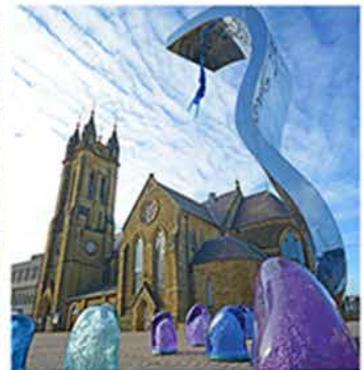


Draft Statement of Accounts For the Year Ended 31 March 2023



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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 2022/23 and the financial position as at 31st March 2023.

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

The Budget for the 2022/23 financial year was again challenging with a budget savings target of £8.6m on the back of successfully delivering £192.25m over the previous 11 years. The Budget underwent detailed consideration and scrutiny over a lengthy formulation period. From the very outset this involved the Council's Cabinet Members, who have ensured that resources are 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:

- pay award level of 1.75% for 2021/22 and 2.5% in 2022/23 (from an original assessment of 3.7%)

- the payment of annual increments

- employer national insurance changes

- auto-enrolment based on previous uptakes

- the payment to commissioned services of the National Living Wage

- in view of the slowdown in financial performance of children's social care in 2021/22, their MTFP budget reductions to be deferred

- general non-pay inflation to rise by CPI as forecast by the OBR in the Spending Review 2021

- growth in the adult social care budget to reflect reasonable demographic pressures, but the budget capped at the level of specific grant, precept and NHS contributions

- the Growth and Prosperity budget target to be rightsized over the 2-year period 2022/23 - 2023/24

- Council tax and precept increases incorporated based upon Government assumptions of 2.0% and 1.0% respectively

- Treasury Management budget predicated on a Base Rate of 0.75% (0.50% above the current Base Rate) with interest rates to remain at low levels

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

The Narrative Report provides information about Blackpool, including key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31st March 2023.

Steve Thompson
Director of Resources

Narrative Report

An Introduction to Blackpool

Blackpool is a seaside town situated on the north-west coast of England. It is the world's first mass market seaside resort, with a proud heritage stretching back over 150 years. It covers an area of approximately 35 square kilometres and has a population of around 141,100. 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 2021 population estimate shows older people (65 years and above) account for a greater proportion of Blackpool's population than observed at national level.

	Total Population	Aged 0 - 14 years		15 - 64 years		Age 65 and over	
	Number	Number	%	Number	%	Number	%
England	56,489,800	9,838,700	17.4	36,249,900	64.2	10,401,200	18.4
Blackpool	141,100	23,200	16.4	88,600	62.8	29,300	20.8

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 2022/23 was as follows:

Labour Party	20 Councillors
Conservative Party	13 Councillors
Independent (Blackpool Independents)	3 Councillors
Independent (Non-aligned)	6 Councillors

Following the local elections on 4th May 2023 the political make-up of the Council changed to Labour 28 Councillors and Conservative 14 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:

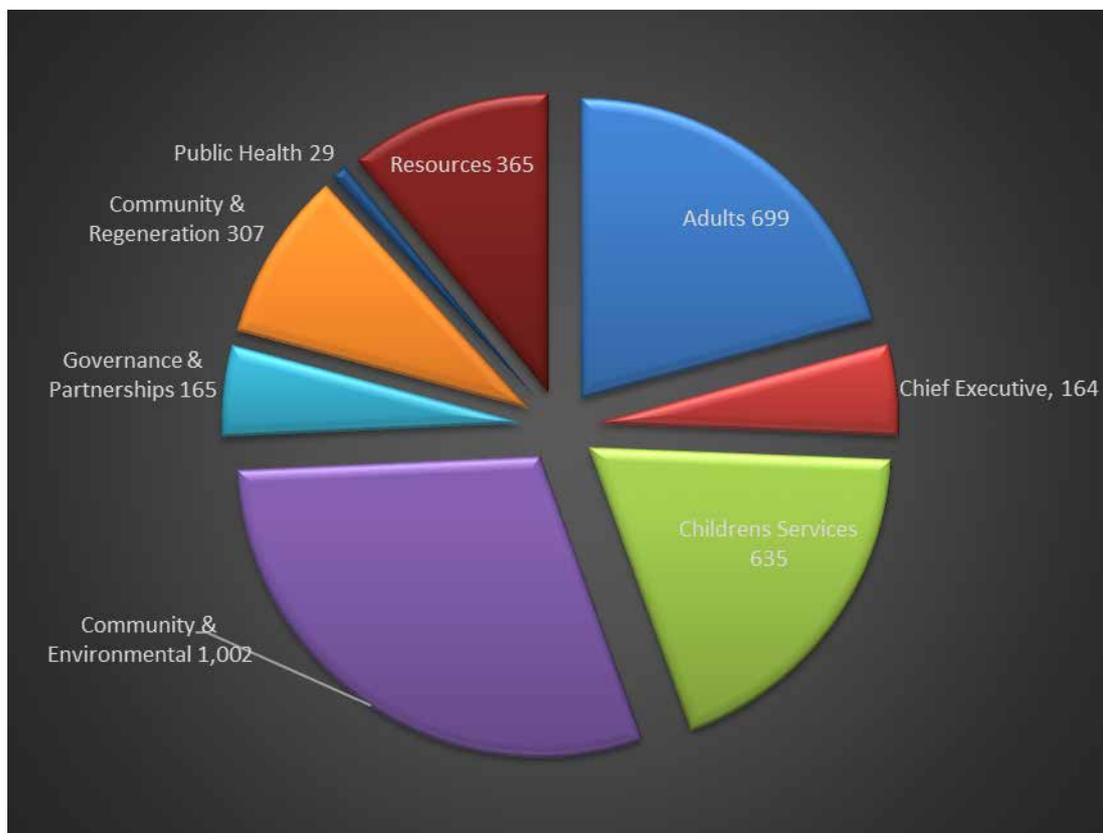
- Chief Executive (Head of Paid Service)
- Director of Adult Services (Statutory)
- Director of Children’s Services (Statutory)
- Director of Public Health (Statutory)
- Director of Governance and Partnership Services (Monitoring Officer)
- Director of Resources (Statutory Finance Officer)
- Director 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 2023 the Council employed 3,366 people (31st March 2022: 3,358) excluding staff employed in maintained schools. These staff 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. In early 2022 the Council produced a progress update to its plan.

Priority One - The Economy

<p>Visitor Experience - Tourism and Culture 2019 - 2024 Plan</p> <p>Complete development of a new 21st century conference facility at the Winter Gardens and increase the number of conferences.</p>	<p>2022 Update</p> <p>The £32m state of the art conference centre opened in early 2022. The centre integrates with the Winter Gardens complex, creating a hub of 12 distinct venues, offering almost 5 acres of connected conference meeting, event and exhibition space with the capacity to accommodate up to 7,000 delegates.</p>
<p>Finalise design and funding, then deliver the Blackpool Museum Project.</p>	<p>The £14m museum project is currently in construction. The museum, known as Showtown, will be open in time for Easter 2024.</p>
<p>Implement a new model of funding and delivery to sustain the Illuminations, events programme and cultural services.</p>	<p>The illuminations have been successful in securing £4.5m from the Town Deal for infrastructure development, new technology and commissioning national and international artists to contribute to continued evolution of the illuminations. A new Tourism BID has been formed designed to provide more co-ordination in promoting cultural and events offer to local communities and visitors.</p>
<p>Deliver the first phase of a £300m investment into Blackpool Central, to include world class visitor attractions including the UK's first flying theatre.</p>	<p>The planning application for Blackpool Central initial phase has been approved including a new 1,306 multi-storey car park and creation of the Heritage Quarter. Construction started in 2022 and will take around 2 years to complete. Outline plans have been approved for the rest of the site, including a major public events square, 3 indoor entertainment centres, a hotel and restaurants.</p>
<p>Infrastructure and Regeneration Complete the tram extension, transport interchange and new 4* hotel at Blackpool North station.</p>	<p>Delivery of phase 2 is due to be completed in 2024 which includes opening of the tram extension connecting the tramway with Blackpool North Rail Station. Construction is underway for a new Holiday Inn next to the tram interchange.</p>
<p>Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors.</p>	<p>The Enterprise Zone has attracted over 1,600 jobs. 9 developments have been completed since the zone went live. Future schemes include a substantial remodelling of the airport to give it a sustainable future and a solar farm development that could contribute up to 50% of the Council's energy needs.</p>
<p>Deliver extensions to the Central Business District at Talbot Gateway.</p>	<p>Department for Work and Pensions (DWP) have agreed a 25 year lease with the Council and partner Muse Developments to develop a new regional hub at Talbot Gateway. Work commenced in 2022, over 3,000 DWP staff will move into the Blackpool Hub and centre for Health and Disability Centre (CHDA) in Autumn 2024 in a new £100m office development.</p>
<p>Further investment in highways, including completing the Quality Corridor programme, Yeadon Way upgrade and bridge renewal programme.</p>	<p>The Quality Corridor programme has invested £7.84m in giving Blackpool's roads a facelift making streets more welcoming and vibrant. Yeadon Way strengthening and improvement work costing £3.3m was completed in May 2020. The Council purchased Houndshell Shopping Centre and Abingdon Street Market to bring forward major extension and regeneration schemes. A new IMAX style cinema and 2 restaurants are due to be completed by late Spring 2024. The rejuvenation of Abingdon Street Market was completed in May 2023.</p>

<p>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.</p>	<p>More Positive Together has helped secure jobs for 250 people (170 of whom were unemployed and 80 were economically inactive), while also helping a further 200 people into education and training as a bridge into jobs.</p>
<p>Support local businesses to grow and expand by maximising take-up of the Business Loans Fund.</p>	<p>In early 2019, the Council extended the Business Loans Fund scheme by a further £100million, bringing the total fund to £200million. By the end of September 2021 the fund had committed £134m, created 650 jobs and safeguarded further 1,100 jobs. It has supported investments in hotels, the hospitality business, leisure, manufacturing and marketing amongst other sectors. Economic inclusion remains one of the biggest challenges facing the town & the council. COVID has had a severe impact and we have moved decisively to support the young people of the town – who have been disproportionately affected by the pandemic. The national Kickstart programme and Blackpool's Youth Hub both seek to directly address this critical issue. The Youth Hub will be a dedicated base for young people with an advisory team working in partnership with co-located Department for Work & Pensions Work Coaches, local employment and skills providers and employers to connect young people with opportunities for work and learning. Young people's wellbeing, confidence and skills level will all be addressed to help them actively pursue work and paths into learning to help improve their job prospects.</p>
<p>Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.</p>	<p>Support workers in schools have worked with over 300 young people since 2019, supporting improved attendance and behaviour. In addition, 167 young people have engaged with the 'Targeted NEET' (Support) project and been provided with support to develop employability skills, with 33 participating in work experience or internships and 39 progressing into jobs, far surpassing expected figures. The approach used by the project has now been adapted by Positive Steps to work with an older age group of 16 to 24 year olds.</p>
<p>Improving Housing Deliver hundreds more affordable new homes, including the re-development of land at Grange Park and further properties at Foxhall Village. Enable My Blackpool Home to deliver at least over 500 new quality affordable homes for rent.</p>	<p>My Blackpool Home has grown from zero to over 500 quality affordable new homes across the town. We have also sought and been granted approval by the regulator for a new subsidiary registered provider: Lumen Housing. Lumen Housing has brought forward 16 homes with plans to grow to 80 homes over three years. In addition to innovative interventions in the local housing market, we continue to set the local standard for good council homes – with Blackpool Coastal Housing (BCH) providing over 4,700 good quality affordable council homes for rent. We have started to build new council housing at scale again, at Troutbeck, and have started on site for 131 new homes at Grange Park. During the pandemic BCH was in contact with more than 2,000 vulnerable customers, distributed food parcels at the height of the lockdown and supported vaccination hubs with volunteers, while still maintaining core services to the high level we routinely expect. Blackpool Coastal Housing use the national Housing Associations Charitable Trust (HACT) model to measure the social value and impact our services and activities have on our customers and local communities. Social Value measures the non-financial impact and benefits, such as an increase in confidence, improved health and wellbeing and social inclusion. In 2020/21 Blackpool Coastal Housing delivered over £1.3m in added social value</p>
<p>Enable further housing delivery through pro-active assistance to developers, including use of Compulsory Purchase Order powers where necessary.</p>	<p>In spite of the pandemic, the council continues to move forward on important housing projects, designed to meet the needs of the residents of the town. Examples include approval for 51 properties in Bispham and the release of the former Mountford Centre site for housing. Four fifths of the town's urban area is developed and the remaining undeveloped land is largely protected open space providing important local recreation.</p>

Priority Two – Communities

<p>Young People 2019 - 2024 Plan Continue to implement the NSPCC led A Better Start initiative, improving life chances for 0-3 year olds.</p>	<p>2022 Update A Better Start is now in its sixth year and, in spite of the pandemic, in the past year has delivered four successful outreach schemes focusing on; Getting Ready for School; Winter Advocacy; New Parents; and Toddlers, which supported over 2,000 families. The initiative has been critical in developing local awareness about the critical importance of the first 1,000 days of a child's life and has been instrumental in increasing the number of visits health visitors make to young children. While wider impact from the project on children's outcomes is not yet fully evident, there has been consistent improvement in the level of development at 12 months of infants in the town. Progress to date has been harder to achieve amongst the families facing the most acute challenges.</p>
<p>Improve the experiences and outcomes of young people in our services by improving relationships between organisations.</p>	<p>Working closely with partners, we have improved the quality of services for vulnerable children and young people and the outcomes they achieve: there have been substantial reductions in the young people entering the criminal justice system, or custody. We have also worked with school leaders to transform our approach to children at risk of exclusion – reducing permanent exclusion rates by over half and reducing the number of children being educated outside of mainstream primary, secondary and special schools by 50%. We are working collaboratively with the third sector to review the existing youth provision across the town. Surveys and focus groups with young people have shown a real ownership and connection with their local community and the review will help shape the future of youth provision, with young people placed at the centre of any future plans.</p>
<p>Facilitate a school led system which improves attainment at Key Stage 4.</p>	<p>Blackpool School Improvement Board has extended its focus to become the Blackpool Education Improvement Board – bringing together all local education leaders under an independent chair and with a 10 year strategy focusing on the two key issues in Blackpool: improving literacy and promoting inclusion in schools. Over recent years, we have seen improving results in Blackpool schools, with Primary schools out-performing the national average. External eyes also judge Blackpool's schools to be improving – with nearly 90% now judged to be good or outstanding by Ofsted and none judged to be inadequate. We expect these improvements to translate to improved attainment at the end of secondary school in coming years and in coming years we will continue to work with central government to improve our education system through the new Education Investment Area initiative.</p>
<p>Development of family hub model in local neighbourhoods for all age engagement and building community resilience.</p>	<p>Delivery has been delayed by the pandemic, but three Family Hubs are now in place and services are now returning to the Hubs following a year of on/off lockdown. The council's early help service for families has recently moved to a geographical, place-based approach. The service has also shifted its emphasis to running more courses to support families, especially to support parenting; and on supporting other professionals to work with families. The Family Workers in Schools project has been successful in building the skill and understanding of school staff in relation to the early help assessment and planning process. It is also helping improve the attendance and attainment of children and young people.</p>

