

Statement of Accounts 2021/22

Subject to Audit

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1. Introduction

The Statement of Accounts summarises the authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. Figures for the previous year are included to assist in the interpretation of the accounting statements.

The purpose of the Statement of Accounts is to give readers clear information about the authority's finances. It shows the cost of the authority's services in the year, where the money came from to pay for its services, and what the assets and liabilities were at the year-end.

The Narrative Report aims to provide a concise and understandable guide for readers of the accounts of the most significant aspects of the authority's financial performance, year-end position, and economy, efficiency and effectiveness in its use of resources over the year.

Throughout the Narrative Report the authority outlines the value created to the community. The value added is considered to be the services delivered and the achievement and outcomes of the corporate priorities.

The financial statements are prepared and presented based on material grounds taking into account the specific materiality for the authority as used by our Appointed Auditors. They are produced on a going concern basis which illustrates the continuation of services for the foreseeable future. This takes account of the replacement of the authority with a new Unitary Council from 1st April 2023. Further details are shown in Section 21 of this narrative.

The authority uses rounding to the nearest thousand pounds in the financial statements; some notes and narrative are presented in millions of pounds as an aid to readability.

2. About the Authority

Barrow-in-Furness Borough Council (Barrow Borough Council) is a North West non-metropolitan local government district situated in south Cumbria at the tip of the Furness peninsula, close to the Lake District; it is bordered by Morecambe Bay, the Duddon Estuary and the Irish Sea. It is the smallest geographic district in the County at just under 78 km² but is the most densely populated with 886 people per km² at the 2011 Census.

Walney Island lies to the West of Barrow, and is connected to Barrow by the narrow Jubilee Bridge. Walney Island has two nature reserves, the 130 hectare South Walney Nature Reserve and 650 hectare North Walney Nature Reserve. Both nature reserves have national designations, as do the Duddon Estuary and Sandscale Haws to the north of the Borough. The Borough also includes 270 listed buildings, including 8 Grade I buildings of exceptional interest, including the medieval Furness Abbey and Piel Castle.

Barrow is the most deprived district in the County and the 27th most deprived local authority district in England; this is based on income, employment, health, education, housing, crime and living environment. The dwellings in the Borough are primarily in council tax band A at 59%, with 30% in bands B and C, and 11% in bands D to F.

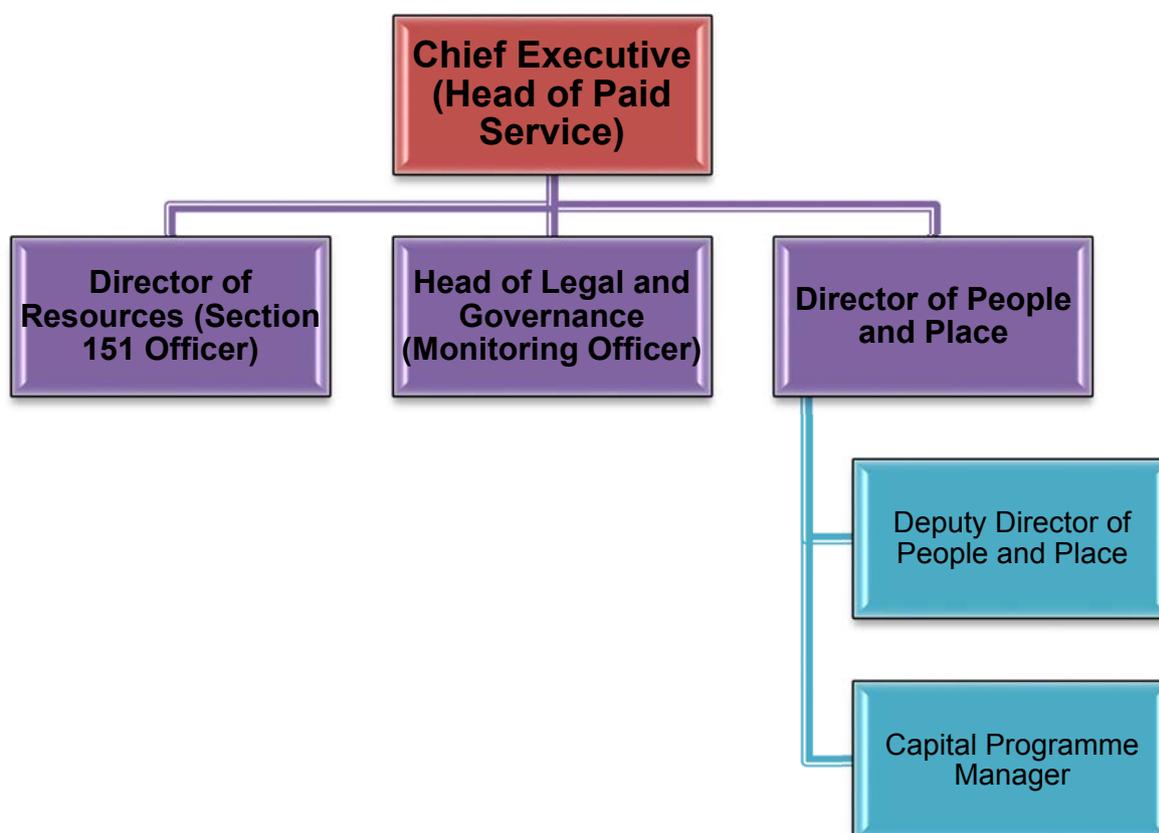
Urban regeneration has been a major project in Barrow since the 1980s with developments on various former industrial sites in the centre of Barrow, including the dry dock, the Barrow Jute Works and Barrow Steel Works. Barrow's most popular free-entry tourist attraction is the Dock Museum, built upon and around an old graving dock. Manufacturing is the largest employment sector, with BAE Systems being the single largest employer.

The Borough and surrounding Furness area is on the verge of a sustained period of economic growth from BAE Systems' submarine programme, GlaxoSmithKline's biopharmaceutical plant, Orsted (formerly DONG Energy) offshore wind farm, Sellafield and other investments.

The Full Council comprises 36 elected Councillors and is responsible for taking all decisions, but to make this manageable it gives four committees covering planning, licensing, audit and governance, and finance and policy (executive) responsibility to carry out most of its functions.

By law the authority is responsible for delivering housing services, revenues and benefits, planning and building control, environmental health and licensing services, refuse collection, street cleansing and waste collection services to the public. In addition the authority chooses to deliver leisure, economic development and regeneration services. All services are supported by finance, IT, HR, corporate, legal and other central support functions.

Following a restructure of the management team in March 2021, the Senior Management Team comprises the Chief Executive, the Director of People and Place, the Director of Resources (Section 151 Officer), and Head of Legal and Governance (Monitoring Officer). The wider Management Team includes the Deputy Director of People and Place, and the Capital Programme Manager:



3. Corporate Aims and Achievements

The authority delivers services to people who live in, work in and visit the Borough. The authority has an overarching Council Plan which sets the focus for the priorities and direction for the use of the available resources. This has been enhanced with the Growing Forward report which contains the response to the COVID-19 pandemic and is intended to capture the benefits and opportunities that the

experience has identified to improve services and the ways that the Council Plan impacts can be achieved with the most positive effects.

The authority's Local Code of Corporate Governance sets out the framework within which the authority conducts its business and affairs, and is based on the principles of good governance. The authority produces an Annual Governance Statement with the Statement of Accounts which reports on the extent of the authority's compliance with its principles and practices of good governance, including the arrangements for monitoring effectiveness.

In order to effectively implement corporate priorities and meet legal obligations, the authority must maintain a financially stable position, be able to demonstrate value for money, good governance, transparency and must establish values and behaviours. The authority has identified the following cross-cutting objectives that are being implemented:

- financial resilience and financial stability;
- strong procurement and effective contract management;
- organisational development;
- customer focus; and
- consistent and professional project management.

Our values are set out below and our behaviours have been identified in terms of what our colleagues would see, hear and feel when those values were being displayed:

- community focus – provide excellent service for all customers and colleagues;
- honesty and integrity – do the right thing; we are open and confident to challenge and be challenged;
- our team – all work together to achieve our shared vision and goals;
- aim high – encourage creativity and embrace change; and
- proud – celebrate who we are and our achievements.

The authority's vision is for our Borough to be a great place to live, work and visit.

The priorities that will deliver tangible long term benefits to the community are focussed on the following themes; the Council Plan for 2020/24 can be viewed in full on the Council's website. The Growing Forward reports are contained in the Executive Committee papers published on the Council's website.

Priority 1: People

Enabling residents to live happy, healthy productive lives.

Putting people at the centre of all that we do is a key priority for the Council. We will do this by helping them to have the best start in life, enjoy healthy and active lifestyles, and have opportunities to improve their well-being by building strong communities. We will actively encourage people to work with us to design activities that meet their needs. We will work with our communities so that people can enjoy good health and live in a safe environment where they can be happy and reach their full potential.

Priority 2: Place

Creating a vibrant, safe & welcoming place where people want to live.

Our Borough is a great place to live, work and have fun. There is an abundance of natural beauty and heritage, but there is also an opportunity to offer people more. We want a varied housing offer to retain our residents and attract new people to settle here. We want to build on existing strengths and encourage more people to visit the town centres in Barrow and Dalton by making them more vibrant so that residents and visitors enjoy a positive and memorable experience. We want to protect our natural environment.

Priority 3: Prosperity

Supporting our economy to thrive and benefit all our residents.

Barrow's manufacturing heritage and its pivotal role in the defence industry is a source of local pride and tradition. Our world-class manufacturing expertise is recognised worldwide, however to enable inclusive growth we will seek to diversify our economy to secure opportunities for our residents by supporting other key industries including the growing renewable energy sector. In particular, we have the opportunity to secure continued investment in the Borough and ensure our residents have the skills and services to allow them to benefit from the growing economy. We will deliver our ambitions through effective joint working with public and private sector partners, by offering a clear policy framework, proactive steps to promote the role and opportunities within the Borough, and by securing additional public and private investment.

Council Plan 2020/24 targets includes:

- Stronger links established with the community, third sector, health and police authorities;
- Greater engagement with public health;
- Commitment to support the Leisure Centre for the wellbeing of our residents;
- Continued support for the welfare benefits advice available to residents;
- Continued support for low income households through council tax support and discretionary housing payments;
- Development of the Brilliant Barrow Board to enable delivery of the Town Investment Plan;
- Levelling Up Fund and other bids submitted;
- Delivery of funded projects in respect of Low Carbon Barrow, Heritage Action Zone and National Heritage Lottery Fund;
- Council dwellings continue to meet the Decent Homes Standard;
- Climate Change Action Plan implementation;
- New Waterfront Gateway Managed Business Centre occupied;
- Continued programme of work to prepare the Marina Village site for remediation and development;
- Implementation of governance arrangements actions identified by a peer review by the Local Government Association;
- Key roles created – Deputy Director of People and Place and Capital Programme Manager

4. Impacts of COVID-19

Prior to presenting the results for 2021/22 it is appropriate to note the impacts of COVID-19 on the authority, its operations and finances.

COVID-19 restrictions commenced in March 2020. The restrictions impacted the authority directly as well as the wider communities of the Borough. The various restriction levels set nationally and locally created challenges and opportunities. As an employer the authority has a duty to protect employees and measures were introduced to achieve this and continue to deliver essential services.

Agile and flexible working arrangements continued in operation throughout 2021/22 and are now a permanent component in workforce planning.

The Borough response was coordinated by the Barrow Community Local Resilience Forum which includes the Borough and County Council, community and voluntary sectors among others. The Forum identified the community needs and the partners collaborated to meet those needs.

There are several duties assigned to local authorities that continued throughout 2021/22; Track and Trace, COVID compliance, the administration and distribution of various iterations of business support grants, administration of self-isolation payments, the management of Council Tax and hardship relief and the award of extended Business Rate reliefs. These new burdens required significant staff

resources, the establishment of appropriate systems and processes to meet Government requirements and internal assurance, and have an ongoing audit and reconciliation burden with MHCLG.

In financial terms there were additional costs incurred and income from services was significantly impacted along with Council Tax and Business Rates.

The Government provided funding for COVID-19 additional costs, new burdens, income losses for the authority to retain, and specific funds for distribution. The allocations of specific funds for distribution were on-account payments based on the best basis that Government could use; for business support grants the Valuation Office rating list was used. The rating list includes hereditaments (properties) that are used in personal use and others that are not used for the purpose recorded in the rating list (for example an office operating from premises recorded as a shop on the rating list).

