	Council Dwellings & Other HRA £000	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000	PFI Assets Included in PPE £000
Cost or Valuation							
Restated Balance as at 1 April							
2019	117,887	248,156	125,464	66	22,199	513,772	32,705
Additions	7,571	55,587	14,650	-	8,591	86,399	-
Revaluation increases/decreases to Revaluation Reserve	-	7,663	-	-	-	7,663	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(258)	(31,775)	-	-	(6,354)	(38,387)	-
Derecognition - Disposals	(1,835)	(221)	(3,722)	-	(224)	(6,002)	-
Transfer		(1,904)	-	-		(1,904)	-
Restated Balance as at 31 March							
2020	123,365	277,506	136,392	66	24,212	561,541	32,705
Depreciation and Impairment							
Restated Balance as at 1 April							
2019	-	(20,620)	(67,161)	-	-	(87,781)	(8,220)
Depreciation Charge	(2,253)	(8,654)	(7,185)	-	-	(18,092)	(1,199)
Depreciation written out on Revaluation Reserve	-	6,051	-	-	-	6,051	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	6,887	-	-	-	6,887	-
Derecognition - Disposals	-	349	3,340	-	-	3,689	-
Restated Balance as at 31 March							
2020	(2,253)	(15,987)	(71,006)	-	-	(89,246)	(9,419)
Net Book Value							
Restated Balance as at 31 March							
2020	121,112	261,519	65,386	66	24,212	472,295	23,286
Restated Balance as at 31 March							
2019	117,887	227,536	58,303	66	22,199	425,991	22,088

G5. Investment Properties

2019/2020 £000		2020/2021 £000
75,757	Balance at start of the year	92,289
	Additions -	
8,163	- Purchases	10,581
181	- Construction	174
	- Disposals	(20)
	Transfer -	
2,074	- (To)/from PPE	-
6,993	Upward Revaluation	898
(879)	Impairment	(2,540)
	Net gains/(losses) from fair value adjustments to Surplus/(Deficit) on Provision of Services	
92,289	Balance at end of the year	101,382

In addition to the Council's investment properties (Note 17) the above table includes £40.2m of investment property held by Blackpool Housing Company. The properties are valued by the internal Director of Finance and Resources at Blackpool Housing Company.

The revaluation is based on the fair value of the rental yields achieved during the period, where the rental yield is not available the investment properties are included in the accounts at cost until a reliable calculation of yield can be made. 91% of the valuation in 2020/21 is at cost.

G6. Short Term Debtors

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

31st March 2020 £000		31st March 2021 £000
34,590	Trade receivables	41,804
13,117	Prepayments	6,846
9,174	Other receivable amounts	12,082
	Debtors for local taxation:	
16,011	- Council Tax	18,420
5,340	- NNDR	13,714
(19,872)	Total impairment	(19,761)
58,360	Net Value of Debtors	73,105

G7. Cash and Cash Equivalents

The group cash and cash equivalents are made up of the following amounts:

31st March 2020 £000		31st March 2021 £000
26	Cash held	29
21,350	Short term deposits with institutions	4,350
5,581	Bank current accounts	5,869
26,957	Total Cash and Cash Equivalents	10,248

G8. Short Term Creditors

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

31st March 2020 £000		31st March 2021 £000
(44,158)	Trade payables	(40,752)
(1,389)	Other payables - PFI	(1,009)
(14,245)	Other payables - non PFI	(38,480)
(18,012)	Receipts in Advance	(21,444)
	Creditors for local taxation:	
(289)	- Council tax	(417)
(3,675)	- NNDR	(756)
(81,768)	Total Short Term Creditors	(102,858)

Section 8

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 (e.g. short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (e.g. 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, i.e. 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 (i.e. assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

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.