<p>Health and Social Care Implement a new approach to delivering smoking cessation support and initiatives in the town.</p>	<p>A new innovative community smoking cessation service has been implemented in the town, which complements existing GP and Pharmacy support. Blackpool's Community Stop Smoking Service provides bespoke help for all those who wish to stop smoking, providing free nicotine replacement therapy (NRT) at the point of contact. The service reaches out into the community, to local GP surgeries, community spaces, workplaces and uses social media. Blackpool also enables access to an App called 'My Quit Route' for those who prefer to receive help online either through choice or as a result of COVID restrictions.</p>
<p>Shape the work of the Council towards delivering the Green and Blue Infrastructure strategy, greening the town.</p>	<p>We have a tree strategy with a 'right tree in the right place' approach to ensure the council far exceeds its target of planting 10,000 trees by 2029. The Parks service is working closely with parks friends groups across the town to develop plans aimed at improving local green spaces for the local community. As the largest green space in Blackpool and winner of Park of the Year for two years, a 'Stanley Park Masterplan' will be developed collaboratively with key partners in 2022 setting out an ambitious plan to secure external funding to restore and transform the park over the following ten years.</p>
<p>Continue to increase numbers accessing drug and alcohol services at an earlier stage and sustaining a positive outcome.</p>	<p>We are using a range of initiatives to increase early access to drug and alcohol support. Approaches include the 'Lower My Drinking' app, which encourages people to assess their drinking and make positive changes, with referral to specialist services when needed. Since 2020, 857 people have engaged with the app. For younger people, the Young ADDER project is working with young people with a high level of need to try and tackle issues such as drug use. The service is currently working with 20 young people through the use of assertive outreach and the Lived Experience Team and the delivery of clinics in community settings.</p>
<p>Safeguarding Reduce the number of Looked After Children in a safe, sustainable way through incremental improvements of the social care system.</p>	<p>The number of children in care has reduced by 12% (80 children) since May 2020, against a rising national trend (up 1%). We have made a substantial investment in children's social care, both in the service itself; and in particular in supporting more children to remain with their families, where possible; and in providing more local homes for those children in our care. Substantial progress has been made in the past two years, but much more still needs to be done.</p>
<p>Work in partnership across Blackpool to review our approach to delivering safeguarding and support for families.</p>	<p>Too often in the past in Blackpool, children's social care have become too involved, too early and with too many children and families. Blackpool council's approach to working with families has fundamentally changed in the past two years. Blackpool Families Rock is a more positive, strength-based, relationship-based approach and one co-designed with local parents. We have also worked with local partners in reconsidering how we work with local families and when it is right for children's social care to take a leading role, rather than others such as schools, nurseries or health visitors and GP practices who work on a daily basis with children and families.</p>
<p>Increasing Resilience Deliver whole system change by sustaining the HeadStart Resilience Revolution, increasing mental health resilience amongst 10-16 year olds across the town.</p>	<p>Across the lifetime of the project, 45 schools participated, with over 3,500 primary school children benefiting from resilience-based classes or groups. 475 young people accessed walk and talk counselling in a place of their choice. Over 120 young people benefited from support with self-harm, none of whom subsequently returned to Accident & Emergency. Finally, 27 of our children now have a 'friend for life': a supportive adult that has made a lifetime commitment to the young person. This project has won the UK Youth award for innovation, helped achieve increased school attendance for the young people and no permanent exclusions from school.</p>
<p>Improving the co-ordination of volunteers across the town.</p>	<p>Local volunteers have been critical in the past 2 years. Hundreds of volunteers dedicate their time and expertise to the most vulnerable every week. Back in March 2020 during the first lockdown, Volunteers Centre Blackpool, Wyre and Fylde worked closely with Blackpool Council's Corona Kindness to offer practical support for people who were isolating and to arrange vital befriending calls to connect with those most in need of social contact. The service has continued since after securing funding from Coronavirus Community Support Fund, as the BFriend Project. Throughout the pandemic the voluntary and community sector have worked together and met online regularly with the Director of Public Health to coordinate their efforts to support our residents and the relationships formed throughout the pandemic period have accelerated the plans to increase coordination and joint working.</p>
<p>Develop a placed-based approach to service delivery in community settings in partnership with public and voluntary sector organisations.</p>	<p>As part of the wider Blackpool Pride of Place partnership and working with Business in the Community and other local agencies, we are piloting an intensive neighbourhood approach in Claremont. The Claremont Project seeks to better co-ordinate public service support for the local community, while also ensuring that lessons learned are rolled out more widely. Over the last three years we have developed a strong team of residents, public service agencies, business leaders, civil society organisations, young people and council representatives meeting regularly to tackle the challenges that the area faces. Work has focused on practical combination of local services – such as community drop in advice evenings running alongside school parents evening. We are also determined to help the community by supporting vibrant, organic community organisations such as the 'Magic Club', which gives local children and young people more support and opportunities.</p>

2022/2023 Financial Performance of the Council

2022/2023 Revenue Budget and Capital Programme

On 8th March 2022 the Council approved the 2022/2023 Revenue Budget and Capital Programme.

The Revenue Budget Net Requirement was set at £160.276m. The Council approved a 2.99% increase on Council Tax (including a 1% increase on the Adult Social Care Precept) for 2022/2023. The three year Capital Programme was approved, with £81.07m of resources being allocated to capital schemes in 2022/2023.

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 2022/2023

The Council's 2022/2023 revenue outturn position compared to the budget is set out in the following table:

	2022/23 Adjusted Cash Limit Budget £ '000	2022/23 Actuals £ '000	2022/23 Variation £ '000
<u>Directorate</u>			
Chief Executive	1,934	1,750	(184)
Governance and Partnership Services	2,435	2,391	(44)
Ward Budgets	361	350	(11)
Resources	3,525	2,979	(546)
Communication and Regeneration	4,120	4,521	401
Strategic Leisure Assets	2,195	2,167	(28)
Strategic Leisure Assets - Transfer from Reserves	-	28	28
Growth and Prosperity	(7,517)	(1,562)	5,955
Community and Environmental Services	50,266	50,870	604
Adult Services	65,735	67,575	1,840
Children's Services	64,239	69,455	5,216
Public Health	5	5	-
Budgets Outside the Cash Limit	3,913	1,538	(2,375)
Contributions and Contingencies	(7,753)	(8,847)	(1,094)
Levies	457	449	(8)
Capital Charges	(29,777)	(29,777)	-
Total Net Expenditure	154,138	163,892	9,754
Financed by:			
Council Tax	(64,992)	(64,992)	-
Revenue Support Grant	(15,578)	(15,578)	-
Business Rates Baseline	(16,614)	(16,614)	-
Business Rates - Top Up	(24,468)	(24,468)	-
Section 31 Grants	(39,524)	(39,524)	-
Enterprise Zone	(347)	(347)	-
Collection Fund (Surpluses)/Deficits	1,247	1,247	-
Total	(160,276)	(160,276)	-
Amount transfer (to)/from Working Balances	(6,138)	3,616	9,754

The outturn position shown a deficit of £3.616m for the financial year when compared to the budget. This deficit was transferred from the General Fund Working Balances which reduced them from £6.075m to £2.459m at 31st March 2023.

The Comprehensive Income and Expenditure Statement shows a Deficit on the Provision of Services of £42.317m. 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 deficit and the Deficit on the Provision of Services.

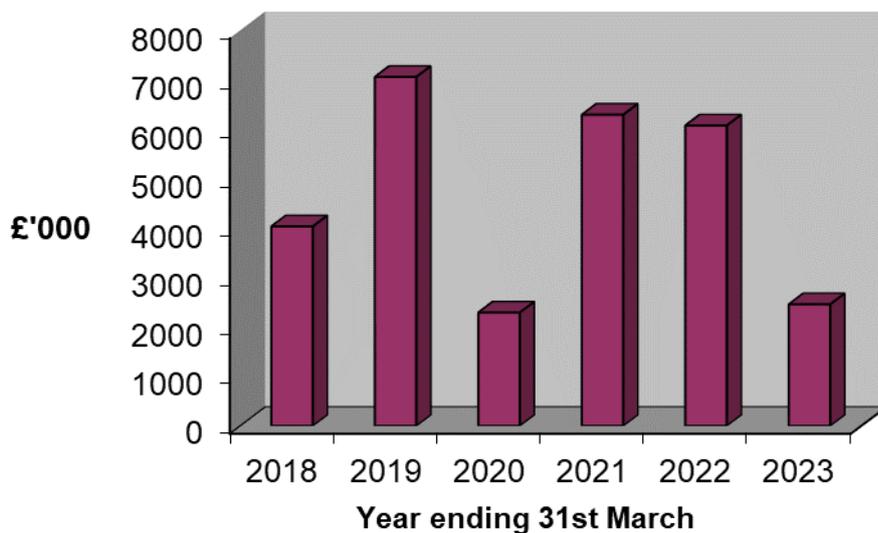
	£000
Revenue Outturn	3,616
Housing Revenue Account net requirement	86
Depreciation and Impairment	37,200
IAS 19 Pension and Annual Leave	23,363
Capital Grants	(20,719)
Collection Fund movement	(14,286)
Minimum Revenue Provision	(4,300)
Gains/Losses on sale of assets	2,847
Movements to/from Earmarked Reserves	29,271
Revenue contributions to capital	(13,598)
Other	(1,163)
Deficit on Provision of Services	42,317

General Fund Working Balances

In setting the Council's original budget for 2022/2023 the target Unallocated General Fund Working Balances as at 31st March 2023 were approximately £6m. However the outturn position means that the actual General Fund Working Balances as at 31st March 2023 were lower than the target at £2.459m.

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 decreased by £26.159m to £47.623m during the year. The decrease mainly relates to grants, which had been set aside to meet future commitments, being used in 2022/23. Earmarked revenue reserves were also used to fund budget gaps in the 2022/23 revenue budget.

Included in the above earmarked reserves is £8.4m of Section 31 Extended Business Rate Relief and Covid Additional Relief Fund grants which were received by the Council in 2021/22. These grants were 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.

The grants were being held in a separate earmarked revenue reserve to offset the Business Rates Collection Fund deficit created by the reliefs given which has been realised in 2022/2023. This is 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 2022/2023

The total of the Council's capital spending in 2022/2023 was £80.262m, which is a 10.26% increase from the previous year. The main reasons for the increase were regeneration projects for Houndshill Phase 2, Central Business District Phases 2 and 3 and Grange Park Redevelopment. The net book value of the Council's capital assets as at 31st March 2023 was £883.601m.

The main areas of capital spending during the year were:

2021/2022 £000		2022/2023 £000
46,260	Communication and Regeneration	48,478
3,514	Community and Environment	2,791
4,123	Adult Services	3,777
1,007	Children's Services	1,629
168	Governance and Partnership Services	0
23	Housing - Private Sector Housing	0
14,708	Housing - HRA	19,371
2,992	Resources	4,216
72,795	Total	80,262

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

2021/2022 £000		2022/2023 £000
5,799	Capital receipts	65
25,779	Grants	22,346
31,066	Borrowing	43,072
10,151	Other	14,779
72,795	Total	80,262

As at 31st March 2023 the Council held a balance of usable capital receipts amounting to £25.185m (2021/22 £18.686m). Most of these capital receipts are earmarked to fund already approved schemes. The Council plans future capital developments within the financial constraints placed upon it and supports key priorities in particular regeneration of the town. The key schemes to be undertaken in the next financial year are:-

- Central Business District Phase 3 – Over 3,000 civil servants are to be relocated to a new £100m office development in Blackpool Town Centre. The scheme aims to rejuvenate the town centre by the introduction of high quality office developments that will protect local jobs and create new employment opportunities, drive footfall and bring a huge economic boost to retailers and local businesses in the Town Centre.
- Multiversity – Relocation of Blackpool and the Fylde Colleges Palatine Road campus to create a world class university learning environment in the town centre. It will help to address local skills needs, working with local employers and in partnership with Lancaster University. The new Multiversity campus has been designed to accommodate over 3,600 learners and is anticipated to start construction in 2024.
- Enterprise Zone – Building of a series of new roads to open up development sites to attract jobs and investment at the Blackpool Airport Enterprise Zone. Through the creation of new highways the scheme will support businesses and jobs growth opening up 10.5 hectares of previously inaccessible development land. This will support the aim of the Enterprise Zone to create 5,000 new jobs for the area by 2041.
- Grange Park Housing Project – The £20m project will see the construction of 96 affordable houses, 5 bungalows and 30 sheltered apartments.

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 £1.721m at 31 March 2023 (31st March 2022 £1.806m).

Treasury Management

At its meeting on 8th March 2022 the Council approved the 2022/2023 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 and money market transactions.

At 31st March 2023 the Council had total borrowings of £396.527m (31st March 2022 £358.481m), being £196.052m (2021/22 £75.534m) long term and £200.475m short term (2021/22 £282.947m).

At 31st March 2023 the Council has short term investments of £15.050m which is a decrease of £25.6m from 31st March 2022. This is due to the Council receiving government grants at the end of March 2022 for use in future years. The majority of this related to £19.602m received from the Department for Transport for the Zero Emission Bus Regional Areas (ZEBRA) scheme.

The long term investments were £27.399m at 31st March 2023 which is an increase of £2.250m from 31st March 2022. This relates to the purchase of shares in Blackpool Housing Company.

Pension Fund Liability/Asset

The net pension asset at 31st March 2023 is £108.736m (net pension liability at 31st March 2022 £204.467m). This movement relates to updated assumptions used by the scheme actuary in assessing scheme assets and liabilities at the balance sheet date with the main changes being due to the revised demographics and financial assumptions. IAS 19 and IFRIC 14 Employee Benefits require that where a pension plan exists it is measured at the lower of:

The surplus in the defined benefit plan; and

The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. For 2022/23 £42m has been recognised as the Pension Asset on the Balance Sheet. Further details are given in Note 46 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.

Key Financial Risks

Achieving Further Savings

Achieving savings of the scale demanded requires concerted action and consideration of a broad range of initiatives, whilst maintaining strong financial management and budgetary control, addressing any areas of overspending in a timely manner, maximising savings and ensuring value for money.

The council has a savings programme to realise £23.4m savings in 2023/24.

Financial / Economic Context

A lot has changed during the financial year, with the lasting effects of Covid 19, Brexit and the war in Ukraine all impacting on supply chains and commodity markets. There has been increasing energy costs, rising inflation and increases in interest rates. Even before Covid the effect of the economic climate was adversely impacting upon the ability to pay for some and make others more cautious in terms of their personal spending. The overall effect makes the collection of income due to the Council such as council tax and fees & charges, even more difficult.

The Council has seen increases in energy costs, agreed pay awards and contract costs on its own services. It has also seen an increased demand on key council services, in particular, social care.

The 2022/23 outturn position shown an over-spend of £9.754m compared to the budget. The budget anticipated a £6.138m increase in General Fund working balances but the actual position reduced General Fund working balances by £3.616m. The main reasons for the overspends are :

Service	Overspend/ Underspend £'000	Reasons for Overspend/Underspend
Growth and Prosperity	5,955	Delayed delivery of schemes, reduced income and increased borrowing costs.
Children's Services	5,216	Social care placements increasing by more than the anticipated amount
Adult Services	1,816	Adults commissioning - mainly increases in short term care packages
Treasury Management	(1,890)	Replaced short term borrowing with long term borrowing to lock in at low interest rates
Other Services	(1,343)	Mainly staff vacancies and increased income
	9,754	

Medium Term Financial Prospects

The current Medium Term Financial Sustainability Strategy (MTFSS) covering the period 2021/22 – 2026/27 was approved by Executive on 8th November 2021 and presented a financial outlook, an assessment of risks and indication of the Council's challenges over these 6 years.

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; and
- 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).

Local government continues a further period of uncharted territory. In the face of mounting inflationary and demand pressures it is battling to adapt and in some cases completely revolutionise the services that it provides. The MTFSS lays out the principles that will underpin the Council's financial direction to 2027, over

which time it will have to reconcile increasing pressures upon its services with resources that are not increasing commensurately. For 2024/25, there is an estimated budget gap of £22.8m with a further saving of £7.3m required in 2025/26 and a further £7.9m in 2026/27. It is therefore evident that along this journey further services will have to be reprioritised and possibly some jobs lost, which will not go unnoticed by the residents of Blackpool, the businesses that operate here and the visitors who come to stay.