The authority distributed COVID-19 funds in an agent capacity, where criteria and amounts were set nationally. The individual amounts received and distributed are shown in Note 6 to the Main Accounting Statements:

- **Funds at 1 April 2021 £3,787k**
- **Funds received £4,894k**
- **Funds distributed £4,451k**
- **Funds reconciled £1k**
- **Balance at 31 March 2022 £4,231k**

There were also COVID-19 funds where the authority acted as the principal where some criteria and amounts were set locally. The individual amounts received and distributed are shown in Notes 6 to the Main Accounting Statements:

- **Funds at 1 April 2021 £850k**
- **Funds received £454k**
- **Funds distributed £1,075k**
- **Balance at 31 March 2022 £229k**

The funding received to directly fund the additional expenditure and irrecoverable losses impacting the authority was largely used within the year with the Contain Outbreak Management Fund and Tax Income Guarantee Scheme being carried forward into 2021-2022, this is to be spent on specific COVID-19 activities. The individual amounts received and used are shown in Note 6 to the Main Accounting Statements:

- **Funds at 1 April 2021 £949k**
- **Funds received £988k**
- **Funds used £1,556k**
- **Balance at 31 March 2022 £381k**

The final COVID-19 grant relates to the Business Rate reliefs that were extended from the retail relief scheme. The grant due for the year is included in the financial statement and carried forward to be matched against the distribution of the Collection Fund deficit under the precepting arrangements. The funding received for these reliefs was 100% of the estimated awards as an aid to cash flow as the collection and recovery of local taxes was impacted by COVID-19. The intentional over-funding results in a significant balance at 31 March 2022 which will be reconciled and repaid during 2022-2023:

- **Funds received for retail and nursery reliefs £3,534k**
- **Funds applied/awarded £1,250k**
- **Balance at 31 March 2022 £2,284k**

- **COVID Business Rate reliefs relating to 2020/21 held at 31 March 2022 £570k**
- **COVID Additional Relief Fund received and held at 31 March 2022 £1,355k**

Together these grants come to £11.2m of cash received with £11.7m spent and paid out and £9m held on the Balance Sheet at 31 March 2022.

As noted, further information on the accounting arrangements for these grants and the funding provided to support the authority's own additional costs and income losses are set out in Note 6 within the Notes to the Main Accounting Statements.

5. Service Performance

The Council received the majority of its funding from taxation - Council Tax of £4.9m and Business Rates £7.0m. The amount attributable to Business Rates has been significantly affected by the Covid pandemic and now consists of income collected from ratepayers and Section 31 grant received from Government. It also received funding from Central Government in the form of specific grants such as Revenue Support Grant, Section 31 Grants (for other specific uses) and Housing Benefit Administration Grant.

As well as core funding sources, the Council also relies heavily on income from fees and charges and rental income from its commercial asset portfolio. These provide a valuable source of funding that can be used to supplement the service delivery for the residents of the Borough.

In the light of reducing support from central government the Council has over the past few years become increasingly efficient in the way it deploys the resources it has, to ensure that it can maintain an acceptable level of service delivery. It has a good history of achieving the transformational savings it requires and as such has managed to continue to set a balanced budget.

In 2021/2022 the Council was able to utilise all resources (financial and non-financial) to deliver the services it provides. The non-financial performance of service delivery follows with commentary provided where there is a significant variance.

This non-financial performance together with the delivery of the routine services within the approved budget means that the Council has delivered the outcomes and value planned when the budget was set in line with the Council Plan priorities. The authority uses service performance indicators to provide an overview of operations. Where there is no national or contracted performance level or target, local targets are set which consider recent years' outturn, known constraints, and desired improvements.

2020/21	Description	2021/22	Target
	Planning decisions determined within set timescale:		
68.80%	<ul style="list-style-type: none"> • major applications 	73.68%	60%
73.30%	<ul style="list-style-type: none"> • other applications 	74.26%	70%
260	Food safety inspections	See below	289
3,222	Forum theatre attendance	23,742	N/A
100%	Playground maintenance inspections	100%	100%
9.4%	Waste containers delivered within 7 working days	73%	100%
0.15%	Assisted list waste collections missed	0.11%	0%
40.1%	Fly tips collected within 1 working day of being reported	67%	100%
99	Number of disabled facilities grants awarded	104	N/A

25 Days	Average time to process new housing benefit claims	30 Days	N/A
4 Days	Average time to process housing benefit claims changes	5 Days	N/A
0.03%	Percentage of missed waste or recycling collections	4.53%	0%
24.05%	Percentage of household waste sent for recycling	TBC	24.05%
86%	Corporate complaints dealt with within timescale	64%	90%
95.26%	Council tax collected	95.35%	95.26%
97.87%	Business rates collected	97.94%	97.87%
6.88 Days	Long term sickness averaged per employee	9.15 Days	6.88 Days
1.08 Days	Short term sickness averaged per employee	2.40 Days	1.08 Days

Food safety inspections: in accordance with the Food Standards Agency recovery plan all 'A' rated premises received an on-site intervention, in addition 7 out of 10 'B' rated premises received an on-site intervention, along with 29 'C' rated, 29 'D' rated and 51 'E' rated premises receiving an intervention.

The majority of the performance indicators continued to be impacted by the effects of COVID-19, in particular those in the Revenues and Benefits Department where business support grants, extended Business Rate relief, Council Tax relief and Self-isolation Payments have hugely increased workloads.

6. The Financial Headlines

The headlines of this year's accounts are set out below and detailed in the following paragraphs:

- The General Fund has made a net withdrawal from reserves of £3.617m,
- The Housing Revenue Account is balanced with a net contribution to reserves of £0.650m; see paragraph 9.
- The authority's share of the Collection Fund for 2021/22 is a deficit of £39k for Council Tax and a deficit of £1.88m for Business Rates; see paragraph 13.
- The authority's net worth has increased from £124.0m to £124.8m; see paragraph 7.
- Usable reserves have remained at £32.8m; see paragraphs 9 and 10 and the Movement in Reserves Statement page 20.
- Capital investment of £5.335m was delivered through the capital programme for 2021/22; see paragraph 11.

7. Net Assets of the Authority

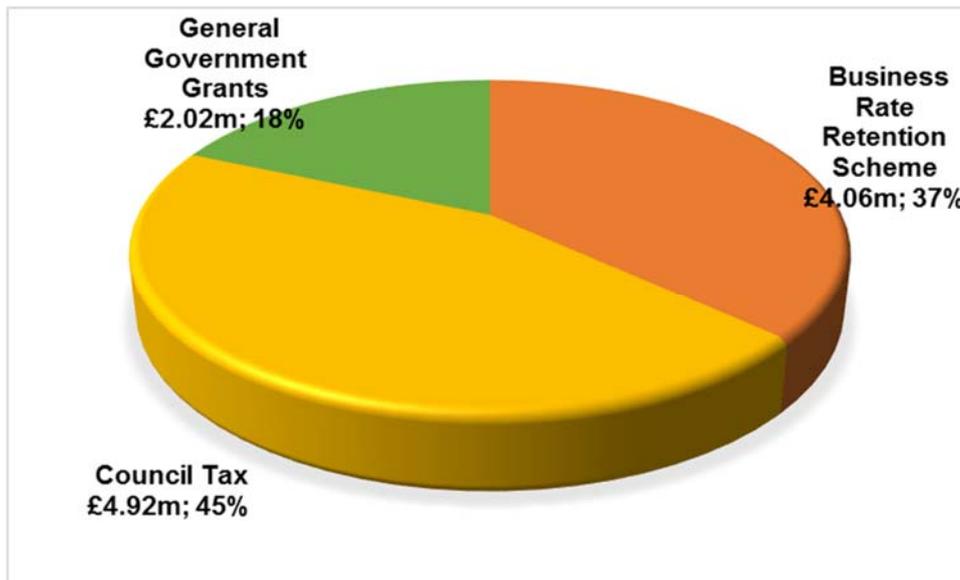
The authority has net assets of £124.8m; this is the difference between its assets and liabilities. This shows the cash balance that would have been left if the Council was to have realised its assets (selling its land and buildings and other assets) and settled its liabilities (paid its creditors and repaid its borrowing).

This increase in the net assets of the authority from £124.0m to £124.8m is attributable to the decrease in the value of property, plant, equipment and heritage assets -£9.5m, the change in the value of other long term pension liabilities of +£7.0m; the increase in short term investments and cash of +£10.0m; the decrease in long term borrowing of +£1m; and the change in debtors and creditors of -£7.7m.

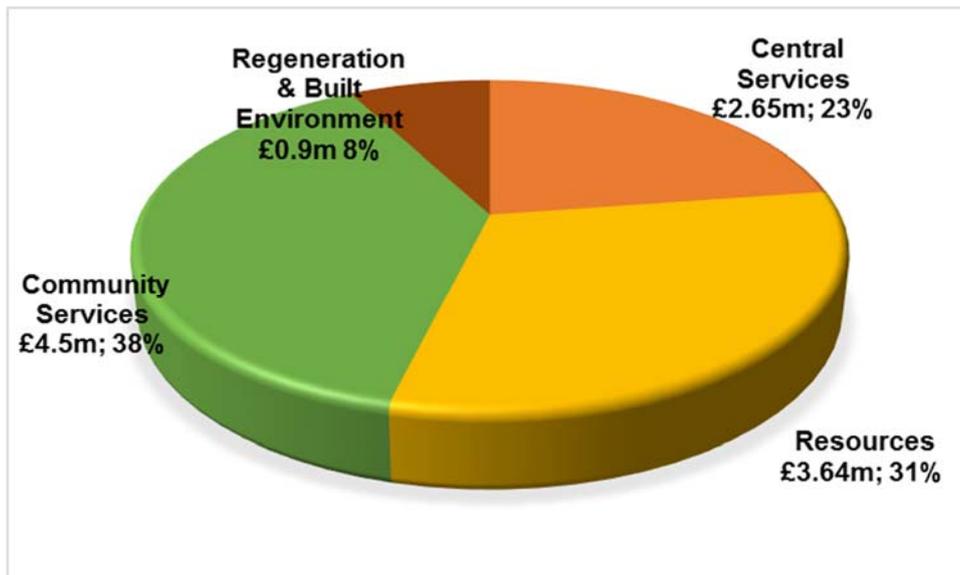
8. General Fund Outturn

The General Fund budget for 2021/22 was originally approved by Full Council on the 25 February 2021 as £7.24m. The estimated movement in reserves for 2021/22 was a reduction of £3.79m at the time the budget was set.

The budgeted total financing is shown in the following chart and excludes the £3.76m deficit from 2020/21 which was funded from specific government grants, making the chart total of £11m:



The net expenditure was split between the reporting divisions shown in the following chart; other corporate amounts are excluded as a negative of £0.69m, making the chart total of £11.69m:



The other corporate amounts include treasury, pension funding, technical accounting and reserves. The actual outturn for 2021/22 shows a reduction in the General Fund reserves of £3.617m which is in line with the Budget forecast. The use of reserves changes during the financial year and is reported as

part of the quarterly financial monitoring reports. The authority operates its financial reserves in accordance with the Reserves and Balances Policy.

A net £4.13m of reserves were used as planned and in accordance with matters reported to the Executive Committee for 2021/22. An unplanned £0.513m was added to reserves as the net of service expenditure and income for 2021/22 and set aside to mitigate the energy market pressures of 2022/23.

Details of the movements in earmarked reserves will be presented to the authority's Executive Committee. The earmarked reserves are contained in Note 9.

Recurring savings and reductions are taken into account when setting the budget for future years and for review in the current year 2022/23. The 2022/23 General Fund budget was prepared in December 2021 and has incorporated some of the savings and reductions identified as part of the outturn comparison. Key areas of the outturn comparison for 2021/22 will be reassessed against the 2022/23 budget.

The Expenditure and Funding Analysis in the Notes to the Accounts (Note 7) shows the outturn expenditure and how it has been funded. To analyse the General Fund unplanned addition to reserves, the elements attributable to the Housing Revenue Account are removed.

The following table identifies the net of under and over spends by division. Some items do not recur such as employee costs where posts have been subsequently recruited or deleted, but all variances are reviewed.

	Employee Costs	Supplies & Services	Property Costs	External Income	Other Items	Total
	£000	£000	£000	£000	£000	£000
Central Services	(83)	85	(17)	-	(23)	(38)
Resources	(183)	73	-	9	(124)	(225)
Community Services	(155)	55	(64)	(143)	(31)	(338)
Regeneration & Built Environment	(110)	(10)	(46)	224	59	117
Other Corporate Amounts	(34)	-	-	-	5	(29)
Earmarked Reserves	-	-	-	-	513	513
Total	(565)	203	(127)	90	399	0

A detailed analysis of the variances by division will be presented to the authority's Executive Committee.

9. Housing Revenue Account Outturn

The original Housing Revenue Account budget was approved by Full Council on the 25 February 2021 as a balanced budget; the income matching the expenditure forecast including a contribution to reserves of £0.083m.

The actual outturn for the Housing Revenue Account resulted in a balanced account after a contribution to reserves of £0.650m; £0.567m more than originally estimated. The funds reserved relate to maintenance and repairs £0.151m, £0.011m from additional income, reduced bad debt provision requirement £0.084m, and £0.404m reduced costs.

10. Revenue and Balances

The authority held the following General Fund financial reserves during 2021/22:

1 April 2021		31 March 2022
£000		£000
2,300	General Fund balance	2,300
-	Local Government Reorganisation	384
2,043	Transformation reserve	1,650
726	Renewals reserve	1,017
101	Insurance reserve	101
862	Losses reserve	845
3,905	Budget contingency reserve	4,026
35	Apprentices reserve	-
4,680	Covid Grants	715
610	Welfare support reserve	480
418	Earmarked revenue grants	544
15,680		12,062

The £0.715m COVID-19 Business Rate reliefs reserve is distributed in future years fund the Business Rate and Council Tax deficits.

The reductions in the General Fund reserves reflect:

- £3.964m used for COVID related Business Rate reliefs and Council Tax income grant
- £1.643m used for Local Government Reorganisation
- £462k used for contractual obligations
- £239k used for transformation and major projects
- £165k used for other movements throughout the year
- £2.215m added for Business Rate volatility – released when deficits impact General Fund
- £127k added for ring-fenced grants – released when expenditure impacts General Fund
- £513k added for energy market price pressures from unplanned net underspends

Details of the movements in earmarked reserves will be presented to the authority's Executive Committee. The earmarked reserves are contained in Note 9.

The authority held the following Housing Revenue Account financial reserves during 2021/22:

1 April 2021		31 March 2022
£000		£000
1,000	Housing Revenue Account Balance	1,000
3,771	Major repairs reserve	3,799
4,388	General reserve	5,038
9,159		9,837

11. Capital Expenditure and Financing

During 2021/22 the authority's capital expenditure was £5.335m:

Investment	Expenditure	Source	Financing
	£000		£000
Public sector housing	2,094	Major repairs reserve	(2,060)
Private sector housing	2,024	Reserves/revenue	(34)

Investment	Expenditure	Source	Financing
	£000		£000
Public buildings/properties	791	Capital grants	(3,241)
Other public assets	426	Capital receipts	(1)
Programme	5,335	Financing	(5,335)

The movement in capital receipts and grants held and unapplied at the 31 March 2022 are:

- Capital receipts
 - At 1 April 2021 £2.71m
 - Plus usable receipts of £0.81m from:
 - Repaid Cluster of Empty Homes loans
 - 13 dwellings under the Right to Buy
 - Less receipts used in financing and payments to the Pool in 2021/22 £0.30m
 - At 31 March 2022 £3.22m

- Capital grants
 - At 1 April 2021 £5.34m
 - Plus grants of £3.15m from:
 - Disabled Facilities Grant
 - Brownfield Land Reclamation Fund and Town Deal
 - Less grants used in financing in 2021/22 of £0.80m
 - At 31 March 2022 £7.69m

12. Treasury Management

The authority managed its cash and investments in-house during 2021/22. As at 31 March 2022, £32m of investments and cash of £8.3m were managed in-house. The authority has 19 Public Works Loan Board (PWLB) loans outstanding at 31 March 2022; 14 of these, £12.1m, relate to the Housing Revenue Account self-financing settlement. The balance outstanding is £34.5m; in total, £21.1m belonging to the Housing Revenue Account and £13.4m to the General Fund. One loan is repayable in 2022/23; £1m. The authorised limit for borrowing in 2021/22 was £55m and this was not breached. These items complied with the authority's Treasury Management Strategy for 2021/22, which was approved by Full Council on 25 February 2021.

13. Collection Fund

The Collection Fund showed a net deficit for 2021/22 of £5.014m, made up of a deficit on council tax of £0.311m and a deficit on NNDR of £4.703m. The council tax deficit is recoverable across 2021/22 to 2023/24 to Cumbria County Council, the Police and Crime Commissioner for Cumbria and the General Fund £39k. The NNDR deficit will be recovered from central government, Cumbria County Council and the General Fund £1.881m across 2021/22 to 2023/24. These distributions are dealt with by precepting arrangements.

The accumulated amounts held at the 31 March 2022 for the authority are:

- £114k deficit for council tax; and
- £2.503m deficit for the business rate retention scheme.

14. Business Rates Retention Scheme

From 1 April 2013, the local government finance regime was revised with the introduction of the Business Rates Retention Scheme. Whilst this did not impact on businesses paying business rates, it was a fundamental change to local authority funding. The main aim of the scheme is to give authorities

a greater incentive to grow businesses in the Borough. It does, however, increase the financial risk due to non-collection and volatility of the NNDR tax base. The scheme allows the authority to retain a proportion of the total NNDR received. The Borough share is 40%, the County share is 10%, and the remainder is paid to central government. The Business Rates Retention Scheme is reflected in these accounts, principally in the Collection Fund and the Comprehensive Income and Expenditure Account.

15. Local Council Tax Reduction Scheme

From 1 April 2013, the authority's local council tax reduction scheme replaced council tax benefits. Council tax benefits were awarded by the billing authority and reimbursed by the Department for Work and Pensions. When council tax reductions became a local scheme, the central funding (now from the Ministry of Housing, Communities and Local Government) was reduced by 10%. It was left to individual authorities, in consultation with the major preceptors, to design a scheme that either sought to recover some, all or none of the shortfall in funding. The scheme adopted for the Borough does not seek to recover any of the funding shortfall from claimants so that they receive the same financial support as they would under the council tax benefit scheme.

16. Material Assets and Liabilities

During 2021/22 the authority acquired 4 properties in the centre of Barrow under the Accelerated Towns Fund programme and also became the sole owner of Barrow Forward on 1 February 2022 which is the company operating the Leisure Centre. The authority did not incur any material liabilities.

17. Pensions Reserve

International Accounting Standard (IAS) 19 requires the authority to account for its liability under the pension (defined benefits) scheme as it arises. The authority is a member of the Cumbria Local Government Pension Scheme Fund. At 31 March 2022, the actuarial valuation showed a net liability of £23.7m (2020/21 £30.5m). This is explained in detail in Note 36 to the accounting statements. Part of the authority's employer contributions to the Fund is to recover this deficit. The deficit on the pension scheme has varied substantially in recent years and reflects the volatile nature of financial markets. The deficit at 31 March 2022 was £23.7m, a reduction of £6.8m during 2021/22.

The net pension liability included in the Balance Sheet is matched by the pensions reserve at the Balance Sheet date. There is no overall effect from the authority's pension liability on the council tax or housing rent levels. The accounting costs of retirement benefits that are included in the Comprehensive Income and Expenditure Statement and Housing Revenue Account are adjusted to a funding basis in the Movement in Reserves Statement.

18. Material and Unusual Charges and Credits

During 2021/22 the authority received significant grant receipts and payments relating to COVID-19. Where the authority has determined that it acted as an agent for Government, the grants do not appear in the financial statements and conversely where the authority acted as principal, those grants are included in the financial statements along with the grant funding.

The COVID-19 funding for the authority's own purposes and for specific additional costs is included within the financial statements along with the associated grant funding.

19. Accounting Policies

The authority's accounting policies are explained fully in the first note to the main accounting statements (pages 25 to 38).

20. Provisions and Contingencies

The provision established in 2012/13 for the Municipal Mutual Scheme of Arrangement reflects the 25% levy due by the authority for the estimated outstanding claims.

The authority established a provision for business rate appeals in 2013/14 with the introduction of the Business Rate Retention Scheme. The provision reflects the authority's share of the estimated settlement of appeals lodged at the 31 March 2022.

21. Material Events After the Accounting Date

The Statement of Accounts was authorised for issue by the Director of Resources on the 30 August 2022. Events taking place after this date are not reflected in the accounting statements or notes. Where events taking place before this date regarding conditions at 31 March 2022 have occurred their impact should be shown in the Statement. No such events have been identified.

Local Government Reorganisation has identified an east, west split for the county of Cumbria, creating two unitary authorities. The vesting date is 1 April 2023 and implementation, and transition plans are underway. The east unitary is called Westmorland and Furness Council and comprises Barrow Borough Council, South Lakeland District Council, Eden District Council and the relevant proportion of Cumbria County Council services and functions. The reform agenda established by The Bay unitary submission that this authority supported will be pursued in the establishment of the new authority.

The contract for the provision of the authority's waste, recycling and street cleansing services is coming to a mutually agreed early end. The authority will directly deliver these services with effect from 10 October 2022. The financial impacts for 2022-2023 include one-off transition and capital costs, and an increase in the revenue budget all of which is to be funded from reserves. The Medium Term Financial Plan has been updated to reflect the future running costs as currently projected; the authority will continue to work on the cost estimates and projections as the knowledge and detail of provisioning the service are firmed up. The authority is working with the other Westmorland and Furness Councils, external experts and the current contractor to achieve a seamless transition for residents.

22. Key Opportunities and Financial Resilience

The authority has been subject to significant reductions in its financial settlement from the Government since 2011/12. As the formula reductions resulted in a percentage drop greater than the cap set by the Government for the years 2011/12 to 2015/16, the authority was awarded Transition Grant and then Efficiency Support Grant. The Transition Grant was to reduce the authority's net revenue expenditure to the level of future Government financial settlement projections in that Spending Review period. The Efficiency Support Grant was ring-fenced to four key themes and within those expenditure was incurred where a reduction in cost or increase in income could be achieved.

The authority has taken a number of major steps to ensure it remains financially resilient:

- Balanced the General Fund medium term finances and planned drawdown of reserves to support delivery of the major projects programme and organisational change.
- Balanced the medium term Housing Revenue Account finances and reviewed future maintenance requirements.
- Refreshed the Council Plan and priorities with support from the Local Government Association.
- Initiated an organisational development programme with the Local Government Association to ensure the effective use of staffing resources.
- The authority has participated in the Government consultation on the fairer funding review and business rate retention review.
- The authority is part of the Cumbria Local Enterprise Partnership and is linked with projects included in the Strategic Economic Plan which sets out how Local Growth Funding will be spent

to boost the local economy in the County. The economic impacts of the Strategic Economic Plan are beneficial to the longer term finances of the authority.

- The authority has chosen to react positively to the financial challenges by taking the opportunity to do things differently. The broad strategy is to concentrate on three issues; generating income, transforming services to make them more efficient and cost effective, and supporting economic growth and development.
- The development of Marina Village continues to be a priority and external funding opportunities are being pursued.
- The authority is delivering a number of major funding opportunities including, Town Deal, Heritage Action Zone, Heritage Lottery Fund, European Structural and Investment Fund, Levelling-Up Fund, and the Brownfield Land Release Fund.
- The arrangements for providing services from the Park Leisure Centre changed in 2022, from an external provider to a wholly owned local authority trading company; a wholly owned subsidiary. The transition between providers was completed with the new arrangements commencing on 1 February 2022. The accounting standards require that such an arrangement should be reflected in the authority's accounts through the inclusion of group accounts. However, as the net transactions in 2021/22 are immaterial within the limits which the authority work to and as outlined by the auditor, the financial statements for 2021/22 will not include a full set of group accounts. The 2022/23 accounts will however include full group accounts.
- The authority has provided information regarding the financial impacts of COVID-19 to the government in order to obtain emergency funding. The impacts of COVID-19 are expanded in paragraph 4.

At the end of 2021/22 the authority held a General Fund balance of £2.3m and earmarked reserve of £0.8m for losses; these core reserves are important in the financial resilience of the authority and required to address any unexpected spending pressures and to cushion any cash flow impacts. The authority's ability to replenish its reserves is very limited, with any service surpluses in the revenue account being carried to meet known liabilities such as the business rate retention scheme income volatility, the commercial estate and the cremator rebuild.

The authority has continued to deliver a capital programme, funded from grants and asset sale receipts as well as the use of reserves. The programme is much reduced from previous years and is financed to limit the on-going costs of borrowing on the General Fund revenue account. During 2021/22 the authority considered the future capital projects it wished to deliver and the resources available to achieve its agreed priorities in addition to incorporating the external major funding when it is secured.

The capital programme was last approved by Full Council on the 9 March 2022. For the financial years 2022/23 to 2024/25, the programme contains:

Investment	Expenditure	Source	Financing
	£m		£m
Public sector housing	6.5	Major repairs reserve	6.5
Private sector housing	8.0	Reserves/revenue	0.9
Public buildings/properties	0.9	Capital grants	44.4
Regeneration	37.1	Capital receipts	3.2
Other public assets	2.5		
Programme	55.0	Financing	55.0

In terms of treasury management and cash flow, the interest payable on external borrowing in 2021/22 is £1.4m; there are small annual reductions in this amount for loans that are maturing. The cash flow has reduced by £4.0m to £8.3m at the 31 March 2022; the cash flow is split between investing (capital

and treasury), financing and operating activities on page 23. There is no indication that any new borrowing will be required in the medium term.

23. Key Risks

The Council maintains a Corporate Risk Register which is reported to members on a quarterly basis. The key risks currently on the register are as follows:

- The risk to the future financial stability and sustainability of the authority.
- The risk of significant changes arising from legislative changes.
- The risk of not having effective workforce planning.
- The risk of an Information Technology security breach.
- The risk if H&S arrangements are not effective and maintained.
- The risks of a major incident affecting service delivery, including the risk of a pandemic.
- The risk of ineffective project management.
- The risk of a change in political priorities.
- The risk of not having effective internal and external communications.
- The risk of failing to achieve efficiency savings, maximising income or performance targets.
- The risk of failing to deliver the objectives of the Council Plan.

These risks are monitored to ensure they are mitigated and managed as far as possible.

24. Value for Money

The authority recognises its responsibility to achieve value for money in service delivery and seeks to incorporate the principles of economy, efficiency and effectiveness, in delivering services by taking account of costs, quality of services and local context.

Improvements have been identified during the 2020/21 annual audit and actions to address the areas of concern have been implemented across 2021 and 2022.