To achieve the corporate objectives of the Council every opportunity and idea must be explored. Every effort will need to be made to work with the public, partners, voluntary sector and the private sector to minimise the impact of the cuts on the people who need and depend upon our services. Seeking external funding and maximising income opportunities will also be vital.

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 services is well documented, and despite the additional funding allocated 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 as the model of delivery and commissioning across health evolves.

Risk Management

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council's Risk Management Framework 2021-2025. It is supported by directorate and thematic risk management groups.

All directorates have nominated risk champions to promote best practice in their areas and ensure that service level risk registers are in place and that risk registers are developed for major projects and partnerships where appropriate.

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

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

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

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 2022. 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 2022/23 and the CIPFA Bulletin 14 Closure of the Financial Statements issued in March 2023.

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 (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 2023.

Steve Thompson
Director of Resources

Section 3

Independent Auditor's Report

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Section 4

Core Financial Statements

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2023

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.

2021/22				2022/23		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,379	(4,851)	2,528	Chief Executive	11,394	(8,041)	3,353
8,399	(4,227)	4,172	Governance and Partnership Services	8,534	(4,210)	4,324
307	(25)	282	Ward Budgets	350	-	350
31,713	(12,161)	19,552	Resources	31,133	(12,381)	18,752
23,407	(14,000)	9,407	Communications & Regeneration	25,127	(12,287)	12,840
22,982	(5,145)	17,837	Strategic Leisure Assets	5,904	(4,002)	1,902
72,396	(22,478)	49,918	Community and Environmental Services	80,243	(24,853)	55,390
94,704	(38,995)	55,709	Adult Services	106,737	(36,128)	70,609
150,274	(84,147)	66,127	Children's Services	162,453	(94,359)	68,094
23,735	(36,436)	(12,701)	Public Health	31,737	(40,354)	(8,617)
60,053	(59,779)	274	Budgets Outside the Cash Limit	58,348	(62,826)	(4,478)
38,258	(21,045)	17,213	Contingencies, Levies etc	(113)	3,726	3,613
15,039	(19,961)	(4,922)	Housing Revenue Account	16,407	(21,932)	(5,525)
548,646	(323,250)	225,396	Net Cost of Services	538,254	(317,647)	220,607
429	(510)	(81)	Other Operating Expenditure (Note 11)	2,919	-	2,919
16,900	(10,430)	6,470	Financing & Investment Income & Expenditure - Other (Note 12)	20,072	(11,812)	8,260
-	(199,296)	(199,296)	Taxation and Non-Specific Grant Income - Other (Note 13)	-	(189,469)	(189,469)
565,975	(533,486)	32,489	Deficit on Provision of Services	561,245	(518,928)	42,317
		(10,621)	(Surplus) or Deficit on revaluation of non-current assets (Note 29)			(10,562)
		(129,887)	Remeasurement of the net defined benefit liability (Note 29 and Note 47)			(279,597)
		(140,508)	Other Comprehensive Income and Expenditure			(290,159)
		(108,019)	Total Comprehensive Income and Expenditure			(247,842)

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.

2022/23

	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
Balance as at 1st April 2022	(11,009)	(73,782)	(1,806)	(18,686)	(3,112)	(108,395)	(142,219)	(250,614)
Movements in Reserves in 2022/23								
(Surplus) or Deficit on the provision of services	49,643	-	(7,326)	-	-	42,317	-	42,317
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(290,159)	(290,159)
Total Comprehensive Income and Expenditure	49,643	-	(7,326)	-	-	42,317	(290,159)	(247,842)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(18,448)	-	7,411	(6,499)	-	(17,536)	17,536	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	31,195	-	85	(6,499)	-	24,781	(272,623)	(247,842)
Transfer (to)/from Earmarked Reserves (Note 10)	(29,271)	26,159	-	-	3,112	-	-	-
(Increase)/Decrease in 2022/23	1,924	26,159	85	(6,499)	3,112	24,781	(272,623)	(247,842)
Balance as at 31st March 2023	(9,085)	(47,623)	(1,721)	(25,185)	-	(83,614)	(414,842)	(498,456)

2021/22

	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
Balance as at 1st April 2021	(9,854)	(75,448)	(3,032)	(13,792)	(3,112)	(105,238)	(37,357)	(142,595)
Movements in Reserves in 2022/23								
(Surplus) or Deficit on the provision of services	40,503		(8,014)	-	-	32,489	-	32,489
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	(140,508)	(140,508)
Total Comprehensive Income and Expenditure	40,503	-	(8,014)	-	-	32,489	(140,508)	(108,019)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(39,992)		9,240	(4,894)	-	(35,646)	35,646	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	511	-	1,226	(4,894)	-	(3,157)	(104,862)	(108,019)
Transfer (to)/from Earmarked Reserves (Note 10)	(1,666)	1,666	-	-	-	-	-	-
(Increase)/Decrease in 2021/2022	(1,155)	1,666	1,226	(4,894)	-	(3,157)	(104,862)	(108,019)
Balance as at 31st March 2022	(11,009)	(73,782)	(1,806)	(18,686)	(3,112)	(108,395)	(142,219)	(250,614)

Balance Sheet As At 31st March 2023

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'.

31st March 2022		Notes	31st March 2023
£000			£000
472,003	Property, Plant and Equipment	14	522,509
292,495	Infrastructure Assets	15	279,533
8,472	Heritage Assets	16	8,540
61,492	Investment Property	17	69,832
1,809	Intangible Assets	19	2,401
727	Surplus Assets	18	786
25,149	Long Term Investments	21	27,399
79,961	Long Term Debtors	22	77,306
-	Pension Asset	47	42,000
942,108	Long Term Assets		1,030,306
601	Inventories	23	836
68,414	Short Term Debtors	24	76,409
1,300	Short Term Loans		-
39,503	Cash and Cash Equivalents	25	14,284
109,818	Current Assets		91,529
(282,947)	Short Term Borrowing	20	(200,475)
(97,379)	Short Term Creditors	26	(81,773)
(10,157)	Short Term Provisions	27	(6,106)
(390,483)	Current Liabilities		(288,354)
(89,784)	Long Term Creditors	26	(85,831)
(75,534)	Long Term Borrowing	20	(196,052)
(204,467)	Pension Liability	47	(2,424)
(62)	Other Long Term Liabilities		(142)
(40,982)	Capital Grants in Advance	41	(50,576)
(410,829)	Long Term Liabilities		(335,025)
250,614	Net Assets		498,456
(108,395)	Usable Reserves	28	(83,614)
(142,219)	Unusable Reserves	29	(414,842)
(250,614)	Total Reserves		(498,456)

Cash Flow Statement for the Year Ended 31st March 2023

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.

2021/2022 £000		Notes	2022/2023 £000
32,489	Net deficit on the provision of services		42,317
(97,167)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	30	(47,004)
30,357	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	30	38,991
(34,321)	Net cash flows from Operating Activities		34,304
30,602	Investing Activities	31	43,247
(32,326)	Financing Activities	32	(52,332)
(36,045)	Net (increase) or decrease in cash and cash equivalents		25,219
3,458	Cash and cash equivalents at the beginning of the reporting period		39,503
39,503	Cash and cash equivalents at the end of the reporting period		14,284

Section 5

Notes to the Accounts

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1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The segments are shown by directorate and are in line with the monthly budget monitoring reported to Members. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23	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	1,775	759	2,534	819	3,353
Governance and Partnership Services	2,407	1,047	3,454	870	4,324
Ward Budgets	350	-	350	-	350
Resources	3,082	8,990	12,072	6,680	18,752
Communications & Regeneration	2,969	4,510	7,479	5,361	12,840
Strategic Leisure Assets	2,426	(524)	1,902	-	1,902
Community and Environmental Services	50,253	(13,898)	36,355	19,035	55,390
Adult Services	67,575	(1,305)	66,270	4,339	70,609
Children's Services	69,720	(8,561)	61,159	6,935	68,094
Public Health	5	(8,862)	(8,857)	240	(8,617)
Budgets Outside the Cash Limit	1,544	(4,946)	(3,402)	(1,076)	(4,478)
Contingencies, Levies etc	(8,634)	13,432	4,798	(1,185)	3,613
Housing Revenue Account	(5,578)	7,465	1,887	(7,412)	(5,525)
Net Cost of Services	187,894	(1,893)	186,001	34,606	220,607
Other Income and Expenditure	(185,885)	24,665	(161,220)	(17,070)	(178,290)
(Surplus) or Deficit on Provision of Services	2,009	22,772	24,781	17,536	42,317

Reconciliation of Movement in Balances

	General Fund £000	HRA £000	Total £000
Opening General Fund and HRA Balances 1st April 2022	(11,009)	(1,806)	(12,815)
(Surplus)/Deficit on Provision of Services	1,924	85	2,009
Closing General Fund and HRA Balances 31st March 2023	(9,085)	(1,721)	(10,806)

2021/22	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	951	713	1,664	864	2,528
Governance and Partnership Services	2,332	1,039	3,371	801	4,172
Ward Budgets	282	-	282	-	282
Resources	2,527	7,387	9,914	9,638	19,552
Communications & Regeneration	(1,025)	7,867	6,842	2,565	9,407
Strategic Leisure Assets	2,234	-	2,234	15,603	17,837
Community and Environmental Services	44,790	(13,844)	30,946	18,972	49,918
Adult Services	61,620	(9,995)	51,625	4,084	55,709
Children's Services	66,164	(7,070)	59,094	7,033	66,127
Public Health	27	(12,966)	(12,939)	238	(12,701)
Budgets Outside the Cash Limit	4,734	(7,263)	(2,529)	2,803	274
Contingencies, Levies etc	(35,355)	52,614	17,259	(46)	17,213
Housing Revenue Account	(4,883)	(9,279)	(14,162)	9,240	(4,922)
Net Cost of Services	144,398	9,203	153,601	71,795	225,396
Other Income and Expenditure	(144,327)	(12,431)	(156,758)	(36,149)	(192,907)
(Surplus) or Deficit on Provision of Services	71	(3,228)	(3,157)	35,646	32,489

Reconciliation of Movement in Balances

	General Fund £000	HRA £000	Total £000
Opening General Fund and HRA Balances 1st April 2021	(9,854)	(3,032)	(12,886)
(Surplus)/Deficit on Provision of Services	(1,155)	1,226	71
Closing General Fund and HRA Balances 31st March 2022	(11,009)	(1,806)	(12,815)

2a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2022/2023				
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	57	(877)	1	(819)
Governance and Partnership Services	(85)	(716)	(69)	(870)
Ward Budgets	-	-	-	-
Resources	(4,358)	(2,303)	(19)	(6,680)
Communications and Regeneration	(3,742)	(1,474)	(145)	(5,361)
Strategic Leisure Assets	-	-	-	-
Community and Environmental Services	(16,833)	(2,265)	63	(19,035)
Adult Services	(410)	(3,906)	(23)	(4,339)
Children's Services	(1,261)	(5,604)	(70)	(6,935)
Public Health	-	(237)	(3)	(240)
Budgets Outside the Cash Limit	1,113	(43)	6	1,076
Contingencies	1,399	(226)	12	1,185
Housing Revenue Account	7,412	-	-	7,412
Net Cost of Services	(16,708)	(17,651)	(247)	(34,606)
Other income and expenditure from the Expenditure and Funding Analysis	13,793	(5,712)	8,989	17,070
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(2,915)	(23,363)	8,742	(17,536)

Adjustments between Funding and Accounting Basis 2021/22				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Statutory Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Chief Executive	(19)	(870)	25	(864)
Governance and Partnership Services	(59)	(757)	15	(801)
Ward Budgets	-	-	-	-
Resources	(7,287)	(2,375)	24	(9,638)
Communications and Regeneration	(1,100)	(1,464)	(1)	(2,565)
Strategic Leisure Assets	(15,603)	-	-	(15,603)
Community and Environmental Services	(16,573)	(2,481)	82	(18,972)
Adult Services	(381)	(3,767)	64	(4,084)
Children's Services	(387)	(5,900)	(746)	(7,033)
Public Health	-	(238)	-	(238)
Budgets Outside the Cash Limit	(3,026)	218	5	(2,803)
Contingencies	39	-	7	46
Housing Revenue Account	9,240	-	-	9,240
Net Cost of Services	(35,156)	(17,634)	(525)	(53,315)
Other income and expenditure from the Expenditure and Funding Analysis	15,413	(6,277)	8,533	17,669
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(19,743)	(23,911)	8,008	(35,646)

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.

iv) Other Non-statutory Adjustments

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

For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in fair value of investment properties.

For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments e.g. for non-ring-fenced government grants.

2b. Expenditure and Income Analysed By Nature

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

2021/2022		2022/2023
£000		£000
	Expenditure	
147,201	Employee expenses	155,432
352,871	Other Services expenses	351,776
53,090	Depreciation, amortisation, impairment	37,200
6,108	Interest payments	8,206
71	Precepts and Levies	72
358	Payments to Housing Capital Receipts Pool	-
-	Loss on the disposal of assets	2,847
6,276	Pension Interest Cost and return on assets	5,712
565,975	Total Expenditure	561,245
	Income	
171,667	Fees, charges and other service income	188,369
3,871	Interest and investment income	4,691
510	Gain on the disposal of assets	-
-	Dividend - Council owned subsidiaries	900
63,907	Income from council tax, non-domestic rates	57,723
293,531	Government grants and contributions	267,245
533,486	Total Income	518,928
32,489	Deficit on the Provision of Services	42,317

3. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/2023 financial year and its position at the year-end 31st March 2023. 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 2022/2023 (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 2022/23 for these contracts is £1,213,204 (2021/22 £925,461).

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 2.8% to 4.8% in 2022/2023 (2.1% to 2.8% in 2021/2022) based in the indicative return on high quality corporate bonds.

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
- Quoted securities – current bid price
- 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 prepay three years employer's contributions and deficit contribution which results in a saving to the Council. When the prepayment is made the employer contributions and deficit payment are included in the financial statements 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 Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the 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 holds shares in its subsidiary companies which are held at cost on the balance sheet. This is permitted in CIPFA SORP as all subsidiary companies are included in the group accounts and therefore all intra group transactions are removed from the group financial statements.

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.

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 agent under the scheme, and therefore income received and expenditure incurred are excluded from the Comprehensive Income and Expenditure Statement.

In addition to the Blackpool BID, a Blackpool Tourism BID has been established. The purpose of the Blackpool Tourism BID is to take a lead role in navigating the recovery from the effects of Covid-19 and over a 5 year period restore Blackpool's visitor economy to its market leading position and enable it to continue to thrive and prosper. The Tourism BID will run for 5 years from 1st July 2021 to 30th June 2026.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

xiv. Heritage Assets

Tangible and Intangible Heritage Assets

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However some of the

measurement rules have been relaxed in relation to heritage assets as detailed below. The 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 insurance valuations that are based on market values. These insurance valuations are reviewed on a 4 yearly basis.

Due to the unique nature of the collection it is deemed to have an indeterminate life and a high residual value hence, the 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. However, the valuation is adequate for insurance purposes and has been reported in the Balance Sheet.

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

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

Tower Company Collection and Local and Family History Collections

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

The collections are deemed to have indeterminate lives and a high residual value hence the 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 were previously reported in the Balance Sheet based on insurance valuations. However the statutes are in a poor state and have a net book value of nil.

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 100% shares in a number of subsidiary companies 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 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.