25. Workforce

The authority's establishment consists of 273 posts; 223 in the General Fund and 49 in the Housing Revenue Account. The posts are worked by 228.03 full time equivalent (FTE) staff; 184.49 FTE in the General Fund and 43.54 FTE in the Housing Revenue Account:

	Headcount	FTE
Resources	64	57.08
Community Services	50	28.34
Regeneration and the Built Environment	50	46.97
Housing Revenue Account	49	43.54
Central Services	60	52.1

The authority recognises the value and importance of the workforce and is working with the Local Government Association to establish a programme of organisational development to include, leadership development, enabling transformation and change, succession planning, effective two-way engagement and enhancing the health and wellbeing of staff.

The authority is committed to growing its own professional and technical officers and offering opportunities through training and development.

26. Key Sections in the Statement of Accounts

The 2021/22 accounting statements have been prepared in compliance with the CIPFA Code of Practice on Local Authority Accounts in the United Kingdom which is based on International Financial Reporting Standards (the Code) and consist of:

- **Statement of Responsibilities** (page 18) this precedes the accounting statements and sets out the responsibilities of the authority and of the Director of Resources in respect of the Statement of Accounts. The purpose of the Statement of Responsibilities is to confirm that the Statement of Accounts has been prepared in accordance with proper practices.
- **Comprehensive Income and Expenditure Statement** (page 19) – this 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 local taxation. Authorities raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The local taxation position is shown in the Movement in Reserves Statement.
- **Movement in Reserves Statement** (pages 20 to 21) – this shows the movement in the year on the different reserves held by the authority, analysed into ‘usable reserves’ (those that can be applied to fund expenditure or reduce local taxation), and unusable reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting, and the Housing Revenue Account for dwelling rent setting purposes. The Net (Increase)/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the authority.
- **Balance Sheet** (page 22) - this 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 reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve 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 the reserves that hold the timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’.
- **Cash Flow Statement** (page 23) – this shows the changes in the authority’s cash and cash equivalents during the year. It shows how the authority generates and uses cash and cash equivalents by classifying the 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 operations of the authority are funded by way of local taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (borrowing) to the authority.
- **Notes to the Main Accounting Statements** (pages 25 to 84) – these include a summary of the significant accounting policies and other explanatory information.
- **Housing Revenue Account and Notes** (pages 85 to 91) – this reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with Part 6 of the Local Government and Housing Act 1989. It essentially contains income from house

rents and expenditure related to managing and maintaining council dwellings. The HRA 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. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

- **Group Accounts** (page 92) – this reflects the ownership of Barrow Forward a subsidiary of the authority from 1 February 2022.
- **Collection Fund and Notes** (pages 93 to 96) – this is an agent's statement that reflects the statutory obligation for the authority, as a billing authority, to maintain a separate Collection Fund. The Statement shows the transactions for council tax and non-domestic rates and the way these have been distributed; the council tax preceptors being Cumbria County Council, the Police and Crime Commissioner for Cumbria and the General Fund; the non-domestic rates being shared proportionately between central government (50% share), Cumbria County Council (10%) and the General Fund (40%).

27. Level of Reserves and Balances

I am satisfied that the authority's reserves and balances are adequate. The levels of reserves and balances will be kept under review taking into account the realisation of the Medium Term Financial Plan assumptions and the financial settlement from the Government.

28. Materiality

In preparing these accounts consideration has been given to any item that is thought would be of significance to the reader of the accounts in the context of the activities of the Council. In particular, the Council has applied the following limits on what will be deemed as immaterial in taking decisions regarding their accounting treatment and presentation:

- Accounting Policies are disclosed for individual or groups of similar transactions that make up the entries in the Statement of Accounts. Where such transactions are individually or cumulatively below £50,000 per annum the policy has not been disclosed.
- Capital expenditure or receipts under £10,000 will be charged to revenue apart from Council dwellings which will all be treated as capital receipts. Receipts above £10,000 are accounted for as capital receipts.
- Leases as lessor for periods under 10 years accounted for as operational and not finance. Leases over 10 years subjected to assessment.

29. Acknowledgement and Influences

I would like to take this opportunity to acknowledge the hard work involved in completing the Statement of Accounts and to pass on my thanks to all the officers who have contributed. Looking ahead, financial stability and financial resilience for the General Fund and the Housing Revenue Account remains a focus for the authority. Funding continues to be a major influence for the authority and there is a risk that local government finances may reduce further in upcoming years. The major projects, in particular the Town Deal, will ensure the effective delivery and development of key aspects of the Council Plan. The authority aims to deliver the priorities within the Council Plan whilst continuing to deliver the day to day services for residents, businesses and visitors. The authority is working towards the transition to Westmorland and Furness Council in all aspects, including finances.

S M Roberts CPFA, ACMA
Director of Resources
Section 151 Officer

The Authority's Responsibilities

The authority is required to:

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

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/LAASAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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
- complied with the local authority Code.

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.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the authority for 2021/22 and of its expenditure and income for the year ended 31 March 2022.

S M Roberts CPFA, ACMA
Director of Resources
Section 151 Officer
30 August 2022

Comprehensive Income and Expenditure Statement

2020/21					2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
22,638	(16,346)	6,292	Resources		22,277	(16,283)	5,994
7,383	(2,327)	5,056	Community Services		10,068	(3,773)	6,295
7,100	(3,060)	4,040	Regeneration and the built environment		7,687	(5,154)	2,533
7,756	(11,248)	(3,492)	Housing Revenue Account		(2,011)	(11,393)	(13,404)
2,621	(9)	2,612	Central Services		3,047	(4)	3,043
47,498	(32,990)	14,508	Cost of Services		41,068	(36,607)	4,461
394	(16)	378	Other operating expenditure	10	493	(162)	331
4,203	(2,286)	1,917	Financing and Investment Income and Expenditure	11	4,160	(2,268)	1,892
5,288	(23,555)	(18,267)	Taxation and Non-Specific Grant Income	12	5,740	(21,596)	(15,856)
57,383	(58,847)	(1,464)	(Surplus) or Deficit on Provision of Services		51,461	(60,633)	(9,172)
(5,123)	-	(5,123)	(Surplus) or Deficit on revaluation of Non-Current Assets		16,847	-	16,847
157	-	157	Remeasurements of the net defined benefit liability/(asset)		-	(8,470)	(8,470)
(4,966)	0	(4,966)	Other Comprehensive Income and Expenditure		16,847	(8,470)	8,377
52,417	(58,847)	(6,430)	Total Comprehensive Income and Expenditure		68,308	(69,103)	(795)

Movement in Reserves Statement

2020/21	Reserves held for revenue purposes		Reserves held for capital purposes			Total Usable Reserves	Unusable Reserves	Total Council Reserves
	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020 brought forward	(9,647)	(3,768)	(2,842)	(2,753)	(3,134)	(22,144)	(95,435)	(117,579)
Movement in Reserves during 2022/21								
(Surplus) or deficit on the provision of services	730	(2,194)	-	-	-	(1,464)	-	(1,464)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(4,966)	(4,966)
Total Comprehensive Income and Expenditure	730	(2,194)	0	0	0	(1,464)	(4,966)	(6,430)
Adjustments between accounting basis & funding basis under regulations (Note 8)	(6,763)	574	(928)	40	(2,206)	(9,283)	9,283	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(6,033)	(1,620)	(928)	40	(2,206)	(10,747)	4,317	(6,430)
Transfers to/(from) Earmarked Reserves (Note 9)	-	-	-	-	-	0	-	0
(Increase) / Decrease in 2020/21	(6,033)	(1,620)	(928)	40	(2,206)	(10,747)	4,317	(6,430)
Balance at 31 March 2021 carried forward	(15,680)	(5,388)	(3,770)	(2,713)	(5,340)	(32,891)	(91,119)	(124,010)

Movement in Reserves Statement

2021/22	Reserves held for revenue purposes		Reserves held for capital purposes			Total Usable Reserves	Unusable Reserves	Total Council Reserves
	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2021 brought forward	(15,680)	(5,388)	(3,770)	(2,713)	(5,340)	(32,891)	(91,119)	(124,010)
Movement in Reserves during 2021/22								
(Surplus) or deficit on the provision of services	3,367	(12,539)	-	-	-	(9,172)	-	(9,172)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	8,377	8,377
Total Comprehensive Income and Expenditure	3,367	(12,539)	0	0	0	(9,172)	8,377	(795)
Adjustments between accounting basis & funding basis under regulations (Note 8)	250	11,889	(28)	(506)	(2,348)	9,257	(9,257)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,617	(650)	(28)	(506)	(2,348)	85	(880)	(795)
Transfers to/(from) Earmarked Reserves (Note 9)	-	-	-	-	-	0	-	0
(Increase) / Decrease in 2021/22	3,617	(650)	(28)	(506)	(2,348)	85	(880)	(795)
Balance at 31 March 2022 carried forward	(12,063)	(6,038)	(3,798)	(3,219)	(7,688)	(32,806)	(91,999)	(124,805)

At the 31 March 2022, the General Fund comprises a Fund Balance of £2.3m, general earmarked reserves of £9.762m, and £0.715m of Covid related Business Rate Grants that are specifically required to meet the Collection Fund deficit. At 31 March 2021 these were £2.3m and £9.451m respectively. As at 31 March 2022 the HRA Fund Balance comprises a Fund balance of £1.0m and earmarked reserves of £5.038m; at 31 March 2021 these were £1.0m and £4.388m respectively.

Balance Sheet

31 March 2021		Notes	31 March 2022
£000			£000
161,331	Property, Plant and Equipment	14	152,065
1,573	Heritage Assets	15	1,564
790	Long Term Debtors	27	525
163,694	Long Term Assets		154,154
18,046	Short Term Investments	18	32,043
26	Inventories		28
12,325	Short Term Debtors	19	9,150
12,257	Cash and Cash Equivalents	20	8,289
42,654	Current Assets		49,510
(1,494)	Short Term Borrowing	18	(1,493)
(14,467)	Short Term Creditors	21	(19,069)
(15,961)	Current Liabilities		(20,562)
(600)	Provisions	22	(552)
(34,479)	Long Term Borrowing	18	(33,479)
(31,299)	Other Long Term Liabilities	24	(24,266)
(66,378)	Long Term Liabilities		(58,297)
124,010	Net Assets		124,805
		Page	
(32,891)	Usable Reserves	22 & 54	(32,806)
(91,119)	Unusable Reserves	74	(91,999)
(124,010)	Total Reserves		(124,805)

These accounts were authorised for issue on the 30 August 2022.

Cash Flow Statement

2020/21		Notes	2021/22
£000			£000
(1,464)	Net (surplus) or deficit on the provision of services		(9,172)
(11,950)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	28	(1,791)
2,484	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	29	3,735
(10,930)	Net Cash Flow from Operating Activities		(7,228)
(1,919)	Investing Activities	31	13,186
4,086	Financing Activities	32	(1,990)
(8,763)	Net (increase) or decrease in cash and cash equivalents		3,968
3,494	Cash and cash equivalents at start of the reporting period	20	12,257
12,257	Cash and cash equivalents at end of the reporting period	20	8,289
(8,763)	Net (increase) or decrease in cash and cash equivalents		3,968

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Note 1. ACCOUNTING POLICIES

a. General Principles

The Statement of Accounts summarises the authority's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2021. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The Regulations require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards and Financial Reporting Standards.

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 accounting statements have been prepared on a going concern basis, the assessment of which has taken account of the continuation of the provision of the services provided by the authority through the establishment of a new authority from 1 April 2023.

b. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from leasehold properties is recognised on an averaged basis where leases contain rent free periods and the first year requires an adjustment of over £10k.
- Revenue from non-exchange transactions is recognised when it is probable that the benefit will flow and the amount can be measured reliably, further details are included in accounting policy d. Council Tax and Business Rate Transactions.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. For housing benefit overpayments a full provision is made for the possible non-collection of this debt. However, it is the authority's policy to pursue all debtors where possible, however as the amounts and timing of recovery are not certain, they are not recognised in the Comprehensive Income and Expenditure Statement.

c. 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 investments that mature in three months or

less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

d. Council Tax and Business Rate Transactions

As the billing authority, Barrow Borough Council accounts for its own share of the council tax and business rates transactions in the Balance Sheet and its share of the collection fund balance is held in the Collection Fund Adjustment Account. The precepting authorities' share of the council tax or business rate transactions as well as their share of the collection fund balance is accounted for as a debtor or creditor with those bodies. The County Council and Government share of the business rate transactions as well as their share of the council tax is accounted for as a debtor or creditor with those bodies. The Police & Crime Commissioner for Cumbria share of the council tax is also accounted for as a debtor or creditor.

e. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the authority's financial performance.

f. 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, that is, in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

g. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

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

The authority is not required to raise council tax to fund depreciation, revaluation or impairment losses. 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 are therefore replaced by the 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.

h. 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 example, cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or any form of leave, such as time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to (Surplus) or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account balance to be charged with the amount payable by the authority to the pension fund 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 any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the authority are members of the Local Government Pension Scheme, run by Cumbria County Council.

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

The Local Government Pension Scheme

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

- The liabilities of the Cumbria pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and other factors, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using the applicable discount rate based on the indicative rate of return on AA rated corporate bonds.
- The assets of the Cumbria pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unlisted securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability (asset), that is, net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Cumbria 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 and Housing Revenue Account Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

i. Events after the Balance Sheet Date

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; and, 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.

j. Financial Instruments

Financial Liabilities

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

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, where it is material. 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 in Reserves Statement.

Where premiums and discounts have been charged to the Housing Revenue Account, regulations state that the impact on the Housing Revenue Account Balance must be spread over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, restricted to a term of 10 years.

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 authority'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 instrument).

Financial Assets Measured at Amortised Cost

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

However, the authority has made interest free loans using Cluster of Empty Homes funding to two private landlords at less than market rate (soft loan). 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 higher effective rate of interest than the rate receivable from the private landlord, 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. Upon repayment, the Cluster of Empty Homes funding is recognised as a capital receipt.

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

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. 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. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where credit risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

In accordance with the Treasury Strategy, the authority does not trade in stocks, shares or gilts.

k. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific

Grant Income (non-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 yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

I. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The authority's inventories are stocks purchased for internal issue and for sale as merchandise.

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.

m. 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 a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

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

Lease payments are apportioned between:

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

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

The authority 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 benefitting from use of the leased property, plant or 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 (for example, there is a rent-free period at the commencement of the lease).

Vehicles and equipment that are contained within a contractual arrangement are deemed to be an operating lease where the Council does not significantly control the physical assets and where the term of the contract is less than the expected useful life of the assets.

The Authority as Lessor

Operating Leases

Where the authority grants an operating lease over a property, 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 (for example, there is a premium paid at the commencement of the lease).

All operating leases, including peppercorn leases, are recognised by the authority for disclosure purposes, building leases not less than 10 years and land leases not less than 50 years are assessed for evidence of a finance lease. Vehicle and equipment operating leases are deemed to be immaterial.

n. 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. In accordance with the Code of Practice they are excluded from the Comprehensive Income and Expenditure Statement and associated notes, with the exception of a charge to the Housing Revenue Account.

The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in the Service Reporting Code of Practice 2021/22 and accounted for as separate headings in the Comprehensive Income and Expenditure Statement: these now form part of the Corporate and Democratic Services heading which remains part of Net Expenditure on Continuing Services.

o. Property, Plant and Equipment

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

The Council holds a number of assets acquired to enhance the built environment, support the local economy and provide the type of property needed for business development in the Borough. Collectively, these are regeneration assets and they continue to be held by the authority for the same purpose as at acquisition. Regeneration assets are recognised as Other Land and Buildings within the Balance Sheet. The rental stream from these assets is credited to the Comprehensive Income and Expenditure Statement. Disposal proceeds from appropriate regeneration assets are subject to Government funding claw back consideration.

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 (repairs and maintenance) is charged as an expense when it is incurred. Acquisitions under £10,000 are de minimus and are not considered to create an asset.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The authority does not capitalise borrowing costs.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – 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
- all other assets – current value – in existing use (EUV) or where the asset is of a specialist nature and has no active market, depreciated replacement cost (DRC) is used as an estimate of fair value

Where non-property assets that have short useful lives or low value (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 13different from their current value at the year-end, but as a minimum every five years: in addition, the valuations of major assets may be considered against property valuation indices to give additional assurance that the carrying value of any major assets, not revalued in year, are not materially different to their current value. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the

Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

Where an item of Property, Plant and Equipment with a value over £150,000 has major components whose cost is not less than 20% of the total cost of the asset, the components are treated as separate assets. For existing assets, the components are recognised on replacement until a revaluation is performed.

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- plant, equipment and vehicles – straight-line allocation over the useful life of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment with a value over £150,000 has major components whose cost is not less than 20% of the total cost of the asset, the components are depreciated separately. For existing assets, the components are recognised on replacement until a revaluation is performed.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less the costs of sale. Where there is a subsequent decrease to fair value the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Council dwellings are available for sale to sitting tenants under the provisions of the Right to Buy legislation. The authority does not classify these as held for sale unless there is a formal exchange date available at the year end.

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

When an asset is disposed of, decommissioned or derecognised, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of 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 authority'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 fixed 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.

p. Heritage Assets

All heritage assets are held with the objective of increasing knowledge, understanding, culture and appreciation of our heritage; with the Dock Museum's heritage policies and comprehensive asset database facilitating the management, recording, preservation and conservation (exhibition led rolling programme) of assets.

The only items that are not reported within the Balance Sheet are items of a deminimus level plus the Graving Dock, Cenotaph and Stone Fountain where, following advice, it is deemed impracticable, due to their diverse nature, to obtain purchase costs or valuations. One further class of asset is reported at cost.

Recognition

New assets are recognised when they are donated or received by the authority at a valuation set at the time of receipt.

Measurement

All non-operational heritage asset valuations, as implemented by the 2011/12 code, are carried out by Bonhams, International Auctioneers and Valuers.

Revaluations

There is no prescribed minimum period between heritage valuations; however, the carrying amount is reviewed with sufficient frequency ensuring the valuations remain current and at least every ten years.

Depreciation

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

- Historic Collections include social history, ship models, boats, industrial history, art & sculpture, ceramics & glass, furniture, silverware, regalia and old statues: no depreciation as assets are deemed to have indeterminate lives.
- New Statues: 25 years straight line depreciation.
- War Memorials: 25 years straight line depreciation.

q. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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 for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

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.

r. Fair value measurement

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

The authority 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 authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses appropriate valuation techniques for each circumstance, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. This takes into account the three levels of categories for inputs to valuations for fair value assets at:

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

s. Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then

appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

t. Revenue Expenditure Funded from Capital under Statute

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

u. 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.

v. Rounding

The Council accepts that minor rounding differences of between £1k and £2k may occur within its Statement of Accounts, these amounts are not material and the Council does not intend to alter any totals where this occurs.

Note 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires the authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following new standards and amendments to existing standards have been published but not yet adopted by the 2021/22 Code of Practice of Local Authority Accounting in the United Kingdom:

- Annual Improvement to IFRS Standards 2018/2020:
 - IFRS 1 (First Time Adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS,
 - IAS 37 (Onerous Contracts) – clarifies the intention of the standard,
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material, and
 - IAS41 (Agriculture) – one of a small number of IFRS's that are only expected to apply to local authorities in limited circumstances

- Property, Plant and Equipment: proceeds before intended use (amendments to IAS 16)

None of these have an impact of the Council's accounts for 2021/22.

The change identified in the previous year regarding IFRS 16 Leases was intended for implementation from 1 April 2022 but is now deferred until 1 April 2024.

The change identified last year relating to IFRS3 Business Combinations does not appear to impact on the authorities establishment of a subsidiary in 2021/22.

Note 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not sufficient to provide an indication that the authority's assets might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The authority has prepared the accounting statements on a going concern basis which assumes continued operation for the foreseeable future through its replacement by the Westmorland and Furness Council from 1 April 2023.
- The authority is deemed to control assets that fall within contractual and other arrangements which involve the provision of a service using specific underlying assets and which therefore are considered to contain a lease. The accounting treatment for leases has been applied to these arrangements to determine whether the lease contained within them is a finance lease or an operating lease. The vehicles within the waste management contract are included in the accounting statements as an embedded lease.
- The values of non-current assets and net defined pension liability are material figures on the balance sheet reliant on the input of experts to provide valuations. Suitably qualified professionals are used to provide these values. Differences in opinion between professionals could produce different results and this is particularly relevant in terms of the 2021/22 asset valuations. Statutory provisions are in place to prevent these revaluations having an impact on the Council's usable reserves.
- Whilst suitably qualified professionals are used to provide values for assets and liabilities the nature and timing of Covid-19 has led to on-going uncertainty as the full impact remains unknown and unquantifiable. Individual notes give further details.
- The authority has considered whether any property should be classed as an investment property or property, plant and equipment. The authority does not hold any assets for capital appreciation but does hold some assets let to commercial tenants that were specifically funded by Government urban regeneration programmes; The authority holds a number of assets acquired to enhance the built environment, support the local economy and provide the type of property needed for business development in the Borough. Collectively, these are regeneration assets and are accounted for as Property, Plant and Equipment.
- The authority has considered which of its assets should be classified as heritage assets.

Note 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the authority's Balance Sheet at the 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Revaluation of Property, Plant and Equipment

Property, plant and equipment (with the exception of infrastructure, community assets, assets under construction and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. The impairment tests include examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. Advice has been provided by the authority's external valuers.

If the actual results differ from the assumptions the value of the property, plant and equipment will be over or understated. This would be adjusted when the assets were next revalued. For instance if council dwellings were not impaired in 2021/22, but it was subsequently determined that the impairment to the value should have been 10%, their value in the Balance Sheet would be overstated by £8.3m and the depreciation charged to the HRA for 2021/22 would be overstated by £194k.

In addition a number of assets are valued on the basis of Depreciated Replacement Cost and the assumptions made can have a significant impact on the final valuation. This is particularly the case when consideration is given to the nature of the replacement such as the Town Hall which has significant architectural value.

Depreciation of Property, Plant and Equipment

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets by the valuers. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls. Some of the authority's assets are carried at an impaired value (revaluation loss), awaiting an improvement in their market; these are council dwellings and some properties rented out on a commercial basis. The impaired values then have useful lives applied to calculate the depreciation charge. If the impairment increased or if there was a reversal of the previous loss, the value of the asset and the related depreciation would be over or under stated. For instance if the useful life of the council dwellings was determined to be 25 years, rather than the current 30 years, the depreciation charge to the HRA for 2021/22 would be £2.3m rather than £1.9m.

Fair Value Estimations

When the fair values of financial assets and liabilities (Surplus Assets or Assets Held for Sale) cannot be measured based on quoted prices (unadjusted) in active markets (where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis i.e. Level 1 inputs) their fair value is measured using the following valuation techniques:

- Level 2 inputs, quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 inputs, that are based on unobservable data; or observable market valuation data adjusted as necessary for the specific asset or liability.

If 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. Changes in assumptions used, consequently, could affect the fair value of the authority's assets and liabilities i.e. resulting in a significantly lower or higher fair value measurement.

Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal

Institution of Chartered Surveyors. Information about the valuation techniques and inputs used in determining the fair value of these assets is set out in Note 14.

Pensions liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and rate of commutation of pensions. A firm of actuaries are engaged to provide the authority with expert advice about the assumptions to be applied.

The effects of the net pensions liability of changes in individual assumptions can be measured. These assumptions interact in complex ways, but some examples of their sensitivity based on 31 March 2021 figures are:

- +0.1% per annum increase in the discount rate assumption would result in a decrease in the net pensions liability of £2.064m; or,
- +0.1% per annum increase in the inflation assumption would result in an increase in the net pensions liability of £2.096m; or,
- +0.1% per annum increase in the pay growth assumption would result in an increase in the net pensions liability of £0.185m; or,
- 1 year increase in the member's life expectancy assumption would result in an increase in the net pensions liability of £4.075m; or,
- +/- 0.1% change in the investment returns would result in a decrease or increase in the net pensions liability of £1.096m

These changes would affect the net pensions liability and the pensions reserve carried in the Balance Sheet, they would not impact on the General Fund or HRA balance.

Financial instruments

The authority's external borrowing is all from the Public Works Loan Board and is included in the accounting statements at amortised cost. The fair value of the authority's external borrowing is estimated by the Public Works Loan Board. The calculation is independently calculated by the authority's treasury advisors to check the reasonableness of the fair value calculated.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be to decrease the fair value of fixed rate borrowing liabilities by £5.63m. A 1% fall would increase the fair value by the same amount. Borrowings are not carried at fair value, so nominal gains and losses on fixed borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Note 5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Director of Resources on the 30 August 2022 Where any other events taking place before this date provided information about conditions existing at the 31 March 2022 the figures in the accounting statements and notes should be adjusted in all material respects to reflect the impact of this information. No events have been identified.

A new Westmorland and Furness Council is to be established on 1 April 2023 and comprises Barrow Borough Council, South Lakeland District Council, Eden District Council and the relevant proportion of

Cumbria County Council services and functions. A shadow Council has been elected and The reform agenda established by The Bay unitary submission that this authority supported is being pursued in the establishment of the new authority.

The contract for the provision of the authority's waste, recycling and street cleansing services is coming to a mutually agreed early end. The authority will directly deliver these services with effect from 10 October 2022. The financial impacts for 2022-2023 include one-off transition and capital costs, and an increase in the revenue budget all of which is to be funded from reserves. The Medium Term Financial Plan has been updated to reflect the future running costs as currently projected; the authority will continue to work on the cost estimates and projections as the knowledge and detail of provisioning the service are firmed up. The authority is working with the other Westmorland and Furness Councils, external experts and the current contractor to achieve a seamless transition for residents.

Note 6. COVID-19 GRANT FUNDING

During 2021/22 the authority received various COVID-19 funding streams. Some of these were for distribution to businesses and residents, and some were for the authority to retain to support additional costs and income losses.

The funding for distribution falls into two categories in terms of inclusion in the financial statements, agency or principal. The treatment of Business Rate relief is covered by existing accounting arrangements – these are treated as part of the principal accounting and are shown separately.