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 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:

- Infrastructure, 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.

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 2 to 40 years, as advised by a suitably qualified officer.
- Infrastructure – straight line allocation from 5 to 40 years

Where an item of Property, Plant and Equipment asset has major components whose cost is at least 20% of the total cost of the item, the components are depreciated separately. Only 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 of Non-Financial Assets

The Council measures some of its non-financial assets, such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer 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 2022/2023 (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 2023/24 accounts.

Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
 Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) issued in May 2021; and
 Updating a reference to the conceptual framework (Amendments to IFRS 3) issued in May 2020.

Work on the implementation of the Code changes is still ongoing and the full impact on the Council's single entity and group accounts has not been fully assessed yet.

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 the voluntary aided schools are included on the Council's balance sheet in line with accounting standards following an assessment of the ownership of these schools.

During 2022/23 two primary schools converted to Academy status. As the schools are voluntary aided schools and therefore not on the Council's balance sheet this has had no effect on the Council's financial statements.

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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are shown as follows:

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.</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 2022/2023 the Council's actuaries advised that the Council's net pension asset is £107.948m. However due to the requirements of IFRIC 14 the Council has only recognised £42m net pension asset.</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).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine (for example investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information regarding the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Notes 19, 20 and 21</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.</p> <p>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

In 2021/22 the Council received additional Business Rates Section 31 grants of £8.4m, which included compensation 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. The legislation governing Collection Fund accounting means the related deficit as a result of the loss of Business Rates income in 2021/22 due to this relief has been charged to the Council's General Fund in 2022/23. The additional grants were transferred to the NNDR Reserve in 2021/22 and drawn down from the NNDR Reserve in-year to offset the deficit in 2022/23.

8. Events After The Reporting Period

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

The Council leases Ribble House on a 30 year lease with the asset included as an investment property on the balance sheet. However on 21st December 2023 the Council purchased Ribble House for £13.875m. The transactions will be reflected in the 2023/24 accounts.

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.

	Usable Reserves			
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000
2022/2023				
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	(23,363)	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account	(41)	-	-	-
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	14,286	-	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	(206)	-	-	-
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).	(35,130)	(4,013)	(6,499)	(2,783)
Total Adjustments to Revenue Resources	(44,454)	(4,013)	(6,499)	(2,783)
Adjustments between Revenue and Capital Resources				
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	4,300	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	4,408	8,003	-	-
Total Adjustments between Revenue and Capital Resources	8,708	8,003	-	-
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	17,298	3,421	-	-
Use of capital receipts reserve to finance capital expenditure	-	-	-	2,783
Total Adjustments to Capital Resources	17,298	3,421	-	2,783
Total Adjustments	(18,448)	7,411	(6,499)	-

	Usable Reserves			
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000
2021/2022				
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)	(23,911)			-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	89			-
Council Tax and NDR (transfers to or (from) Collection Fund Adjustment Account)	8,531			-
Holiday Pay (transferred to the Accumulated Absences Reserve)	194			-
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).	(52,202)	(425)	(10,739)	(2,621)
Total Adjustments to Revenue Resources	(67,299)	(425)	(10,739)	(2,621)
Adjustments between Revenue and Capital Resources				
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(358)		358	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,136			-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	442	8,416		-
Total Adjustments between Revenue and Capital Resources	6,220	8,416	358	-
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	18,466	3,870	-	-
Use of the Capital Receipts Reserve to finance capital expenditure			5,487	2,621
Total Adjustments to Capital Resources	18,466	3,870	5,487	2,621
Total Adjustments	(42,613)	11,861	(4,894)	-

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 2022/2023.

	Balance at 1st April 2021 £000	Transfers Out 2021/2022 £000	Transfers In 2021/2022 £000	Balance at 31st March 2022 £000	Transfers Out 2022/2023 £000	Transfers In 2022/2023 £000	Balance at 31st March 2023 £000
General Fund:							
Balances held by schools under scheme of delegation	(3,562)	185	(751)	(4,128)	927	(448)	(3,649)
School DSG Balances	-	-	(806)	(806)	-	(2,171)	(2,977)
Unallocated Reserves	(6,293)	218	-	(6,075)	3,616	-	(2,459)
Total General Fund	(9,855)	403	(1,557)	(11,009)	4,543	(2,619)	(9,085)
Earmarked Reserves							
Potential Pay Liabilities	(4,193)	740	(150)	(3,603)	72	(82)	(3,613)
Public/Private Partnership Reserve	3,193	3,489	(12,381)	(5,699)	5,826	(3,140)	(3,013)
Council Tax & Non-Domestic Rates Deficits	(6,112)	15,120	(10,751)	(1,743)	11,564	(5,474)	4,347
Museum Reserve	(5,781)	3,388	-	(2,393)	1,557	-	(836)
Transformation Reserve	(769)	187	-	(582)	582	-	-
Specific Settlements in Dispute	(539)	-	-	(539)	539	-	-
Strategic Investments	(320)	-	-	(320)	320	-	-
Financial systems upgrade, renewals & replacements	(167)	-	-	(167)	-	(130)	(297)
Treasury Management - Prudential borrowing	(797)	-	-	(797)	9	(320)	(1,108)
Insurances	(8,815)	1,200	(850)	(8,465)	15	(650)	(9,100)
Enterprise Zone	(212)	530	(492)	(174)	174	(1,059)	(1,059)
Opportunity Area	(1,131)	1,131	(780)	(780)	780	-	-
Vehicles Replacement Reserve	(1,669)	2,167	(1,480)	(982)	250	(910)	(1,642)
Contributions to Future Regeneration projects	(1,485)	4,500	(4,697)	(1,682)	-	(74)	(1,756)
Covid-19 support grant	(2,061)	1,927	-	(134)	23	-	(111)
Future Increases in Pension	(1,400)	1,600	(3,721)	(3,521)	2,600	-	(921)
Adult Social Care Support	(4,084)	1,492	(4,155)	(6,747)	2,975	(1,950)	(5,722)
Financial Inclusion and Hardship	(1,629)	1,185	(792)	(1,236)	538	(835)	(1,533)
Housing General Fund - Homelessness	(1,535)	598	(597)	(1,534)	827	(387)	(1,094)
Town Centre Regeneration	(3,328)	631	(776)	(3,473)	712	(924)	(3,685)
Early Years Funding	(1,427)	1,355	-	(72)	-	-	(72)
Enterprise and Employment	(1,131)	530	(932)	(1,533)	292	(115)	(1,356)
Adult Learning	(249)	132	(725)	(842)	961	(457)	(338)
Strategic Leisure Assets - Repair work	(2,859)	2,374	(876)	(1,361)	405	(263)	(1,219)
Revenues and Benefits - System and recovery	(980)	125	(29)	(884)	204	(102)	(782)
Leisure Services - Equipment replacement	(619)	82	(426)	(963)	392	(244)	(815)
ICT replacement	(576)	324	(473)	(725)	358	(110)	(477)
Corporate Development Unit	(583)	192	(784)	(1,175)	166	(1,112)	(2,121)
Leaseholders Service Charges	(748)	-	(39)	(787)	787	-	-
HR - Website upgrade and Apprentices	(642)	45	(86)	(683)	251	(203)	(635)
Public Protection and Neighbourhoods	(1,632)	1,053	(4,971)	(5,550)	2,370	(983)	(4,163)
Other departmental reserves	(6,569)	3,922	(3,589)	(6,236)	3,287	(1,553)	(4,502)
Total Earmarked Reserves	(60,849)	50,019	(54,552)	(65,382)	38,836	(21,077)	(47,623)
Earmarked Reserves set aside to offset the NNDR Deficit							
Covid-19 Non-Domestic Rates S31 Reliefs	(14,599)	25,987	(19,788)	(8,400)	8,400	-	-
Total All Earmarked Reserves	(75,448)	76,006	(74,340)	(73,782)	47,236	(21,077)	(47,623)

11. Other Operating Expenditure

2021/2022 £000		2022/2023 £000
71	Flood Defence Levy	72
358	Payments to the Government Housing Capital Receipts Pool	-
(510)	(Gain)/Losses on the disposal of non-current assets	2,847
(81)	Total	2,919

12. Financing And Investments Income And Expenditure

2021/2022 £000		2022/2023 £000
6,108	Interest payable and similar charges	8,206
6,276	Net interest on the net defined benefit liability/(asset)	5,712
(3,871)	Interest receivable and similar income	(4,691)
(2,043)	Income and expenditure in relation to investment properties and changes in their fair value	(67)
-	Dividend - Council Owned Subsidiaries	(900)
6,470	Total	8,260

13. Taxation And Non Specific Grant Income

2021/2022 £000		2022/2023 £000
(62,617)	Council Tax Income	(64,992)
(9,823)	Collection Fund (surplus)/deficit movement	(7,016)
(20,240)	Retained Business Rates	(16,612)
(24,468)	Business Rates Top Up	(24,468)
(41,846)	Non-ringfenced government grants	(55,662)
(22,336)	Capital Grants & contributions	(20,719)
(9,307)	Covid-19 Non-ringfenced Grants	-
(8,659)	S31 NNDR Extended Reliefs (Covid-19)	-
(199,296)	Total Taxation and Non-Specific Grant Income	(189,469)

14. Property, Plant And Equipment (PPE)

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

2022/23

	Council		Vehicles, Plant & Equipment £000	Community Assets £000	PP&E Under Construction £000	Total PP&E £000
	Dwellings & Other HRA £000	Other Land & Buildings £000				
Cost or Valuation						
Balance as at 1 April 2022	140,136	262,824	95,701	67	49,921	548,649
Additions	19,337	11,977	3,334	-	36,887	71,535
Revaluation increases/decreases to Revaluation Reserve	(235)	(525)	-	-	-	(760)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	(5,050)	-	-	228	(4,822)
Derecognition - Disposals	(2,355)	(1,790)	(19,569)	-	(24)	(23,738)
Other Movements	-	-	-	-	-	-
Transfer	-	3,396	943	-	(9,964)	(5,625)
Balance as at 31 March 2023	156,883	270,832	80,409	67	77,048	585,239
Depreciation and Impairment						
Balance as at 1 April 2022	-	(16,892)	(59,754)	-	-	(76,646)
Depreciation Charge	(2,783)	(8,577)	(4,359)	-	-	(15,719)
Depreciation written out on Revaluation Reserve	-	7,939	-	-	-	7,939
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,621	(172)	-	-	-	2,449
Transfer	-	-	-	-	-	-
Derecognition - Disposals	-	145	19,102	-	-	19,247
Balance as at 31 March 2023	(162)	(17,557)	(45,011)	-	-	(62,730)
Net Book Value						
Balance as at 31 March 2023	156,721	253,275	35,398	67	77,048	522,509
Balance as at 31 March 2022	140,136	245,932	35,947	67	49,921	472,003

Comparative Movements 2021/2022

	Council					
	Dwellings & Other HRA	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Total PP&E
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
Balance as at 1 April 2021	133,575	261,400	93,543	67	29,356	517,941
Additions	14,762	8,350	2,333	-	34,414	59,859
Revaluation increases to Revaluation Reserve	(4,340)	4,658	-	-	-	318
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(2,658)	(24,185)	-	-	-	(26,843)
Derecognition - Disposals	(1,053)	(4,545)	-	-	-	(5,598)
Derecognition - Other	-	(24)	-	-	-	(24)
Transfer	(150)	17,170	(175)	-	(13,849)	2,996
Balance as at 31 March 2022	140,136	262,824	95,701	67	49,921	548,649
Depreciation and Impairment						
Balance as at 1 April 2020	(2,560)	(13,534)	(55,245)	-	-	(71,339)
Depreciation Charge	(2,621)	(8,513)	(4,509)	-	-	(15,643)
Depreciation written out on Revaluation Reserve		4,097	-	-	-	4,097
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	5,181	1,076	-	-	-	6,257
Derecognition - Disposals		(36)	-	-	-	(36)
Derecognition - Other	-	18	-	-	-	18
Balance as at 31 March 2022	-	(16,892)	(59,754)	-	-	(76,646)
Net Book Value						
Balance as at 31 March 2022	140,136	245,932	35,947	67	49,921	472,003
Balance as at 31 March 2021	131,015	247,866	38,298	67	29,356	446,602

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).
- Infrastructure - straight line allocation over 25 years

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

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

Capital Commitments

At 31st March 2023 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 £93m. Similar commitments at 31st March 2022 were £22m. The major commitments are in relation to Central Business District Phase 3 (£86m), Central Business District Phase 2 (£4m) and Houndshell Phase 2 (£3m).

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 2022/2023. 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 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 31/3/23	-	13,727	-	13,727
Valued at fair value as at:				
31/03/2023	156,721	80,090	786	237,597
31/03/2022	-	59,954	-	59,954
31/03/2021	-	42,804	-	42,804
31/03/2020	-	56,700	-	56,700
Total Cost or Valuation	156,721	253,275	786	410,782

15. Infrastructure Assets

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.

2021/2022 £000		2022/2023 £000
298,177	Net Book Value (Modified Historic Cost) at 1st April	292,495
6,006	Additions	3,685
(11,688)	Depreciation	(16,449)
-	- Transfer	(198)
292,495	Net Book Value (Modified Historic Cost) at 31st March	279,533

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 2022	5,655	797	20	1,450	550	-	8,472
Revaluations	-	68	-	-	-	-	68
Balance 31st March 2023	5,655	865	20	1,450	550	-	8,540

	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 2021	5,655	670	20	1,450	550	-	8,345
Purchases	-	-	-	-	-	-	-
Revaluations	-	127	-	-	-	-	127
Balance 31st March 2022	5,655	797	20	1,450	550	-	8,472

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 internally based on on-line market prices as at 31st March 2023.

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.

2021/2022 £000		2022/2023 £000
(4,858)	Rental income from investment property	(4,904)
4,081	Direct operating expenses arising from investment property	4,206
(1,266)	Net (gains)/losses from fair value adjustments	631
(2,043)	Net (gain)/loss	(67)

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.

2021/2022 £000		2022/2023 £000
61,211	Balance at start of the year	61,492
2,151	Additions - - Construction	1,197
(2)	Disposals	(1)
(3,134)	Transfer - - (To)/from PPE	5,875
5,330	Upward Revaluation	3,305
(4,064)	Impairment	(2,036)
61,492	Balance at end of the year	69,832

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 2023 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.

18. Surplus Assets

2021/2022 £000		2022/2023 £000
697	Balance outstanding at start of year	727
46	Revaluation gains/(losses)	202
(8)	Impairment losses	(3)
(5)	Disposals	-
(3)	Write off capital expenditure	(140)
727	Balance outstanding at year end	786

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 includes 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 between 5 and 11 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:

2021/2022 £000		2022/2023 £000
737	Net Carrying Amount at 1st April	1,809
	Additions:	
1,295	Purchases	1,065
(398)	Amortisation for the period	(473)
175	Transfers	-
1,809	Net Carrying Amount at 31st March	2,401
	Comprising:	
2,300	Gross Carrying Amount	3,365
(491)	Accumulated Amortisation	(964)
1,809		2,401

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	
	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000
Amortised Cost								
Principal	-	-	79,961	77,306	-	-	5,841	11,014
Cash & Cash Equivalents	-	-	-	-	39,503	14,284	-	-
Trade Debtors	-	-	-	-	-	-	29,163	13,000
Total Financial Assets	-	-	79,961	77,306	39,503	14,284	35,004	24,014
Non Financial Assets	-	-	-	-	-	-	26,923	28,377
Total	-	-	79,961	77,306	39,503	14,284	61,927	52,391

Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000	31/03/2022 £000	31/03/2023 £000
Amortised Cost								
Principal & accrued loan interest	75,534	196,052	-	-	282,947	200,475	360	-
PFI and Finance Lease	-	-	94,911	90,898	-	-	4,295	2,050
Trade Creditors	-	-	-	-	-	-	2,820	(26)
Total Financial Liabilities	75,534	196,052	94,911	90,898	282,947	200,475	7,475	2,024
Non Financial Liabilities	-	-	3	63	-	-	59,327	9,465
Total	75,534	196,052	94,914	90,961	282,947	200,475	66,802	11,489

Income, Expense, Gains and Losses

	2022/2023			2021/2022		
	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	8,206	-	8,206	6,108	-	6,108
Total expense in Surplus or Deficit on the Provision of Services	8,206	-	8,206	6,108	-	6,108
Interest income	-	(5,592)	(5,592)	-	(4,691)	(4,691)
Total income in Surplus or Deficit on the Provision of Services	-	(5,592)	(5,592)	-	(4,691)	(4,691)

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 2023 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 2023		31st March 2022	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	396,527	385,332	358,481	376,247
Long term creditors	85,831	85,831	89,784	89,784

The fair value of the liabilities reflects the cost to the Council of its Public Works Loans Board (PWLB) loans at 31st March 2023 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 2023		31st March 2022	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	15,120	15,120	41,404	41,404
Long term debtors	77,306	77,514	80,192	79,961
Short term debtors	76,409	76,409	62,573	62,573

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 2023) 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

31st March 2022 £000		31st March 2023 £000
	Ordinary Shares (£1 per share) in:-	
2,789	Blackpool Transport Services Ltd	2,789
18,100	Blackpool Housing Company	20,350
4,250	Blackpool Airport	4,250
10	Municipal Bonds Agency	10
25,149	Total	27,399

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 £20,350,000.

The movement in share value in 2022/2023 is as follows:

	£000
Shares as at 1st April 2022	18,100
Purchase of shares in 2022/23	2,250
Shares as at 31st March 2023	20,350

Blackpool Airport Ltd

On 12th September 2017 the Council purchased 100% shares in Regional and City Airports (Blackpool) Holdings Limited for £4,250,000. The Company was subsequently renamed Blackpool Airport Limited on 30th March 2019.

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. In September 2019 the Council transferred further depot-delivered waste and street cleansing services to the Company.

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.

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 2023 the Council had purchased £10,000 worth of shares in the Company which equates to 0.13%.

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 Tramshed student accommodation in Preston.

In 2021/2022 the value of the company was nil. On 1st April 2022 the company was transferred to Blackpool Housing Company.

Blackpool Coastal Housing

Blackpool Coastal Housing is an Arms-Length Management Organisation (ALMO) 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.

In 2021/22 the value of the company was nil.

Blackpool Entertainment Company Ltd

The Council purchased the operation of the Winter Gardens from a private company on 16th May 2014 and 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, Blackpool Coastal Housing, 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 2022 £000		31st March 2023 £000
11,096	Blackpool Transport Services	8,354
3,692	Blackpool Teaching Hospital (NHS)	2,769
2,078	Blackpool Pleasure Beach	1,767
26,400	Blackpool Housing Company	30,000
4,882	Create Developments (Blackpool) Ltd	2,805
10,296	Coolsilk	10,663
10,026	Ocean Boulevard III	9,062
642	Laila's Fine Foods	531
1,050	Blackpool Airport Operations Ltd	1,001
1,023	Small Business Loans	545
552	Waste Disposal Site (prev PFI)	552
594	Adult Social Care Deferred Payments	553
490	Lancashire County Developments	513
1,324	Enveco Refuse Vehicles	916
-	Enveco Road Sweepers	268
7	Council Mortgages - (Right to Buy)	-
100	Red Rocket Group	-
191	Blackpool Cricket Club	104
-	Blackpool Transport Contactless Loan	232
-	Blackpool Transport Zebra Loan	431
-	Blackpool Entertainment Company	636
	Covid Recovery Fund:	
-	Blackpool Airport Operations Ltd	1,376
3,018	Blackpool Transport Services	1,728
2,500	Blackpool Entertainment Company	2,500
79,961	Total	77,306

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 repayable on the 20th anniversary of the initial drawdown. The Council will review the loan every 5 years at which time in its absolute discretion it may request repayment of the outstanding sum on demand.

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 interest is payable over 5 years with the loan amount due to be repaid at the maturity date in December 2022.

However the principal has been combined with a new loan of £3m. The total of this new loan will enable the borrower to extend the 130 bed Hampton Hilton Hotel by 74 beds to a 204 bed hotel. The loan has a repayment term of 15 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.

Repayment of the loan will commence no later than three years after the date of practical completion of the hotel.

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.

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 £0.545m.

Waste Disposal Site

The total value of land held under the Waste Disposal contract at current market value is estimated at £4.4m. The valuation was 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. The original amount of the loan was £721,000 and has been revalued to fair value. The fair value of the loan in 2022/2023 was £512,627 (£489,835 in 2021/2022). The movement in fair value of £22,792 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 Council in 2031.

Enveco Refuse Vehicles

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

As part of the 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.

In addition to the above, the Council leased a further 6 Boschung sweepers to Enveco on 16th May 2022. The lease is repayable in 36 equal monthly instalments.

Blackpool Cricket Club

The Council's business loans panel agreed to provide a loan to Blackpool Cricket Club for £200,000 to enable the club to make improvements in order to host County cricket matches.

The loan, including interest, is repayable over 10 years and is due to be fully repaid in August 2031.

Blackpool Transport Contactless Loan

At its meeting on 14th June 2021 the Executive approved a loan to Blackpool Transport Services for the implementation of a contactless payment system across its tram and bus network.

The loan was for £545,000 and will be repaid including interest over 5 years.

Blackpool Transport Services Zebra Loan

The Council has granted a £8m loan to Blackpool Transport Services towards the redevelopment of its Rigby Road site to enable it to have a fleet of electric buses.

The loan is drawn down as and when required and will be fully repaid, including interest, in December 2034.

Blackpool Entertainment Company

At its meeting on 5th September 2022 the Shareholder Committee approved a loan of £1,731,500 towards the refurbishment of the Winter Gardens.

The loan will be drawn down by instalments between December 2022 and August 2023 and is expected to be repaid, including interest, by December 2033.

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

2022/2023	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	317	284	601
Purchases	343	1,371	1,714
Recognised as an expense in the year	(304)	(1,175)	(1,479)
Balance outstanding at year end	356	480	836

2021/2022	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	454	320	774
Purchases	553	1,296	1,849
Recognised as an expense in the year	(690)	(1,332)	(2,022)
Balance outstanding at year end	317	284	601

24. Debtors

31st March 2022 £000		31st March 2023 £000
14,656	Trade Receivables	13,000
43,072	Other Receivable Amounts	40,255
	Debtors for Local Taxation:	
22,225	- Council Tax	23,738
4,698	- NNDR	4,639
3,991	Prepayments	15,896
(20,228)	Total Impairment	(21,119)
68,414	Net Value of Debtors	76,409

25. Cash and Cash Equivalents

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

31st March 2022 £000		31st March 2023 £000
8	Cash held by the Authority	30
40,650	Short term deposits with institutions	15,050
(1,155)	Bank current accounts	(796)
39,503	Total Cash and Cash Equivalents	14,284

26. Creditors

Short Term Creditors

31st March 2022 £000		31st March 2023 £000
(2,820)	Trade Payables	26
(1,731)	Other Payables - PFI	(2,050)
(64,433)	Other Payables - Non PFI	(41,843)
(16,734)	Receipts in Advance	(28,441)
	Creditors for Local Taxation	
-	- Council Tax	-
(11,661)	- NNDR	(9,465)
(97,379)	Total Short Term Creditors	(81,773)

Long Term Creditors

31st March 2022 £000		31st March 2023 £000
(35,620)	PFI schemes liabilities	(33,537)
(26,932)	Ex Waste PFI scheme Liability	(25,730)
(27,229)	Finance lease liabilities	(26,501)
(3)	Other long term creditors	(63)
(89,784)	Total Long Term Creditors	(85,831)

27. Provisions

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2022	(667)	(9,490)	(10,157)
Additional Provisions Made in 2022/2023	(1,050)	(76)	(1,126)
Amounts Used in 2022/2023	607	4,568	5,175
Unused Amounts Reversed Back in 2022/2023	2	-	2
Balance at 31 March 2023	(1,108)	(4,998)	(6,106)

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2021	(377)	(8,986)	(9,363)
Additional Provisions Made in 2021/22	(1,053)	(2,653)	(3,706)
Amounts Used in 2021/22	763	2,149	2,912
Write Back Unused Amounts	-	0	0
Balance at 31 March 2022	(667)	(9,490)	(10,157)

Outstanding legal cases

Injury Compensation Claims

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 5 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 2022 £000		31st March 2023 £000
(4,128)	Schools Reserves	(3,649)
(806)	Schools DSG Balance	(2,977)
(6,075)	Unallocated General Fund Reserves	(2,459)
(1,806)	Housing Revenue Account	(1,721)
(73,782)	Earmarked Revenue Reserves	(47,623)
(18,686)	Capital Receipts Reserve	(25,185)
(3,112)	Capital Reserves	-
(108,395)	Total Usable Reserves	(83,614)

29. Unusable Reserves

31st March 2022 £000		31st March 2023 £000
(113,060)	Revaluation Reserve	(120,758)
(260,898)	Capital Adjustment Account	(255,550)
1,489	Financial Instruments Adjustment Account	1,530
216,658	Pensions Reserve	(39,576)
6,241	Collection Fund Adjustment Account	(8,045)
1,589	Accumulated Absences Account	1,795
5,762	Dedicated Schools Grant Adjustment Account	5,762
(142,219)	Total Unusable Reserves	(414,842)

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.

2021/2022 £000		2022/2023 £000
(104,300)	Balance at 1st April	(113,060)
(7,265)	Upward revaluation of assets, downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(5,046)
(3,356)	Depreciation written out to Revaluation Reserve	(5,516)
78	Accumulated gains on assets sold or scrapped	1,435
1,783	Amount written off to the Capital Adjustment Account	1,429
(113,060)	Balance at 31st March	(120,758)

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.

2021/2022		2022/2023	
£000		£000	£000
(279,587)	Balance at 1st April		(260,898)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
52,692	- Charges for depreciation and impairment of non-current assets	36,718	
398	- Intangible assets amortisation	473	
48	- Revenue expenditure funded from capital under statute	147	
	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive		
5,602	Income and Expenditure Statement	2,847	
58,740			40,185
(1,783)	Adjusting amounts written out of the Revaluation Reserve	(1,429)	
56,957	Net written out amount of the cost of non-current assets consumed in year		38,756
	Capital financing applied in year:		
(5,487)	- Use of the Capital Receipts Reserve to finance new capital expenditure	(65)	
(22,336)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(20,719)	
(6,136)	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,300)	
(8,856)	- Capital expenditure charged against the general fund and HRA balances	(13,598)	
4,547	- Business loans repayment of principal	5,274	
(38,268)			(33,408)
(260,898)	Balance at 31st March		(255,550)

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.

2021/2022 £000		2022/2023 £000
1,578	Balance at 1st April	1,489
(89)	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	41
1,489	Balance at 31st March	1,530

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.

2021/2022 £000		2022/2023 £000
322,635	Balance at 1st April	216,658
(129,887)	Remeasurement of net defined benefit liability (Actuarial gains/(losses) on pension assets (liabilities))	(279,597)
35,972	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	36,380
(888)	Employers pension contributions and deficit payments for future years	(826)
(11,174)	Employers pension contributions and direct payments to pensions in year	(12,191)
216,658	Balance at 31st March	(39,576)

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.

2021/2022 £000		2022/2023 £000
14,772	Balance at 1st April	6,241
(1,412)	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	(1,497)
(7,119)	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	(12,789)
6,241	Balance at 31st March	(8,045)

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.

2021/2022 £000		2022/2023 £000
1,783	Balance at 1st April	1,589
(1,783)	Settlement or cancellation of accrual made at the end of the preceding year	(1,589)
1,589	Amounts accrued at the end of the current year	1,795
1,589	Balance at 31st March	1,795

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.

2021/2022 £000		2022/2023 £000
5,762	Balance at 1st April	5,762
-	-(Surplus)/Deficit on Schools Budget for the year	-
5,762	Balance at 31st March	5,762

30. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/2022 £000		2022/2023 £000
(3,871)	Interest Received	(4,691)
6,108	Interest Paid	8,206

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

2021/2022 £000		2022/2023 £000
(53,090)	Depreciation/Impairment charges to CIES	(38,849)
(35,084)	Movement in Pension Liability	(34,062)
65	(Increase) in Short Term Loans	(1,300)
(261)	(Increase)/decrease in Debtors	7,995
(173)	(Increase)/decrease in Inventories	235
(794)	Increase/(decrease) in Provisions	4,051
(3,841)	Increase/(decrease) in Creditors	15,606
(3,989)	Other non-cash items charged to the net surplus or deficit on the provision of services	(680)
(97,167)	Total	(47,004)

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

2021/2022 £000		2022/2023 £000
22,336	Capital grants credited to the surplus or deficit on the provision of services	21,906
(510)	(Gain)/Loss on disposal of property, plant and equipment investment property and intangible assets	2,799
8,531	Billing Authorities - Collection Fund adjustments	14,286
30,357	Total	38,991

31. Cash Flow Statement – Investing Activities

31st March 2022 £000		31st March 2023 £000
76,668	Purchase of property, plant & equipment, investment property and intangible assets	77,482
1,279	Other payments for investing activities	147
(6,132)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(65)
(25,779)	Capital Grants received	(20,719)
(15,434)	Other receipts from investing activities	(13,598)
30,602	Net cash flows from investing activities	43,247

32. Cash Flow Statement – Financing Activities

31st March 2022 £000		31st March 2023 £000
(270,000)	Cash receipts of short and long term borrowing	(376,500)
250,613	Repayments of short and long term borrowing	338,454
(4,408)	Other payments for financing activities	-
(8,531)	Billing Authorities: Collection Fund Adjustments	(14,286)
(32,326)	Net cash flows from financing activities	(52,332)

33. Reconciliation of Liabilities Arising From Financing Activities

	1st April 2022 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31st March 2023 £000
Long term borrowings	75,534	120,518	-	196,052
Short term borrowings	282,947	(82,472)	-	200,475
Lease liabilities	59,291	(1,718)	(212)	57,361
PFI Liabilities	35,620	(1,763)	(320)	33,537
Total Liabilities from Financing Activities	453,392	34,565	(532)	487,425

	1st April 2021 £000	Financing Cash Flows £000	Non Financing Cash Flows £000	31st March 2022 £000
Long term borrowings	79,487	(3,953)	-	75,534
Short term borrowings	259,607	23,340	-	282,947
Lease liabilities	55,991	(1,776)	(51)	54,164
PFI Liabilities	37,363	(1,888)	145	35,620
Total Liabilities from Financing Activities	432,448	15,723	94	448,265

34. Road Charging Schemes under the Transport Act 2000

2021/2022 £000		2022/23 £000
(1,828)	On-street parking operation surplus	(2,033)
	Utilised to Fund:	
4,376	Public Transport	3,952
811	Traffic Management & Road Safety	661
5,187	Total Qualifying Expenditure	4,613

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 2022/2023 was £232,189 (2021/2022 £184,150) and is based on the number of employees paid.

In 2022/2023 the Council received government grants totalling £9.8m in relation to support for local residents towards the cost of their energy bills (Council Tax Energy Rebate Scheme). The Council acted as agent and passed these energy rebates onto residents in line with government guidelines.

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.