In order to determine the principal or agent basis for accounting, the following controls were considered and concluded:

Grant Stream	Does the LA set the amount to award?	Does the LA set the eligibility criteria?	Reconciliation to ensure fully funded?	LA responsible for any overpayments?	Conclusion
Council Tax Hardship	Yes	Yes	No	Yes	Principal
Local Restriction Support Grants - Open	Yes	Yes	Yes	No	Principal
Local Restriction Support Grants - Closed	No	No	Yes	No	Agent
Restart Grants	No	No	Yes	No	Agent
Omicron Grants	No	No	Yes	No	Agent
Additional Restrictions Grants	Yes	Yes	No	Yes	Agent
Self-isolation Payments	No	No	Yes	No	Agent

Where the authority is acting as an agent for Government and follows established criteria – Government set the amount of grant, Government set the scheme eligibility, there is a reconciliation which includes a top-up if required, the Government will cover any overpayments (subject to certain conditions).

For the scheme where the authority is the principal, the schemes have been locally determined in some aspects. There are certain expectations from Government and no scheme was entirely within the authority's gift but substantially the principal control is deemed to be present.

The COVID-19 grants received and distributed as an agent for Government are not included in the Comprehensive Income and Expenditure Statement; the amount of grants distributed is matched against an equal amount of funding received. The balance of unspent funding at 31 March 2022 is held on the Balance Sheet within short term creditors:

Notes to the Main Accounting Statements

Grant Stream	At 1 April 2021	Received 2021/22	Distributed 2021/22	At 31 March 2022
	£000	£000	£000	£000
Local Restriction Support Grants - Closed	3,654	-	174	3,480
Restart Grants	-	4,128	3,547	581
Omicron Grants	-	702	548	154
Self-isolation Payments	133	64	182	15
	3,787	4,894	4,451	4,230

The COVID-19 grants received and distributed as a principal, in these terms, are included in the Comprehensive Income and Expenditure Statement as gross expenditure within the Resources division and as gross income within Taxation and non-specific grant income. The balance of unspent funding at 31 March 2022 is held on the Balance Sheet within creditors (as receipts in advance):

Grant Stream	At 1 April 2021	Received 2021/22	Distributed 2021/22	At 31 March 2022
	£000	£000	£000	£000
Local Restriction Support Grants - Open	224	-	1	223
Additional Restrictions Grants	468	454	916	6
Council Tax Hardship	158	-	158	-
	850	454	1,075	229

In terms of the COVID-19 funding received for additional expenditure and income losses, all of the grants are included in the Comprehensive Income and Expenditure Statement within Taxation and non-specific grant income. The grant streams are contained in the following table and the balance of unspent Contain Outbreak Management Fund at 31 March 2022 is held on the Balance Sheet within creditors (as receipts in advance); the 2020/21 Tax Income Guarantee Scheme is carried within earmarked reserves:

Grant Stream	At 1 April 2021	Received 2021/22	Allocated 2021/22	At 31 March 2022
	£000	£000	£000	£000
Tax Income Guarantee Scheme	751	26	631	146
Contain Outbreak Management Fund	198	125	88	235
Emergency Funding	-	486	486	-
Local Council Tax Support Scheme	-	119	119	-
Sales, Fees and Charges Compensation	-	101	101	-
New Burdens	-	131	131	-
	949	988	1,556	381

The allocation of those sums used within the year is split between the divisions and subjective headings as follows:

Division	Employee Costs	Supplies & Services	Contracted Services	External Income	Total
	£000	£000	£000	£000	£000
Resources	-	137	-	-	137
Community Services	-	-	128	333	461
Regeneration and the built environment	-	-	-	-	-
Central Services	39	38	-	-	77
Other income and expenditure	-	-	-	881	881
	39	175	128	1,214	1,556

Also included within the Comprehensive Income and Expenditure Statement as part of the Taxation and non-specific grant income, is the amount due for the year in respect of Section 31 grant for the COVID-19 Business Rate reliefs awarded to the retail and nursery hereditaments. The retail relief scheme was extended as part of the COVID-19 response. There is also a COVID Additional Relief Fund received on-account in March 2022, which was not distributed in-year. The balance of the on-account payments received from Government at 31 March 2022 is held on the Balance Sheet; the 2020/21 element of the retail relief scheme remaining of £570k is held in earmarked reserves, the other items are held within creditors:

Grant Stream	At 1 April 2021	Received 2021/22	Allocated 2021/22	At 31 March 2022
	£000	£000	£000	£000
Retail & Nursery Relief	3,929	3,534	4,609	2,854
COVID Additional Relief Fund	-	1,355	-	1,355
	3,929	4,889	4,609	4,209

The Tax Income Guarantee Scheme and Business Rate Relief grants are carried forward within earmarked reserves as those will be released to the Comprehensive Income and Expenditure Statement to match the precepting distributions from the Collection Fund.

Totalling all these grants together identifies the total of £11.2m received in 2021/22, £11.7m has been spent either directly by the authority or in grants distributed. The £9.5m held at 1 April 2021 has reduced to £9m at 31 March 2022 carried forward within the Balance Sheet as:

- **Creditors £7.8m:**
 - **Agent – Grants £4.2m**
 - **Principal - Business Rates £3.6m**
- **Creditors (as receipts in advance) £465k:**
 - **Principal – Grants £230k**
 - **Principal – COMF £235k**
- **Earmarked Reserves £716k**
 - **Principal – Business Rates £570k**
 - **Principal – TIG £146k**

Having these funds paid upfront at the beginning of the financial year and ahead of the grant schemes, removed any cash flow concerns from reduced collections (Council Tax and Business Rates).

The additional costs and income losses have been covered by the COVID-19 grants received. There has been no requirement to call on the authority's financial reserves as a result of COVID-19.

Note 7. EXPENDITURE AND FUNDING ANALYSIS – adjustments between funding and accounting basis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed and earned in accordance with generally accepted accounting practice. It also shows how this expenditure is allocated for decision making purposes between the Council's divisions. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21	As reported for resource allocation	Adjustments to arrive at the net amount chargeable to the General fund & HRA	Net Expenditure Chargeable to the General Fund & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Resources	6,059	5	6,064	228	6,292
Community Services	4,017	(7)	4,010	1,045	5,056
Regeneration and the Built Environment	150	460	610	3,430	4,040
Housing Revenue Account	(1,974)	(1,620)	(3,594)	102	(3,492)
Central Services	2,204	(0)	2,204	408	2,612
Net cost of Services	10,456	(1,162)	9,294	5,214	14,508
Other income and expenditure	(10,456)	(6,490)	(16,946)	974	(15,972)
(Surplus) or Deficit on Provision of Services	0	(7,652)	(7,652)	6,188	(1,464)

2021/22	As reported for resource allocation	Adjustments to arrive at the net amount chargeable to the General fund & HRA	Net Expenditure Chargeable to the General Fund & HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000
Resources	2,700	2,982	5,682	312	5,994
Community Services	3,093	555	3,648	2,647	6,295
Regeneration and the Built Environment	500	81	581	1,952	2,533
Housing Revenue Account	(1,554)	(650)	(2,204)	(11,200)	(13,404)
Central Services	2,532	0	2,532	511	3,043
Net cost of Services	7,271	2,968	10,239	(5,778)	4,461
Other income and expenditure	(7,271)	(4,452)	(11,723)	(6,361)	(18,084)
(Surplus) or Deficit on Provision of Services	0	(1,484)	(1,484)	(12,139)	(13,623)

Note 7a. Adjustments from the General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts:

2020/21					2021/22			
Adjustments for capital purposes	Net changes for the Pensions Adjustments	Other differences	Total Adjustments between funding and Accounting Basis		Adjustments for capital purposes	Net changes for the Pensions Adjustments	Other differences	Total Adjustments between funding and Accounting Basis
£000	£000	£000	£000		£000	£000	£000	£000
0	183	45	228	Resources	0	339	(27)	312
920	106	19	1,045	Community Services	2,492	171	(16)	2,647
3,233	154	43	3,430	Regeneration and the Built Environment	1,676	301	(25)	1,952
(58)	124	36	102	Housing Revenue Account	(11,365)	211	(46)	(11,200)
189	178	41	408	Central Services	233	286	(9)	511
4,284	745	184	5,214	Net Cost of Service	(6,963)	1,308	(124)	(5,778)
(4,009)	436	4,547	974	Other income and expenditure from the Expenditure and Funding Analysis	(4,869)	408	(1,900)	(6,361)
275	1,181	4,731	6,188	Difference between General Fund Surplus or Deficit & Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(11,832)	1,716	(2,024)	(12,139)

Note 7b. Expenditure and Income Analysed by Nature

2020/21					2021/22					
Cost of Service	Other operating expenditure (Note 9)	Financing and Investment Income and Expenditure (Note 10)	Taxation and Non-specific Grant income (Note 11)	Surplus or Deficit on provision of services		Cost of Service	Other operating expenditure (Note 9)	Financing and Investment Income and Expenditure (Note 10)	Taxation and Non-specific Grant income (Note 11)	Surplus or Deficit on provision of services
£000	£000	£000		£000		£000	£000	£000		£000
					Expenditure					
9,225	-	-	-	9,225	Employee expenses	9,868	-	-	-	9,868
31,449	50	-	-	31,499	Other service expenses	34,186	50	-	-	34,236
-	-	-	-	0	Support service recharges	-	-	-	-	0
6,825	-	-	-	6,825	Depreciation, amortisation, impairment & revaluation	(2,986)	-	-	-	(2,986)
-	-	4,202	-	4,202	Interest payments	-	-	4,160	-	4,160
-	344	-	-	344	Precepts and levies	-	443	-	5,740	6,183
-	-	-	-	0	Derecognised non current assets	-	-	-	-	0
47,499	394	4,202	0	52,095	Total Expenditure	41,068	493	4,160	5,740	51,461
					Income					
(16,010)	-	-	-	(16,010)	Fees, charges and other service income	(17,477)	-	-	-	(17,477)
-	-	(2,286)	-	(2,286)	Interest and investment income	-	-	(2,268)	-	(2,268)
-	-	-	384	384	Income from council tax and NDR	-	-	-	(12,327)	(12,327)
(16,981)	-	-	(18,650)	(35,631)	Government grants and contributions	(19,130)	-	-	(9,269)	(28,399)
-	(16)	-	-	(16)	Gain on disposal of Fixed Assets	-	(162)	-	-	(162)
(32,991)	(16)	(2,286)	(18,267)	(53,560)	Total Income	(36,607)	(162)	(2,268)	(21,596)	(60,633)
14,508	378	1,916	(18,267)	(1,464)	(Surplus) / Deficit on Provision of Services	4,461	331	1,892	(15,856)	(9,172)

Note 8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to 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 authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the authority is required to recover) at the end of the financial year. However, the balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance

The Housing Revenue Account (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 authority's landlord function or 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 the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year-end.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied 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 the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and sometimes the financial year in which this can take place.

Notes to the Main Accounting Statements

Adjustments between accounting basis and funding basis under regulations 2020/21	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving:							
Capital Adjustment Account:							
Reversal of items debited or credited in the CIES							
Charges for depreciation and impairment of non-current assets	(2,037)	(2,051)	-	-	-	(4,088)	4,088
Revaluation losses on Property, Plant and Equipment	(2,301)	42	-	-	-	(2,259)	2,259
Capital grants and contributions applied	799	-	-	-	-	799	(799)
Revenue funded from Capital under Statute (REFCUS)	(476)	-	-	-	-	(476)	476
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	(193)	-	-	-	(193)	193
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital expenditure	736	-	-	-	-	736	(736)
Voluntary revenue provision for financing of capital expenditure	-	816	-	-	-	816	(816)
Capital expenditure charged against the General Fund and HRA balances	-	-	-	-	-	0	0
Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the CIES	2,275	-	-	-	(2,275)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	69	69	(69)
Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-	209	-	(209)	-	0	0
Cluster of Empty Homes loan repayment	-	-	-	(221)	-	(221)	221
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	275	-	275	(275)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(195)	-	-	195	-	0	0
Major Repairs Reserve:							
Reversal of Major Repairs Reserve credited to the HRA	-	2,051	(2,051)	-	-	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	1,123	-	-	1,123	(1,123)
Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	51	-	-	-	-	51	(51)
Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(2,263)	(498)	-	-	-	(2,761)	2,761
Employer's pension contributions and direct payments to pensioners payable in the year	1,344	234	-	-	-	1,578	(1,578)
Collection Fund Adjustment Account:							
Amount by which council tax and NNDR income credited to the CIES is different from that calculated for the year in accordance with statutory requirements	(4,547)	-	-	-	-	(4,547)	4,547
Accumulated Absences Account:							
Amount by which officer remuneration charged to the CIES is different from remuneration chargeable in the year in accordance with statutory requirements	(148)	(36)	-	-	-	(184)	184
Total Adjustments	(6,763)	574	(928)	40	(2,206)	(9,283)	9,283