2021/2022 £000			2022/2023 £000	
13,683	34,434	Funding provided to the pooled budget:		38,326
20,751		Blackpool Council	14,857	
		Blackpool CCG	23,469	
24,960	33,265	Expenditure met from the pooled budget:		37,678
8,305		Blackpool Council	28,181	
		Blackpool CCG	9,497	
	1,169	Net surplus arising on the pooled budget during the year		648

37. Members' Allowances

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

2021/2022 £000		2022/2023 £000
824	Allowances	870
62	Expenses	74
886	Total	944

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 2022/2023		Number in 2021/2022	
	Schools	Other Staff	Schools	Other Staff
£50,000 - £54,999	12	52	13	41
£55,000 - £59,999	10	18	10	22
£60,000 - £64,999	5	16	3	12
£65,000 - £69,999	3	15	3	14
£70,000 - £74,999	3	11	5	6
£75,000 - £79,999	3	5	3	4
£80,000 - £84,999	2	2	-	3
£85,000 - £89,999	-	2	-	1
£90,000 - £94,999	-	1	2	1
£95,000 - £99,999	2	-	-	1
£100,000 - £104,999	-	5	-	4
£105,000 - £109,999	-	1	-	2
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	1	-	1
£120,000 - £124,999	-	-	-	1
£135,000 - £139,999	-	2	-	-
£145,000-£149,999	-	-	-	1
£150,000 - £154,999	-	1	-	-
TOTAL	40	132	39	114

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

Employees in Post 2022/2023					
Post Holder Information	Salary	Expense Allowance	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£
Chief Executive - Neil Jack	150,939	-	150,939	25,962	176,901
Director of Resources	109,311	176	109,487	18,801	128,288
Director of Communication & Regeneration	101,160	-	101,160	11,902	113,062
Director of Governance & Partnership Services	103,566	91	103,657	17,813	121,470
Director of Community & Environmental Services	103,566	-	103,566	17,813	121,379
Director of Public Health	125,325	-	125,325	17,325	142,650
Director of Children's Services	101,699	-	101,699	-	101,699
Director of Adult Services	107,244	-	107,244	18,446	125,690
Director of Strategy and Assistant Chief Executive	103,973	180	104,153	17,883	122,036
TOTAL	1,006,783	447	1,007,230	145,945	1,153,175

Employees in Post 2021/2022					
Post Holder Information	Salary	Expense Allowance	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£
Chief Executive - Neil Jack	149,058	-	149,058	24,446	173,504
Director of Resources	107,430	729	108,159	17,619	125,778
Director of Communications and Regeneration	101,528	-	101,528	-	101,528
Director of Governance & Partnership Services	101,685	596	102,281	16,676	118,957
Director of Community & Environmental Services	101,685	200	101,885	16,676	118,561
Director of Public Health	119,364	-	119,364	16,468	135,832
Director of Children's Services	94,785	-	94,785	-	94,785
Director of Adult Services	106,115	-	106,115	17,403	123,518
Director of Strategy and Assistant Chief Executive	97,488	94	97,582	15,988	113,570
TOTAL	979,138	1,619	980,757	125,276	1,106,033

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

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	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023 £000	2021/2022 £000
£0 - £20,000	0	5	10	14	10	19	94	169
£20,001 - £40,000	-	-	2	3	2	3	54	96
£40,001 - £60,000	-	-	0	1	-	1	-	55
£60,001 - £80,000	1	1	-	1	1	2	79	135
Total	1	6	12	19	13	25	227	455

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.

2021/2022 £000		2022/2023 £000
85	Fees payable to auditors with regard to external audit services carried out by the appointed auditor	85
14	Fees payable to auditors for the certification of grant claims and returns	14
99	Total	99

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 (ESFA), the Dedicated Schools Grant (DSG). The 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) Regulations 2022. The schools budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2022/2023 are as follows:

	Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
Final DSG for 2022/23 before academy & high needs recoupment			138,138
Academy & high needs figure recouped for 2022/23			(83,501)
Total DSG after Academy & high needs recoupment for 2022/23			54,637
Plus: Brought-forward from 2021/22			806
Less: Carried-forwards to 2023/24 agreed in advance			0
Agreed initial budget distribution in 2022/23	35,838	19,604	55,442
In year adjustments	1,580	-	1,580
Final budgeted distribution for 2022/23	37,418	19,604	57,022
Less: Actual Central Expenditure	34,441		34,441
Less: Actual ISB deployed to Schools		19,604	19,604
Plus: Local authority contribution for 2022/23	-	-	-
In-year carry-forward to 2023/24	2,977	-	2,977
Plus: Carry-forward to 2023/24 agreed in advance			-
Carry-forward to 2023/24			2,977
DSG Unusable reserve at end of 2021/22			(5,762)
Addition to DSG Unusable Reserve at end of 2022/23			-
Total of DSG Unusable Reserve at end of 2022/23			(5,762)
Net DSG position at end of 2022/23			(2,785)

41. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/2023.

	2022/2023 £000	2021/2022 £000
Credited to Taxation and Non Specific Grant Income		
Business Rates Retained	16,612	20,240
Business Rates Top Up	24,468	24,468
Revenue Support Grant	15,578	15,113
Section 31 Grants (NNDR 1 return)	7,778	5,585
New Homes Bonus	211	45
Adult Social Care Grants	23,780	18,573
Opportunity Area	-	1,918
Lower Tier Services	325	303
Market Sustainability and Fair Cost of Care (New in 2022/2023)	610	-
Services Grant (New for 2022/2023)	3,330	-
Covid-19 Grants:		
- Covid-19 support grant	-	5,545
- Sales, Fees and Charges	-	1,191
- Council Tax Hardship Fund	-	2,571
- Additional S31 Business Rate Reliefs (Retail, Hospitality & Leisure)	3,703	8,659
Other Contributions	-	307
Capital Grants - Other	20,719	22,336
Total Credited to Taxation and Non Specific Grant Income	117,114	126,854
Credited to Services		
Dedicated Schools Grant	54,637	51,997
Pupil Premium Grant	3,438	3,498
Housing Benefit Administration Subsidy	726	738
Rent Allowance Subsidy	34,194	37,140
Rent Rebates Subsidy	9,663	10,455
Public Health Grant	19,231	18,706
Street Lighting PFI	2,627	2,627
Building Schools for the Future PFI	3,024	3,024
Universal Infant Free School Meals	454	477
Sustainable Transport Access Fund/Capability Fund	302	45
Museum Project	636	-
Project Adder Grant (Public Health)	755	1,350
Independent Living Fund	169	169
Department for Transport Condition Surveys/Resurfacing Funding	259	605
Youth Hub	204	911
Domestic Abuse Support to Victims	412	412
Green Homes	-	825
Social Housing Decarbonisation Fund	-	1,390
Adult Social Care Workforce and Retention	764	1,741
Additional drug treatment, Crime and harm reduction	91	626
Homes for Ukraine (New 2022/2023)	281	-
Holidays, Activities and Food	912	-
UK Shared Prosperity Fund	641	-
UK Community Renewal Fund	269	-
Home Upgrade Grant	456	-
Rough Sleeping/Homelessness Prevention	1,088	-
Covid-19 Grants:		
- Contain Outbreak Management Fund/Test and Trace	84	4,938
- Infection Control	-	923
- Rapid/Community Testing	-	384
- Rough Sleeping/Accommodation Project/Protect and Vaccinate	-	173
- Clinically Extremely Vulnerable Support	-	308
- Winter Grant	4,481	1,082
- Welcome Home Fund	-	344
- Public Health - Practical Funding	-	837
- Omicron grant	-	226
Other Grants and Contributions	10,333	10,522
Total Credited to Services	150,131	156,473
Total Grant Income	267,245	283,327

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:

	2022/2023 £000	2021/2022 £000
Current Liabilities		
Revenue Grants Received in Advance		
Department for Transport - Project Amber	873	2,900
Home Upgrade Grant	8,244	-
Social Housing Decarbonisation	660	-
Green Homes	139	24
Homes for Ukraine	645	-
Adder Project	595	-
Council Tax Energy Grant Discretionary	-	525
Capability Fund - Department for Transport	51	302
DFT Enhance Partnership Officer Funding	165	-
Changing Places Grant	80	-
Rough Sleepers	368	-
Energy Efficiency	825	-
Affordable Warmth	758	-
Mental Health Grant	253	-
Universal Grant (Public Health)	536	-
Total	14,192	3,751
Long Term Liabilities		
Capital Grants Received in Advance		
Department of Health	-	360
Environment Agency grants	5,379	2,439
Local Transport Plan	7,232	7,630
Empty Homes	1,303	1,303
Education & Skills Funding Agency	5,235	4,025
ZEBRA Project - Dept for Transport	19,602	19,602
Historic England	-	466
Town Deal	9,414	3,014
Safer Roads Fund	1,100	-
Other Grants & Contributions	1,311	2,143
Total	50,576	40,982

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 41. Capital grant receipts unspent at 31st March 2023 are shown on 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 2022/23 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 2022/23 is shown in Note 37.

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. In 2022/23 the Council received £30,547 from Trinity Hospice mainly in relation to waste collection and disposal. The Council paid £58,738 to Trinity Hospice mainly in relation to social care support.

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.

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 2023 was £13,889,000 (2021/22 - £17,460,000).

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 2023 was £30,000,000 (2021/22 - £26,400,000)

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 2023 was £3,149,745 (2021/22 - £1,098,000).

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 2023 was £3,200,000 (2021/22 - £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 2022/23 the Council made payments to BCH of £11,917,424 (2021/22 - £10,359,700) in relation to the management and maintenance of the Council's housing stock.

The Council controls Blackpool Waste Services Limited (BWS) through its ownership of 100% shares in the Company. In 2022/23 the Council made payments to BWS of £11,367,069 (2021/22 - £9,502,705) in relation to the provision of waste and cleansing services.

Full details are in Section 7 Group Accounts.

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.

	2022/2023	2021/2022
	£000	£000
<u>Capital Financing Requirement</u>		
Opening Capital Financing Requirement	557,979	534,271
Capital Investment		
Property, Plant & Equipment	34,647	31,451
Infrastructure Assets	3,685	-
Investment Properties	1,197	2,151
Assets under Construction	36,888	34,414
Intangibles	1,065	1,295
Revenue Expenditure funded from Capital under Statute	147	3,600
Long Term Debtor - Loan to Create	2,882	-
Long Term Debtor - Loan to Blackpool Housing Company	3,600	3,604
Long Term Debtor - Loan to Coolsilk	367	600
Long Term Debtor - Blackpool Cricket Club	-	200
Long Term Debtor - Blackpool Entertainment Company	700	-
Long Term Debtor - Enveco Leased Vehicles 2	401	-
Blackpool Housing Company Shares	2,250	2,250
Sources of Finance		
Capital Receipts	(65)	(6,132)
Government Grants & Other Contributions	(20,719)	(25,779)
Sums set aside from Revenue	(9,298)	(8,856)
Minimum Revenue Provision	(4,300)	(6,136)
Payments Received for :-		
Long Term Debtor - Loan to Blackpool Transport Services	(2,944)	(2,222)
Long Term Debtor - Loan to Blackpool Victoria Hospital	(923)	(923)
Long Term Debtor - Loan to Laila's Fine Foods	(112)	(111)
Long Term Debtor - Enveco Leased Vehicles	(441)	(407)
Long Term Debtor - Loan to Ocean Boulevard III	(963)	(883)
Long Term Debtor - Blackpool Cricket Club	(88)	-
Long Term Debtor - Red Rocket Group	(113)	-
Long Term Debtor - Loan to Blackpool Airport	(48)	-
Lease/PFI Repayments	-	(4,408)
Closing Capital Financing Requirement	605,794	557,979
Explanations of Movements in Year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	47,815	23,708
Increase in Capital Financing Requirement	47,815	23,708

44. Long Term Creditors

Waste Services

The Council has recognised a long term 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 2023 were as follows:

	31st March 2023	31st March 2022
	£000	£000
Payments due no later than one year	1,201	1,157
Payments due later than one year not later than five years	6,727	5,085
Payment due later than five years	19,004	21,847
Total	26,932	28,089

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 2023 was £17.257m which is included within Investment Properties on the balance sheet.

The total future repayments payable at 31st March 2023 were as follows:

	Minimum Lease Payments	
	31st March 2023	31st March 2022
	£000	£000
Not later than one year	691	690
Later than one year and not later than five years	2,763	2,762
Later than five years	13,928	14,576
Total	17,382	18,028

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 is included within Investment Properties on the balance sheet with a net book value of £14.437m at 31st March 2023.

The future repayments payable at 31st March 2023 were as follows:

	Minimum Lease Payments	
	31st March 2023 £000	31st March 2022 £000
Not later than one year	726	718
Later than one year and not later than five years	2,924	2,891
Later than five years	14,928	15,534
Total	18,578	19,143

Operating Leases

Museum

The Council entered into a 30 year lease for the ground floor of the Sands building. This has been converted into a museum called Showtown which opened to the public on 15th March 2024.

	Minimum Lease Payments	
	31st March 2023 £000	31st March 2022 £000
Not later than one year	24	-
Later than one year and not later than five years	492	914
Later than five years	4,746	4,216
Total	5,262	5,130

The Authority as Lessor

Operating Leases

The Council has granted various property leases including the lease of the Sandcastle Waterpark, Ribble House, units within the Houndshill Shopping Centre 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 2023 £000	31st March 2022 £000
Not later than one year	4,705	4,446
Later than one year and not later than five years	13,588	12,051
Later than five years	6,789	8,369
Total	25,082	24,866

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 2023 (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 2023/24	1,542	554	1,677	3,773
Payable in two to five years	6,615	2,968	6,010	15,593
Payable in six to ten years	9,816	5,099	5,653	20,568
Payable in eleven to fifteen years	8,788	8,247	2,411	19,446
Total	26,761	16,868	15,751	59,380

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:

2021/2022 £000		2022/2023 £000
(17,955)	Balance outstanding at start of year	(17,280)
675	Payments during the year	412
(17,280)	Total	(16,868)

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 2023 (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 2023/2024	2,010	1,506	1,006	4,522
Payable in two to five years	7,848	8,958	4,237	21,043
Payable in six to ten years	30,907	19,477	4,357	54,741
Payable in eleven to fifteen years	16,067	10,884	587	27,538
Total	56,832	40,825	10,187	107,844

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:

2021/2022 £000		2022/2023 £000
(22,585)	Balance outstanding at start of year	(22,415)
1,213	Payments during the year	1,351
(1,043)	Additions	-
(22,415)	Total	(21,064)

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 2022/2023 the Council paid £2,829,430 (2021/22 £2,834,921) to the Department for Education in respect of teachers retirement benefits, representing 23.68% (2021/22 23.68%) 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 £2.766m.

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 2022/2023, the Council paid £75,641 (2021/22 £70,256) to the NHS Pension Scheme in respect of Public Health employees' retirement benefits, representing 14.38% (2021/22 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 £91,000.

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 were 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 older members as part of the reform to public sector pensions amounts to unlawful age discrimination.

The Government has accepted that remedies relating to the McCloud judgement are needed in relation to all public service pension schemes. A key feature of this remedy was to extend the final salary scheme underpin to a wider group of members for service up to March 2022. This also applies to all members who were active on or before 31st March 2012 and either remain active or left the service after 1st April 2014. The figures include an allowance for the McCloud judgement.

Goodwin, Brewster and Langford Judgements

There are other recent rulings that could in theory have an impact on the LGPS, all of which relate to dependants benefits. In each case the impact of the ruling is immaterial. A sample analysis of the most significant of the rulings (Goodwin) suggests a cost of well under 0.1% of liabilities on average. Therefore no adjustment has been made to the figures for these rulings.