Notes to the Main Accounting Statements

Adjustments between accounting basis and funding basis under regulations 2021/22	Usable Reserves						Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	
	£000	£000	£000	£000	£000	£000	£000
Adjustments primarily involving:							
Capital Adjustment Account:							
Reversal of items debited or credited in the CIES							
Charges for depreciation and impairment of non-current assets	(2,162)	(2,089)	-	-	-	(4,251)	4,251
Revaluation losses on Property, Plant and Equipment	(2,232)	11,172	-	-	-	8,940	(8,940)
Capital grants and contributions applied	2,440	-	-	-	-	2,440	(2,440)
Revenue funded from Capital under Statute (REFCUS)	(2,023)	-	-	-	-	(2,023)	2,023
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	(429)	-	-	-	(429)	429
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital expenditure	741	0	-	-	-	741	(741)
Voluntary revenue provision for financing of capital expenditure	0	817	-	-	-	817	(817)
Capital expenditure charged against the General Fund and HRA balances	0	34	-	-	-	34	(34)
Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the CIES	3,147	-	-	-	(3,147)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	799	799	(799)
Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-	588	-	(588)	-	(0)	0
Cluster of Empty Homes loan repayment	-	-	-	(221)	-	(221)	221
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	1	-	1	(1)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(302)	-	-	302	-	0	0
Major Repairs Reserve:							
Reversal of Major Repairs Reserve credited to the HRA	-	2,088	(2,088)	-	-	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	0	2,060	-	-	2,060	(2,060)
Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	42	-	-	-	-	42	(42)
Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(2,777)	(570)	-	-	-	(3,347)	3,347
Employer's pension contributions and direct payments to pensioners payable in the year	1,399	232	-	-	-	1,631	(1,631)
Collection Fund Adjustment Account:							
Amount by which council tax and NNDR income credited to the CIES is different from that calculated for the year in accordance with statutory requirements	1,899	-	-	-	-	1,899	(1,899)
Accumulated Absences Account:							
Amount by which officer remuneration charged to the CIES is different from remuneration chargeable in the year in accordance with statutory requirements	78	46	-	-	-	124	(124)
Total Adjustments	250	11,889	(28)	(506)	(2,348)	9,257	(9,257)

Note 9. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note identifies 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 expenditure in 2021/22. Grants and contributions for revenue purposes are recognised as income immediately and carried forward as earmarked grants (reserves) where they are unspent at the year-end date.

The Council has the following general fund earmarked reserves:

	Balance at 1 April 2020	Transfers out 2020/21	Transfers in 2020/21	Balance at 31 March 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
Local Government Reorganisation	0	-	-	0	1,643	(2,027)	(384)
Transformation reserve	(1,517)	302	(828)	(2,043)	239	154	(1,650)
Renewals reserve	(726)	10	(10)	(726)	35	(326)	(1,017)
Insurance reserve	(101)	-	-	(101)	-	-	(101)
Losses reserve	(862)	0	-	(862)	-	17	(845)
Budget contingency reserve	(2,851)	197	(1,251)	(3,905)	2,949	(3,070)	(4,026)
Apprentices reserve	(35)	-	-	(35)	-	35	0
Welfare support reserve	(668)	58	-	(610)	130	-	(480)
S31 Business Rate Grants and TIG	0	-	(4,680)	(4,680)	3,991	(26)	(715)
Earmarked revenue grants	(587)	253	(84)	(418)	59	(185)	(544)
Total General Fund earmarked reserves	(7,347)	820	(6,853)	(13,380)	9,046	(5,428)	(9,762)
HRA earmarked reserves	(2,768)	-	(1,620)	(4,388)	-	(650)	(5,038)
Total earmarked reserves	(10,115)	820	(8,473)	(17,768)	9,046	(6,078)	(14,800)

Local Government Reorganisation – this reserve holds the funds set aside for the local costs of transitioning into Westmorland and Furness Council

Transformation reserve - this reserve holds the funds set aside for service transformation and major projects.

Renewals reserve - this reserve holds the revenue funds set aside for capital projects and cyclical renewal of major items.

Insurance reserve - this reserve holds the funds set aside for excesses payable over the medium term.

Losses reserve - this reserve holds the funds set aside for the partial exemption VAT threshold, the MMI scheme of arrangement and any uninsured losses.

Budget contingency reserve – this reserve holds the funds set aside to cover one-off items that are not set in the revenue budget, including business rate volatility and the energy market price pressures.

Apprenticeships reserve – this reserve holds the funds set aside for the five apprentice positions created in 2014/15 and which has now been fully used.

Welfare support reserve – this reserve holds the funds set aside to support discretionary housing payments, transitional assistance for supported welfare organisations and other welfare support.

Section 31 Business Rate Reliefs and TIG– the Government granted business rate relief to various sectors during 2021/22 and compensated Councils for these reliefs with a Section 31 grant. These reliefs are shown as a deficit in the Council's share of the Collection Fund Adjustment Account while the grant income must be shown in the Council's General Fund. This reserve is not available for any other purpose. The Taxation Income Guarantee (TIG) grant relates to the impact of COVID upon collection in 2020/21 and is released to revenue when those deficits are charged.

Earmarked revenue grants – this reserve holds the revenue grants income which have no claw-back conditions attached and are yet to be applied to matching expenditure.

Note 10. OTHER OPERATING EXPENDITURE

The authority's other operating expenditure shown below the Cost of Services in the Comprehensive Income and Expenditure Statement consists of:

2020/21		2021/22
£000		£000
148	Parish Council precepts	141
196	Payments to the Government Housing Capital Receipts Pool	302
50	Pension administration expenses	50
-	Derecognised non-current assets	-
193	Carrying value of disposed non-current assets	429
(209)	Sale proceeds from the disposal of non-current asset	(591)
378	Total	331

The gain on the disposal of non-current assets for 2021/22 is £162k; for 2020/21 this was £16k.

Note 11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

The authority's financing and investment income and expenditure shown below the Cost of Services in the Comprehensive Income and Expenditure Statement consists of:

2020/21		2021/22
£000		£000
1,419	Interest Payable and similar charges	1,391
2,784	Interest on pension liabilities	2,769
(2,104)	Interest on plan assets	(2,145)
(182)	Interest receivable and similar income	(123)
1,917	Total	1,892

Note 12. TAXATION AND NON SPECIFIC GRANT INCOME

The authority's taxation and specific grant income shown below the Cost of Services in the Comprehensive Income and Expenditure Statement holds a number of grants and contributions that are used on a corporate basis. The grants and contributions are as follows:

2020/21		2021/22
£000		£000
(4,797)	Council Tax Income	(4,937)
(4,232)	Business rate retention	(7,002)
5,171	Business rate tariff	5,171
117	Business rate levy	569
(107)	Business rate pool	(388)
(1,272)	Revenue Support Grant	(1,279)
(10,545)	Non-ring fenced grants	(8,870)
(2,602)	Capital grants and contributions	(3,571)
(18,267)	Total	(20,307)

Note 13. GRANT INCOME

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

2020/21		2021/22
£000		£000
	Credited to Taxation and Non Specific Grant Income	
(1,272)	Revenue Support Grant	(1,279)
(11)	New Homes Bonus Grant	(2)
(176)	New Burdens Grants	(135)
(2,581)	DLUHC Grants	(3,834)
(679)	DLUHC Business Rates	(713)
(9,675)	DLUHC Business Rates including Covid Support	(3,251)
-	ERDF Grant	(23)
(25)	Other contributions	(32)
(14,419)	Total	(9,269)
	Credited to Services	
(15,500)	Housing benefits subsidy	(15,110)
(338)	Benefits administration	(385)
(472)	Disabled Facilities Grant	(529)
(14)	Cabinet Office	(107)
(130)	Cumbria County Council	(244)
(35)	Other local authorities	(33)
-	Historic England	(385)
(4)	DLUHC Other Grants	(1,783)
(173)	DLUHC Homelessness	(285)
(315)	Other grants	(269)
(16,981)	Total	(19,130)

Note 14. PROPERTY, PLANT, EQUIPMENT AND VEHICLES

Movement on Balances in 2020/21	Council Dwellings	Other Land and Buildings	HRA Other Land and Buildings	Vehicle, Plant, Furniture & Equipment	HRA Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	70,269	58,420	3,106	3,797	175	1,604	10,367	3,805	13,953	165,496
additions and enhancements	1,123	67	-	212	-	69	-	-	319	1,790
reclassification start of year	-	3,866	-	-	-	-	-	-	(3,866)	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	854	3,449	171	-	-	-	-	4	-	4,478
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	42	(2,527)	(7)	-	-	-	-	-	-	(2,492)
eliminate depreciation on revaluation	(1,874)	(1,895)	(138)	(229)	-	-	-	(1)	-	(4,137)
eliminate depreciation on derecognitions / scrapped	-	-	-	(6)	-	-	-	-	-	(6)
disposals	(193)	-	-	-	-	-	-	-	-	(193)
At 31 March 2021	70,221	61,380	3,132	3,774	175	1,673	10,367	3,808	10,406	164,936
Accumulated Depreciation and Revaluation										
At 1 April 2020	0	(284)	0	(2,030)	(135)	(745)	(471)	0	0	(3,665)
depreciation charge	(1,874)	(1,611)	(138)	(315)	(40)	(56)	(47)	(1)	-	(4,082)
eliminate depreciation on revaluation	1,874	1,895	138	229	-	-	-	-	-	4,136
eliminate depreciation on derecognition / scrapped	-	-	-	6	-	-	-	-	-	6
At 31 March 2021	0	0	0	(2,110)	(175)	(801)	(518)	(1)	0	(3,605)
Net Book Value at 31 March 2021	70,221	61,380	3,132	1,664	0	872	9,849	3,807	10,406	161,331

Notes to the Main Accounting Statements

Movement on Balances in 2021/22	Council Dwellings	Other Land and Buildings	HRA Other Land and Buildings	Vehicle, Plant, Furniture & Equipment	HRA Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2020	70,221	61,380	3,132	3,774	175	1,673	10,367	3,808	10,406	164,936
additions and enhancements	2,013	646	47	235	34	-	-	-	337	3,312
reclassification in year	-	-	-	-	-	-	3	-	(3)	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	1,891	(18,227)	(362)	-	-	-	-	(99)	-	(16,797)
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	11,179	(2,177)	(58)	-	-	-	-	(53)	-	8,891
eliminate depreciation on revaluation	(1,937)	(1,690)	(152)	(231)	-	-	-	(1)	-	(4,011)
disposals	(429)	-	-	-	-	-	-	-	-	(429)
At 31 March 2022	82,938	39,932	2,607	3,778	209	1,673	10,370	3,655	10,740	155,902
Accumulated Depreciation and Revaluation										
At 1 April 2021	0	0	0	(2,110)	(175)	(801)	(518)	(1)	0	(3,605)
depreciation charge	(1,937)	(1,690)	(152)	(360)	-	(55)	(49)	-	-	(4,243)
eliminate depreciation on revaluation	1,937	1,690	152	231	-	-	-	1	-	4,011
At 31 March 2022	0	0	0	(2,239)	(175)	(856)	(567)	0	0	(3,837)
Net Book Value at 31 March 2022	82,938	39,932	2,607	1,539	34	817	9,803	3,655	10,740	152,065

Depreciation

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

- Council Dwellings: the buildings are depreciated on a straight line basis over 30 years
- Other Buildings: the buildings are depreciated on a straight line basis over various lives between 3 to 75 years
- Plant, Equipment and Vehicles: 3-25 years straight line depreciation
- Infrastructure: 3-50 years straight line depreciation depending on the asset type, infrastructure land is not depreciated

All land assets and land that is part of an overall asset (a component) is not depreciated.

Capital Commitments

At the 31 March 2021, the authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years budgeted to cost £50k. Similar commitments at the 31 March 2021 were £138k. The major commitments are:

31 March 2021		31 March 2022
£000		£000
88	Industrial & commercial properties	-
50	Equipment	50
138	Total	50

Revaluations

The authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every four years. Valuations for 2021/22 were carried out externally by Montagu Evans LLP. They replaced the previous valuers Lambert Smith Hampton Group Limited who had provided valuations for a number of years up to and including 2020/21. In particular the Valuation report and Valuations have been signed off by Scott Young MRICS, Gary Howes MRICS and Eleanor Judd MRICS (all are partners at Montagu Evans) and are supported by a number of suitably qualified surveyors.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in professional standards of the Royal Institution of Chartered Surveyors (RICS). Assumptions and methods are specifically considered for each individual asset valuation: with general agreed assumptions and bases of valuation being adopted overall. 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 effective date of the Authority's asset revaluations is 31 March unless a specific circumstance, such as a Code of Practice requirement or an economic or environmental reason is deemed evident.

Due to the change in Valuers all relevant assets were revalued in 2021/22. Each year the Authority's initial asset valuation list is reviewed.

HRA dwellings, garages and any HRA or General Fund assets using the Depreciated Replacement Cost (DRC) method are revalued/reviewed for revaluation each year.

The valuation of land and buildings for 2021/22 produced a net book value at 31 March 2022 of £129.130m.

The latest valuations are shown in the following table.