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	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
<i>Service Cost comprising</i>				
- current service cost	29,965	29,485	-	-
- past service costs	-	-	-	-
- curtailments	65	211	-	-
<i>Financing & Investment Income and Expenditure</i>				
Net interest expense	6,098	6,207	90	69
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	36,128	35,903	90	69
<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	(418,902)	(15,557)	(918)	39
- Actuarial gains and losses arising on changes in demographic assumptions	(24,064)	(45,311)	(120)	(32)
- Experience gains and losses	7,575	(82,240)	-	-
Return on plan assets	69,714	13,204	252	10
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(365,677)	(129,904)	(786)	17
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		(35,903)	90	69
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	669	731		
Retirement benefits payable to pensioners			157	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	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Present value of the defined benefit obligation	718,476	1,022,219	2,424	3,277
Fair value of plan assets	(829,636)	(821,029)	-	-
Net (asset)/liability arising from defined benefit obligation	(111,160)	201,190	2,424	3,277

Following the pension valuation by the Councils actuary, Mercers, the fair value of its pension plan assets outweighed the present value of the plan obligations at 31st March 2023, resulting in a pension asset for the first time. IAS 19 and IFRIC 14 Employee Benefits required that where a pension plan exists it is measured at the lower of:

The surplus in the defined benefit plan; and

The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuary's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions. The calculation is as follows:

	£'000	£'000
Present value present of the future accounting service cost assessed in perpetuity, based on 31 March 2023 assumptions		2,297,000
Present value of certified future service contributions assessed in perpetuity, based on 31 March 2023 assumptions	(2,555,000)	
Present value of certified secondary contributions (-2.2%), assessed in perpetuity, based on 31 March 2023 assumptions	300,000	
Net value of future contributions payable		(2,255,000)
Asset ceiling		42,000

The Council has therefore limited the pension asset recognised in its balance sheet to £42m. The adjustment has been recognised within the Other Comprehensive Income and Expenditure of the Comprehensive Income and Expenditure Statement.

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Opening fair value of scheme assets	831,302	743,132	-	-
Interest Income	23,043	15,403	-	-
Remeasurement gain/(loss):				
- The return on plan assets , excluding the amount included in the net interest expense	(7,575)	82,240	-	-
- Other	(470)	(437)	-	-
Contributions from employer	669	731	157	157
Contributions from employees into the scheme	5,155	4,789	-	-
Benefits paid	(22,488)	(24,829)	(157)	(157)
Business combinations	-	-	-	-
Closing fair value of scheme assets	829,636	821,029	-	-

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Opening balance at 1 April	1,049,420	1,039,054	3,277	3,348
Current service cost	30,425	29,048	-	-
Interest cost	29,141	21,610	90	69
Contributions from scheme participants	5,155	4,789	-	-
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	(24,064)	(45,311)	(120)	(32)
- Actuarial (gains)/losses arising from changes in financial assumptions	(418,902)	(15,557)	(918)	39
- Experience (gains) and losses	69,714	13,204	252	10
Past service cost	-	-	-	-
Losses/(gains) on curtailment	65	211	-	-
Benefits paid	(22,488)	(24,829)	(157)	(157)
Business Combinations	-	-	-	-
Closing balance at 31 March	718,466	1,022,219	2,424	3,277

	Fair Value of Scheme Assets	
	2022/23 £000	2021/22 £000
Cash & cash equivalents	6,595	20,667
Equities - Financials	965	977
Bonds:		
- UK Corporate	-	3,372
- Overseas Corporate	1,710	3,031
Sub total bonds	1,710	6,403
Property:		
-Retail	1,670	727
- Commercial	10,827	12,385
Sub total property	12,497	13,112
Private Equity: Overseas	450,302	443,280
Other investment funds:		
- UK Private Equity	14,359	18,159
- Credit Funds	120,388	109,882
- Pooled Fixed Income	11,956	35,699
- Infrastructure	129,051	93,530
- Property	73,031	71,590
- UK Pooled Equity Funds	8,782	7,730
Sub total other investment funds	357,567	336,590
Total assets	829,636	821,029

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 31st March 2022.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Post Retirement Mortality Assumptions:				
Non Retired:				
Men/Women	110%/94%	119%/105%	110%/94%	110%/94%
Retired				
Men/Women	113%/105%	113%/105%	113%/105%	103%/91%
Longevity at 65 for current pensioners:				
- Men	21.5yrs	21.4yrs	21.5yrs	22.3yrs
- Women	23.8yrs	23.7yrs	23.8yrs	25.0yrs
Longevity at 75 for current pensioners:				
- Men	-	-	13.0yrs	13.6yrs
- Women	-	-	14.9yrs	15.8yrs
Longevity at 65 for future pensioners:				
- Men	22.8yrs	22.6yrs	-	-
- Women	25.6yrs	25.5yrs	-	-
Rate of inflation	2.7%	3.3%	2.73.5%	3.5%
Rate of increase in salaries	4.2%	4.8%	-	-
Rate of increase in pensions	2.8%	3.4%	2.8%	3.6%
Rate for discounting scheme liabilities	4.8%	2.8%	4.9%	2.8%

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	2.07%	14,862
Rate of Inflation - increase by 0.25%	4.26%	30,585
Rate of increase in salaries - increase by 0.25%	0.54%	3,845
0.5% increase in real discount rate	(7.88%)	(56,588)

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 2023

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 £15.050m 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 2023 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 2023 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2023 %	Estimated maximum exposure to default and uncollectability At 31st March 2022 £000	Estimated maximum exposure at 31st March 2022 £000
Deposits with banks and financial institutions	15,050	-	-	-	40,650
Customers	-	35%	-	-	9,307

Of the £76.4m (2021/22 - £62.573m) current debtors in 2022/23 £11.8m (2021/22 - £9.307m) 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 £5.936m (2021/22 - £4.792m) of the £11.8m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31st March 2023	31st March 2022
	£000	£000
Up to 3 months	1,719	1,130
Three to six months	570	728
Six months to one year	1,025	942
1-2 years	1,171	842
2-3 years	487	361
Over 3 years	964	789
Total	5,936	4,792

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 51% maturing within one year. This is structured 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 2023 £000	31st March 2022 £000
Less than one year	200,475	282,946
Between one and two years	5,102	4,475
Between two and five years	2,699	6,025
Between five and ten years	22,760	24,542
Between ten and fifteen years	2,960	2,960
Between fifteen and twenty years	20,000	-
More than twenty years	142,530	37,533
Total	396,526	358,481

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 20 Fair Value of Assets and Liabilities.

Price Risk

The Authority does not invest in equity shares but does have shareholdings with a historic cost of £27.399m 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

Following liquidation of MMI in 1992/93 there are a number of claims outstanding which may not be resolved for many years. "The Scheme of Arrangement" between local authorities and the administrators of MMI was invoked in 2012/2013. Although Blackpool Council is not a scheme creditor the Council has a liability in relation to Lancashire County Council (for transferred services). The total potential liability remains uncertain.

As at 31st March 2022 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.

	2018/2019 £000	2019/2020 £000	2020/2021 £000	2021/2022 £000	2022/2023 £000
Balance B/fwd					
Cenotaph	20	20	20	20	20
Civic Regalia	510	510	689	670	797
Illuminations	550	550	550	550	550
Tower Collection & Local Family					
History Collection	1,450	1,450	1,450	1,450	1,450
Art Collection	5,655	5,655	5,655	5,655	5,655
Stanley Park Statues	-	-	-	-	-
Total Balance B/fwd	8,185	8,185	8,364	8,345	8,472
Impairment/Revaluation					
Cenotaph	-	-	-	-	-
Civic Regalia	-	179	(19)	127	68
Illuminations	-	-	-	-	-
Tower Collection & Local Family					
History Collection	-	-	-	-	-
Art Collection	-	-	-	-	-
Stanley Park Statues	-	-	-	-	-
Total Impairment/Revaluation	-	179	(19)	127	68
Balance C/fwd					
Cenotaph	20	20	20	20	20
Civic Regalia	510	689	670	797	865
Illuminations	550	550	550	550	550
Tower Collection & Local Family					
History Collection	1,450	1,450	1,450	1,450	1,450
Art Collection	5,655	5,655	5,655	5,655	5,655
Stanley Park Statues					
Total Balance C/fwd	8,185	8,364	8,345	8,472	8,540

Section 6

Supplementary Single Entity Financial Statements

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 2023			
2021/2022		2022/2023	
£000		£000	£000
	Expenditure		
4,032	Repairs and maintenance	4,150	
8,193	Supervision and management	8,854	
138	Rent, rates , taxes and other charges	248	
2,620	Depreciation and impairment of non-current assets	2,837	
27	Debt management costs	28	
29	Movement in the allowance for bad debts	290	
15,039	Total Expenditure		16,407
	Income		
(17,727)	Dwelling rents	(18,699)	
(92)	Non-dwelling rents	(91)	
(1,971)	Charges for services and facilities	(2,152)	
(171)	Contributions towards expenditure	(989)	
(19,961)	Total Income		(21,931)
(4,922)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		(5,524)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
425	Loss on sale of HRA non-currents assets	1,176	
(3,870)	Capital grants	(3,421)	
331	Interest payable and similar charges	568	
(17)	Interest and investment income	(125)	(1,802)
(8,053)	Surplus for the year on HRA services		(7,326)

Movement on the Housing Revenue Account Statement for the Year Ending 31st March 2023

	2022/2023 £000	2021/2022 £000
Balance on HRA Reserve at 1st April	(1,806)	(3,032)
Surplus for the year on HRA Income and Expenditure Statement	(7,326)	(8,053)
Adjustments between accounting basis and funding basis under statute	7,411	9,279
Net increase or decrease in year	85	1,226
Balance on HRA Reserve at 31st March	(1,721)	(1,806)

Notes to the HRA Statement

1. Housing Revenue Account Stock

The Council owned 4,794 dwellings at 31st March 2023 which are analysed below:-

	2022/2023	2021/2022
Bedsits	10	33
Flats	2,872	2,856
Maisonettes	1	1
Bungalows	90	78
Houses	1,743	1,747
Multi occupied dwellings	78	78
Total	4,794	4,793

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

	2022/2023	2021/2022
Stock at 1st April	4,793	4,741
Less: Sales to tenants	(26)	(16)
Property Conversion	(2)	-
Add: Troutbeck Development	21	54
William Lyons House	8	-
Other Additions/Purchases	-	4
Mansfield Road	-	4
Bispham Road	-	6
Stock at 31st March	4,794	4,793

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

	2022/2023 £000	2021/2022 £000
Operational assets:		
Council dwellings	142,378	135,963
Other HRA	14,350	4,217
Stock at 31st March	156,728	140,180

2. Dwelling Rents

This is the total rent due for the year after allowance is made for voids etc. During the year 3.5% of lettable properties, excluding hostels, were vacant (2021/22: 3.9%). 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 10.5% (2021/22 – 13%).

The average rent (excluding Affordable Rent properties) was £73.58 a week in 2022/23, an increase of 4.37% over the previous year.

	2022/2023 £000	2021/2022 £000
Vacant possession value of properties	333,946	320,133

The vacant possession value of dwellings held on 31st March 2023 was £333,946,485. The difference between this and the Existing Use Value (Social Housing) and Existing Use Value (Affordable Rent) valuation of £142,378,404 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:

	2022/2023 £000	2021/2022 £000
Balance at 1st April	-	-
Transferred to MRR during the year	-	-
Transfer between MRR and HRA during the year	2,783	2,621
Debits to MRR during the financial year in respect of capital expenditure:		
Houses held within HRA	(2,783)	(2,621)
Balance at 31st March	-	-

4. Housing Repairs Account

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

	2022/2023 £000	2021/2022 £000
Balance at 1st April	-	-
Add: Revenue contribution	4,150	4,032
Less: Expenditure in year		
Responsive repairs	(3,181)	(3,023)
Planned maintenance	(969)	(1,009)
Balance at 31st March	-	-

5. Capital Expenditure within Housing Revenue Account

	2022/2023 £000	2021/2022 £000
Total capital expenditure within the Housing Revenue Account on land, housing & other property	22,120	17,329
Sources of funding for the above Capital Expenditure:		
- Usable capital receipts	-	1,225
- Revenue contributions (as defined in Local Government & Housing Act 1989)	7,154	8,380
- Grants and other funding	12,183	5,103
- Major Repairs Reserve	2,783	2,621
Total capital expenditure within the HRA	22,120	17,329

Usable capital receipts totalling £1,120,120 were received and carried forward to be applied in future years.

6. Depreciation Charge within the HRA

	2022/2023 £000	2021/2022 £000
Depreciation charges for:		
- Operational assets, comprising dwellings and other land and buildings	2,725	2,459
- Non-Operational assets	58	162
Total	2,783	2,621

7. Impairment

	2022/23 £000	2021/22 £000
Impairment charges in respect of land, houses and other property within the HRA	-	1,816

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 Department for Levelling UP, Housing and Communities (DLUHC).

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 54% on the basis that the average difference in chargeable rent between EUV-SH and EUV-AH within the estates is 54%.

The 2022/2023 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. Rent Arrears

Rent Arrears for 2022/2023 amounted to £953,000 compared to £848,000 in the previous year. During the year 2022/2023 rent arrears as a proportion of gross collectable rent (including service charges) were 4.5% (2021/2022: 4.2%).

Amounts written off during the year amounted to £110,000 (2021/22: £97,500). The total provision for bad and doubtful rental debts in the Housing Revenue Account at 31st March 2023 is £843,000 (£756,000 at 31st March 2022). This provision has been calculated in accordance with the Housing Revenue Account (Arrears of Rents and Charges) Directions 1990.

Collection Fund

Collection Fund Statement 2022/2023

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).

2021/2022 £000 Council Tax	2021/2022 £000 NNDR	2021/2022 £000 Total		2022/2023 £000 Council Tax	2022/2023 £000 NNDR	2022/2023 £000 Total
			Income			
76,890		76,890	Council Tax Receivable	81,897		81,897
	29,250	29,250	Business Rates Receivable		52,034	52,034
76,890	29,250	106,140	Total Income	81,897	52,034	133,931
			Expenditure			
			<u>Apportionment of previous year's surplus/(deficit)</u>			
	(14,404)	(14,404)	Central Government		(7,175)	(7,175)
540	(13,482)	(12,942)	Blackpool Council	(238)	(7,030)	(7,268)
24	(275)	(251)	Lancashire Fire Authority	(10)	(143)	(153)
70		70	Police & Crime Commissioner for Lancashire	(31)		(31)
			<u>Precepts, Demands and Shares</u>			
	20,346	20,346	Central Government		16,756	16,756
62,617	20,240	82,857	Blackpool Council	64,992	16,612	81,604
2,663	413	3,076	Lancashire Fire Authority	2,870	339	3,209
8,345		8,345	Police & Crime Commissioner for Lancashire	8,782		8,782
			<u>Charges to Collection Fund</u>			
-	-	-	less: Write offs of uncollectable amounts			-
904	1,064	1,968	less: Increase/Decrease in BDP	4,156	774	4,930
	413	413	less: Increase/Decrease in Provision for Appeals		5,381	5,381
	244	244	less: Cost of Collection		244	244
-	161	161	less: Transitional Protection Payments	-	176	176
75,163	14,720	89,883	Total Expenditure	80,521	25,934	106,455
(1,727)	(14,530)	(16,257)	(Surplus)/Deficit for the Year	(1,376)	(26,100)	(27,476)
			Collection Fund Balance			
903	28,578	29,481	Fund balance at 1st April (Surplus)/Deficit	(824)	14,048	13,224
(824)	14,048	13,224	(Surplus)/Deficit as at 31st March	(2,200)	(12,052)	(14,252)
			Allocated to:			
(698)	6,884	6,186	- Blackpool Council	(1,866)	(5,905)	(7,771)
(31)	140	109	- Lancashire Fire Authority	(82)	(121)	(203)
(95)		(95)	- Police & Crime Commissioner for Lancashire	(252)		(252)
	7,024	7,024	- Central Government		(6,026)	(6,026)
(824)	14,048	13,224	Total	(2,200)	(12,052)	(14,252)

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 and Lancashire Fire Authority for non-domestic rates and the Council, Police and Crime Commissioner for Lancashire and Lancashire Fire Authority for Council Tax.

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 2022/2023 was 37,140 (36,853 in 2021/2022).

The tax base for 2022/2023 was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	32	5/9	18
A	16,997	6/9	11,331
B	14,978	7/9	11,649
C	8,914	8/9	7,923
D	4,013	1	4,013
E	1,679	11/9	2,052
F	495	13/9	715
G	212	15/9	354
H	19	18/9	38
Less Family Annex Discount			1
Less allowances for non collection			952
Tax Base for the Calculation of Council Tax			37,140

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 2022/2023 were estimated before the start of the financial year as £16.756m (50%) (£20.346m in 2021/22) to Central Government, £0.339m (1%) (£0.413m in 2021/22) to Lancashire Fire Authority and £16.612m (49%) (£20.240m in 2021/22) to Blackpool Council. These sums have been paid in 2022/2023 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 2022/2023 to the value of £24.468m (£24.468m in 2021/2022).

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 2022/2023 has been calculated at £9.1m (£15.818m in 2021/2022).

For 2022/2023, the total non-domestic rateable value at the year- end is £120.910m. The national multiplier for 2022/2023 was 49.9p (49.9p in 2021/2022) for qualifying small businesses and the standard multiplier being 51.2p (51.2p in 2021/2022) for all other businesses.

4. Allocation Of Closing Balances

The allocation of the closing balances for 2022/2023 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 2023		21,329	955	2,919	25,203
Receipts in Advance		(1,226)	(55)	(168)	(1,449)
Bad Debt Provision		(8,684)	(389)	(1,189)	(10,262)
Surplus/Deficit		1,865	83	253	2,201
Business Rates					
Arrears at 31st March 2023	4,734	4,639	95		9,468
Receipts in Advance	(460)	(451)	(9)		(920)
Bad Debt Provision	(2,631)	(2,578)	(53)		(5,262)
Appeals	(4,550)	(4,459)	(91)		(9,100)
Surplus/Deficit	6,026	5,905	121		12,052

Section 7

Group Accounts

7.0 Introduction

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

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. On 1st April 2022 Blackpool Housing Company Limited acquired 100% of the issued share capital of Lancashire Management Operations Limited. Immediately the assets and liabilities of Lancashire Management Operations Limited were transferred to Blackpool Housing Company Limited. Lancashire Management Operations Limited has subsequently been dissolved.

Core Financial Statements - Group

Group Movement in Reserves Statement

2022/23

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2022	(11,009)	(73,782)	(1,806)	(18,686)	-	(3,112)	(108,395)	(142,219)	(250,614)	5,026	(245,588)
Movements in Reserves in 2022/23											
(Surplus) or Deficit on the provision of services	49,643	-	(7,326)	-	-	-	42,317	-	42,317	10,717	53,034
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(290,159)	(290,159)	(21,224)	(311,383)
Total Comprehensive Income and Expenditure	49,643	-	(7,326)	-	-	-	42,317	(290,159)	(247,842)	(10,507)	(258,349)
Adjustments between accounting basis and funding basis under regulations	(18,448)	-	7,411	(6,499)	-	-	(17,536)	17,536	-	-	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	31,195	-	85	(6,499)	-	-	24,781	(272,623)	(247,842)	(10,507)	(258,349)
Transfer to/(from) Earmarked Reserves	(29,271)	26,159	-	-	-	3,112	-	-	-	-	-
(Increase)/Decrease in 2022/23	1,924	26,159	85	(6,499)	-	3,112	24,781	(272,623)	(247,842)	(10,507)	(258,349)
Balance as at 31st March 2023	(9,085)	(47,623)	(1,721)	(25,185)	-	-	(83,614)	(414,842)	(498,456)	(5,481)	(503,937)

2021/22

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2021	(9,854)	(75,448)	(3,032)	(13,792)	-	(3,112)	(105,238)	(37,357)	(142,595)	16,676	(125,919)
Movements in Reserves in 2021/2022											
Surplus or Deficit on the provision of services	40,503	-	(8,014)	-	-	-	32,489	-	32,489	(5,098)	27,391
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(140,508)	(140,508)	(6,552)	(147,060)
Total Comprehensive Income and Expenditure	40,503	-	(8,014)	-	-	-	32,489	(140,508)	(108,019)	(11,650)	(119,669)
Adjustments between accounting basis and funding basis under regulations	(39,992)	-	9,240	(4,894)	-	-	(35,646)	35,646	-	-	-
Net increase or Decrease before Transfer to Earmarked Reserves	511	-	1,226	(4,894)	-	-	(3,157)	(104,862)	(108,019)	(11,650)	(119,669)
Transfer to/from Earmarked Reserves	(1,666)	1,666	-	-	-	-	-	-	-	-	-
Increase/Decrease in 2021/2022	(1,155)	1,666	1,226	(4,894)	-	-	(3,157)	(104,862)	(108,019)	(11,650)	(119,669)
Balance as at 31st March 2022	(11,009)	(73,782)	(1,806)	(18,686)	-	(3,112)	(108,395)	(142,219)	(250,614)	5,026	(245,588)

Group Comprehensive Income and Expenditure Statement

2021/2022				2022/2023		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
7,345	(4,516)	2,829	Chief Executive	11,075	(7,691)	3,384
8,611	(3,862)	4,749	Governance and Partnership Services	8,605	(3,728)	4,877
307	(25)	282	Ward Budgets	350	-	350
33,205	(10,806)	22,399	Resources	33,381	(10,861)	22,520
21,899	(12,503)	9,396	Communication and Regeneration	24,325	(11,891)	12,434
22,982	(5,145)	17,837	Strategic Leisure Assets	5,903	(4,002)	1,901
66,069	(22,315)	43,754	Community and Environmental Services	67,212	(24,530)	42,682
94,677	(38,995)	55,682	Adult Services	106,488	(36,128)	70,360
149,584	(84,148)	65,436	Children's Services	161,726	(94,359)	67,367
23,674	(36,436)	(12,762)	Public Health	31,684	(40,354)	(8,670)
121,194	(112,732)	8,462	Budgets Outside the Cash Limit	140,692	(115,357)	25,335
38,258	(21,045)	17,213	Contingencies	(113)	3,726	3,613
4,499	(19,951)	(15,452)	Housing Revenue Account	5,093	(21,932)	(16,839)
592,304	(372,479)	219,825	Cost of Services	596,421	(367,107)	229,314
429	(974)	(545)	Other Operating Expenditure	1,948	-	1,948
12,831	(5,438)	7,393	Financing & Investment Income & Expenditure - Other	14,074	(2,776)	11,298
-	(199,296)	(199,296)	Taxation and Non-Specific Grant Income - Other	-	(189,469)	(189,469)
605,564	(578,187)	27,377	Deficit on Provision of Services	612,443	(559,352)	53,091
			- Share of (Surplus)/Deficit on the Provision of Services by Associates			-
		407	Tax of Subsidiaries			(57)
		27,784	Group Deficit			53,034
		(12,501)	Surplus or Deficit on revaluation of non-current assets			(10,562)
		(134,952)	Remeasurement of the net defined pension liability			(300,821)
		(147,453)	Other Comprehensive Income and Expenditure			(311,383)
		(119,669)	Total Comprehensive Income and Expenditure			(258,349)

Group Balance Sheet

31st March 2022		Notes	31st March 2023
£000			£000
500,227	Property, Plant and Equipment	G3	548,245
292,495	Infrastructure Assets		279,533
8,472	Heritage Assets		8,540
108,059	Investment Property	G4	123,482
1,809	Intangible Assets		2,601
727	Surplus Assets		786
10	Long Term Investments		10
34,573	Long Term Debtors		29,864
-	Pension Asset		49,384
946,372	Long Term Assets		1,042,445
1,695	Inventories		2,045
71,518	Short Term Debtors	G5	75,307
48,717	Cash and Cash Equivalents	G6	22,013
121,930	Current Assets		99,365
(282,947)	Short Term Borrowing		(200,475)
(103,396)	Short Term Creditors	G7	(92,354)
(12,198)	Provisions		(8,661)
(398,541)	Current Liabilities		(301,490)
(91,165)	Long Term Creditors		(87,189)
(75,534)	Long term Borrowing		(196,052)
(216,430)	Pension Liability		(2,424)
(62)	Other Long Term Liabilities		(142)
(40,982)	Capital Grants in Advance		(50,576)
(424,173)	Long Term Liabilities		(336,383)
245,588	Net Assets		503,937
(73,226)	Usable Reserves		(67,542)
(172,362)	Unusable Reserves		(436,395)
(245,588)	Total Reserves		(503,937)

Group Cash Flow Statement

2021/2022 £000		2022/2023 £000
27,784	Deficit on the provision of services	53,034
(97,666)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(53,574)
27,902	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	39,021
(41,980)	Net cash flows from Operating Activities	38,481
30,696	Investing Activities	43,034
(27,185)	Financing Activities	(57,657)
(38,469)	Net (increase) or decrease in cash and cash equivalents	23,858
10,248	Cash and cash equivalents at the beginning of the reporting period	48,717
48,717	Cash and cash equivalents at the end of the reporting period	22,013

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.

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 for 2022/23 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 £20,350,000 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 £253,000 representing amounts outstanding between the Council and Blackpool Coastal Housing has been taken out of debtors and creditors.
- v) An amount of £10,745,000 representing loans to Blackpool Transport from the Council has been taken out of long term debtors and long term creditors.
- vi) An amount of £30,000,000 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 £1,127,000 representing amounts outstanding between the Council and Blackpool Waste Services has been taken out of debtors and creditors.
- viii) An amount of £1,552,000 representing a loan to Blackpool Airport from the Council has been taken out of long term debtors and long term creditors.
- ix) An amount of £1,184,000 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.
- x) An amount of £907,000 representing amounts outstanding between the Council and Blackpool Housing Company has been taken out of debtors and creditors.
- xi) An amount of £1,237,000 representing amounts outstanding between the Council and Blackpool Entertainment Company has been taken out of debtors and creditors.
- xii) An amount of £3,136,000 representing a loan to Blackpool Entertainment Company from the Council has been taken out of long term debtors and long term creditors.
- xiii) An amount of £2,377,000 representing a loan to Blackpool Airport Limited from the Council has been taken out of long term debtors and long term creditors.
- xiv) An amount of £199,000 representing amounts outstanding between the Council and Blackpool Entertainment Company have been removed from debtors and creditors.
- xv) An amount of £3,215,000 representing amounts outstanding between the Council and Blackpool Transport Services has been removed from debtors and creditors

G3. Property, Plant and Equipment

2022/2023

	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
Cost or Valuation						
Balance as at 1 April 2022	142,794	273,627	141,605	67	49,921	608,014
Additions	19,337	12,047	5,928	-	36,887	74,199
Revaluation increases/decreases to Revaluation Reserve	(235)	(525)	-	-	-	(760)
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	(5,050)	-	-	228	(4,822)
Derecognition - Disposals	(2,355)	(1,790)	(22,964)	-	(24)	(27,133)
Derecognition - Other	-	-	-	-	-	-
Transfer	-	3,396	943	-	(9,964)	(5,625)
Balance as at 31 March 2023	159,541	281,705	125,512	67	77,048	643,873
Depreciation and Impairment						
Balance as at 1 April 2022	(2,658)	(22,416)	(82,713)	-	-	(107,787)
Depreciation Charge	(2,783)	(8,918)	(8,176)	-	-	(19,877)
Depreciation written out on Revaluation Reserve	-	7,939	-	-	-	7,939
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,621	(172)	-	-	-	2,449
Derecognition - Disposals	-	145	21,503	-	-	21,648
Derecognition - Other	-	-	-	-	-	-
Balance as at 31 March 2023	(2,820)	(23,422)	(69,386)	-	-	(95,628)
Net Book Value						
Balance as at 31 March 2023	156,721	258,283	56,126	67	77,048	548,245
Balance as at 31 March 2022	140,136	251,211	58,892	67	49,921	500,227

2021/22

	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
Cost or Valuation						
Balance as at 1 April 2021	133,575	272,017	139,225	67	29,356	574,240
Additions	14,762	8,813	3,060	-	34,414	61,049
Revaluation increases/decreases to Revaluation Reserve	(4,340)	4,658	1,880	-	-	2,198
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(2,658)	(24,185)	-	-	-	(26,843)
Derecognition - Disposals	(1,053)	(4,545)	(2,281)	-	-	(7,879)
Other	-	(301)	(104)	-	-	(405)
Transfer	(150)	17,170	(175)	-	(13,849)	2,996
Balance as at 31 March 2022	140,136	273,627	141,605	67	49,921	605,356
Depreciation and Impairment						
Balance as at 1 April 2021	(2,560)	(18,819)	(76,708)	-	-	(98,087)
Depreciation Charge	(2,621)	(8,752)	(6,790)	-	-	(18,163)
Depreciation written out on Revaluation Reserve	-	4,097	-	-	-	4,097
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	5,181	1,076	-	-	-	6,257
Transfer	-	(36)	(1,278)	-	-	(1,314)
Derecognition - Disposals	-	18	-	-	-	18
Derecognition - Other	-	-	2,063	-	-	2,063
Balance as at 31 March 2022	-	(22,416)	(82,713)	-	-	(105,129)
Net Book Value						
Balance as at 31 March 2022	140,136	251,211	58,892	67	49,921	500,227
Balance as at 31 March 2021	131,015	253,198	62,517	67	29,356	476,153

G4. Investment Properties

2021/2022 £000		2022/2023 £000
101,382	Balance at start of the year	108,059
	Additions -	
5,932	- Purchases	6,112
2,151	- Construction	1,197
(2)	Disposals	(1)
	Transfer -	
(3,134)	- (To)/from PPE	5,875
5,794	Upward Revaluation	4,276
(4,064)	Impairment	(2,036)
108,059	Balance at end of the year	123,482

In addition to the Council's investment properties (Note 17) the above table includes £53.649m of investment property held by Blackpool Housing Company. The properties are valued by the internal Director of Finance and Resources of 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 is made. 91% of the valuation in 2022/23 is at cost.

G5. Short Term Debtors

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

31st March 2022 £000		31st March 2023 £000
12,662	Trade Receivables	16,025
7,754	Prepayments	19,480
44,407	Other Receivable Amounts	32,544
	Debtors for Local Taxation	
22,225	- Council Tax	23,738
4,698	- NNDR	4,639
(20,228)	Total Impairment	(21,119)
71,518	Net Value of Debtors	75,307

G6. Cash and Cash Equivalents

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

31st March 2022 £000		31st March 2023 £000
8	Cash held by the Authority	30
40,650	Short term deposits with institutions	15,050
8,059	Bank current accounts	6,933
48,717	Total Cash and Cash Equivalents	22,013

G7. Short Term Creditors

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

31st March 2022 £000		31st March 2023 £000
(5,123)	Trade Payables	(2,009)
(1,731)	Payables - PFI	(2,050)
(63,608)	Payables - Non PFI	(43,938)
(21,273)	Receipts in Advance	(34,892)
(11,661)	Creditors for local taxation - NNDR	(9,465)
(103,396)	Total Short Term Creditors	(92,354)

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).

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.

Curtailment

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.