Financial Year & Valuer	Council Dwellings	Other Land and Buildings	HRA Other Land and Buildings	Plant, Equipment and Vehicles	HRA Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2021/2022 - Montagu Evans	82,938	39,932	2,607	-	-	-	-	3,655	-	129,132
Asset carried at current value (MV-EUV and FV)										
Assets carried at historical cost	-	-	-	1,078	34	817	9,803	-	10,740	22,472
Finance Leases	-	-	-	461	-	-	-	-	-	461
Net Book Value as at 31 March 2020										152,065

Surplus Assets

Valuation techniques

The fair value for the authorities' surplus assets are determined using the most appropriate technique for the asset. These include 1. the market approach; using current market conditions, recent sales prices and other relevant information for similar assets in the local authority area; and 2. the gross development appraisal method which includes both market (sales) and cost based approaches for a proposed development scheme i.e. construction costs, rates, professional fees, finance costs, developer profit, statutory cost and development periods for similar properties in the same local area.

Properties with significant observable inputs are deemed to be Level 2 but others, where the comparable information requires the authority to factor in assumptions and professional adjustments, are classified as Level 3.

The following table shows the fair value measurements of surplus assets.

Asset type	Valuation techniques used to measure fair value	Level 2 – significant other observable inputs	Level 3 – significant unobservable inputs	Total
		£000	£000	£000
Land & property	Market comparison	390	120	510
Land & property	Market comparison / Gross Development Appraisal i.e. market comparison of GDV (Gross Development Value) & site transactions with viability assessment leading to residual value / Professional judgement	2,450	815	3,265

Asset type	Valuation techniques used to measure fair value	Level 2 – significant other observable inputs	Level 3 – significant unobservable inputs	Total
		£000	£000	£000
Land & property	Professional judgement	-	30	30
	Fair value as at 31 March 2021	2,840	965	3,805

Asset type	Valuation techniques used to measure fair value	Level 2 – significant other observable inputs	Level 3 – significant unobservable inputs	Total
		£000	£000	£000
Land & property	Market comparison	2,440		2,440
Land & property	Market comparison / Gross Development Appraisal i.e. market comparison of GDV (Gross Development Value) & site transactions with viability assessment leading to residual value / Professional judgement	-	1,215	1,215
Land & property	Professional judgement	-	-	0
	Fair value as at 31 March 2022	2,440	1,215	3,655

Highest and best use of surplus assets

These surplus assets are made up of 11 areas of land and 1 property (2020/21 - 12 areas of land and 1 property) which are presently in the process of being reviewed or being developed for their highest and best use. Some sites are held because of the lack of being able to accommodate them at their highest and best use i.e. due to the present national economy, public sector funding reductions or local market conditions; others because of pending decisions or resources and others subject to contract/planning decisions.

The valuer's role in this process is to undertake the valuations by assessing all major inputs to the valuation process. The authority's valuation expert works closely with finance and estate officers, reporting on a regular basis regarding all valuation matters. The following table shows quantitative information about the fair value measurement of surplus assets using significant unobservable inputs (Level 3):

Property type	Surplus assets – property and land
As at 31 March 2022	£1.215m (£0.965m as at 31 March 2021)
Valuation technique used to measure fair value	Residual Valuation
Unobservable inputs	Adjustment for planning risk
Range of unobservable inputs	10% planning discount
Sensitivity	Significant changes to adjustments made to comparable evidence or professional judgement will result in a significantly lower or higher fair value. This will be variable by site according to circumstances i.e. residential/brownfield/amenity site location and condition.

Transfer between levels of the fair value hierarchy

Within the period there has been no transfers between the levels. Where an event or change in circumstance are significant in relation to the specific asset, resulting in a change in level, the date of any such transfer will be deemed to be at the end of the reporting period. The table below presents the movements during the year of Level 3 property and land surplus assets held at fair value.

Surplus Land & Properties	Reason for movement	£000
Opening Balance - 1 April 2021		965
Sales/disposals	Land disposal	-
Transfers in to level 3	Property vacant and reclassified as surplus	-
Transfers out of level 3	Land comparable valuation, now observable inputs	-
Total gains/losses recognised in revaluation of property within other comprehensive income	CIES Line - Resources	53
Total gains/losses recognised in revaluation of property within the revaluation reserve		197
Closing Balance as at 31 March 2022		1,215

The effect of the fair value measurements was a £250k revaluation gain. The surplus or deficits used in the assessment are directly affected by the variations and assumptions used. For example, if the unobservable input valuation is too prudent the revaluation gain will be overstated.

Note 15. HERITAGE ASSETS

The authority's Dock Museum, Town Hall and Town area have a variety of collections that relate to the history of Barrow-in-Furness, the surrounding district and beyond. Collections include furniture, silverware, civic regalia, artwork, sculptures, social and industrial history, and more specific assets relating to Barrow's history, such as several ship models, boats and historic statues. Further information detailing the authority's heritage assets can be found on the Council's website.

New asset valuations were obtained in March 2021, on the measurement basis of market value with future years depreciation being charged in line with the Authority's property, plant and equipment policies. These valuations were completed by Bonhams International Auctioneers & Valuers.

Notes to the Main Accounting Statements

2020/21					Movement on Heritage Assets Balances	2021/22				
Historic Collection	New Statues	Herbert-Leigh-Boat	War Memorials	Total		Historic Collection	New Statues	Herbert-Leigh-Boat	War Memorials	Total
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
					Cost or Valuation					
0	0	0	14	14	Cost at 1 April	0	0	0	14	14
627	79	20	-	726	Valuation at 1 April	1,366	184	25	-	1,575
627	79	20	14	740	At 1 April	1,366	184	25	14	1,589
739	127	12	-	878	Valuation Gains	-	-	-	-	0
-	(22)	(7)	-	(29)	depreciation written back	-	-	-	-	0
1,366	184	25	14	1,589	At 31 March	1,366	184	25	14	1,589
					Accumulated Depreciation and Revaluation					
0	0	0	(9)	(9)	Cost at 1 April	0	0	0	(10)	(10)
-	(25)	(6)	0	(31)	Valuation at 1 April	-	(6)	0	0	(6)
0	(25)	(6)	(9)	(40)	At 1 April	0	(6)	0	(10)	(16)
-	(3)	(1)	(1)	(5)	depreciation charge	-	(8)	(1)	-	(9)
-	22	7	-	29	depreciation written back	-	-	-	-	0
0	(6)	0	(10)	(16)	At 31 March	0	(14)	(1)	(10)	(25)
0	0	0	4	4	Net Book Value 31 March - Cost	0	0	0	0	0
1,366	178	25	0	1,569	Net Book Value 31 March - Valuation	1,366	170	24	4	1,564
1,366	178	25	4	1,573	Total Net Book Value at 31 March	1,366	170	24	4	1,564

Financial year	Valuer	Value	Total
		£000	£000
Total value of assets valued in 2021/22			
2020/21	Bonhams International Auctioneers & Valuers	-	1,560
Assets carried at historical cost		-	4
Net Book Value at 31 March 2022			1,564

Heritage Assets – Summary of transactions

	2020/21	2021/22
	£000	£000
Opening Gross Book Value at 1 April	740	1,589
Value of Heritage Assets Acquired/Donation/Valuation		
Historic Collection	739	-
New Statues and Herbert Leigh	139	-
Depreciation written out on reval	(29)	-
Total at 31 March	1,589	1,589
Accumulated Depreciation and Revaluation		
Opening balance at 1 April	(40)	(16)
New Statues and Herbert Leigh	(4)	(9)
War Memorials (Cost)	(1)	-
Depreciation written out on reval	29	-
Total Accumulated Depreciation & Revaluation 31 March	(16)	(25)
Net Book Value at 31 March - Valuation	1,569	1,560
Net Book Value at 31 March - Cost	4	4
Total Net Book Value 31 March	1,573	1,564

Note 16. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

2020/21		2021/22
£000		£000
37,675	Opening Capital Financing Requirement	36,346
	Capital Investment:	
1,790	Property, Plant and Equipment	3,312
476	Revenue Expenditure Funded from Capital under Statute	2,023
	Sources of finance:	
(275)	Capital receipts reserve	(1)
(868)	Government grants and other contributions	(3,241)
(1,123)	Use of Major Repairs Reserve	(2,060)
0	Revenue contribution to capital outlay	(34)
-		-
(504)	Minimum Revenue Provision from General fund	(511)

2020/21		2021/22
£000		£000
(816)	Voluntary Revenue Provision from the Housing Revenue Account	(817)
	Cluster of Empty Homes	
221	Cluster of Empty Homes loan repayment	221
	Finance lease	
(230)	Finance lease embedded in waste management contract (Note 16)	(230)
36,346	Closing Capital Financing Requirement	35,010
	Explanation of movements in year:	
(504)	Decrease in underlying General Fund need to borrow	(511)
(816)	Decrease in underlying Housing Revenue Account need to borrow	(817)
221	Cluster of Empty Homes loan	221
(230)	Finance lease embedded in waste management contract (Note 16)	(230)
(1,329)	Increase/(decrease) in Capital Financing Requirement	(1,336)

Note 17. LEASES

The introduction of a new leasing accounting standard has now been deferred to 1 April 2024 and will result in a full review of property agreements to clarify their status before that date.

Authority as Lessee - Finance Leases

The authority has one group of assets embedded in a contractual arrangement which are vehicles and equipment in relation to the authority's waste and street cleaning services: this lease commenced on 1 April 2017 and runs for seven years. The actual vehicle fleet includes: five single compartment refuse collection vehicles, three twin pack refuse collection vehicles, three caged tippers, three sweepers and two supervisor vans.

The authority is committed to making minimum lease payments under this lease to settle the long-term liability for the interest in the assets acquired by the authority. The table below reconciles the future minimum lease payments to their present value

As at 31 March 2021				As at 31 March 2022		
Minimum lease payment	Finance charges	Present Value		Minimum lease payment	Finance charges	Present Value
£000	£000	£000		£000	£000	£000
251	15	236	Not more than one year	251	11	240
502	16	486	Later than one year and not later than five years	251	5	246
-	-	0	Later than five years	-	-	0
753	31	722		502	16	486

Authority as Lessee - Operating Leases

The authority has leases in allotments and other land and buildings.

The authority has 4 non-specialist vehicles and 24 photocopiers on short term agreements utilised across a number of departments. These are considered deminimus and are not included in the following lease figures.

Notes to the Main Accounting Statements

The future minimum lease payments due under non-cancellable leases in future years are:

As at 31 March 2021		As at 31 March 2022
£000		£000
58	Not more than one year	5
9	Later than one year and not later than five years	5
-	Later than five years	-
67	Total	10

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to the non-embedded leases is:

As at 31 March 2021		As at 31 March 2022
£000		£000
6	Minimum lease payments	5
(23)	Sublease receipts	(23)
(17)	Total	(18)

Authority as Lessor - Operating Leases

The authority leases out property under operating leases for the provision of community services and for economic regeneration purposes to provide suitable affordable premises for local businesses. From August 2018 the Park Leisure Centre was leased to Life Leisure as the new operator of the facility on a 15 year peppercorn lease although this arrangement ended on 1 February 2022 from when the service has been provided by a wholly-owned subsidiary of the Council.

The future minimum lease payments receivable under non-cancellable leases in future years are:

As at 31 March 2021		As at 31 March 2022
£000		£000
(932)	Not more than one year	(672)
(1,150)	Later than one year and not later than five years	(653)
(331)	Later than five years	(311)
(2,413)	Total	(1,636)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021/2022 £12k of contingent rents were receivable by the authority (£12k in 2020/21).

Note 18. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Non-Current 31 March 2021	Current 31 March 2021	Amortised Cost	Non-Current 31 March 2022	Current 31 March 2022
£000	£000		£000	£000
		Investments		
-	30,303	Cash, cash equivalents and investments	-	40,330

Non-Current 31 March 2021	Current 31 March 2021	Amortised Cost	Non-Current 31 March 2022	Current 31 March 2022
£000	£000		£000	£000
		Debtors		
666	2,043	Loans and receivables	431	2,547
666	32,346	Financial Assets	431	42,877
124	10,282	Debtors that are not Financial Instruments	95	6,603
790	42,628	Total	526	49,480
		Borrowings:		
(34,479)	(1,494)	Financial liabilities at amortised cost	(33,479)	(1,493)
		Other liabilities:		
(486)	(235)	Finance lease liabilities	(246)	(241)
		Creditors:		
-	(1,914)	Financial liabilities carried at contract amount	-	(2,814)
(34,965)	(3,643)	Financial Liabilities	(33,725)	(4,548)
(30,813)		Other long term liabilities that are not financial instruments	(31,899)	
	(12,318)	Creditors that are not financial instruments		(16,014)
(65,778)	(15,961)	Total	(65,624)	(20,562)

Material Soft Loans Made by the Authority

The long term debtor relates to two interest free loans advanced from the Cluster of Empty Homes funding for the purpose of bringing empty homes back into use. A loan of £312k was advanced in 2013/14 and £1.9m in 2015/16 and both are repayable over 10 years; these are represented on the Balance Sheet at the 31 March 2022 as:

31 March 2021	Cluster of Empty Home loans	31 March 2022
£000		£000
666	Long term debtor for principal due beyond the next 12 months	431
179	Short term debtor for repayments due in the next 12 months	187
119	Financial Instrument Adjustment Account for the interest on remaining payments	77
1,248	Usable Capital receipts	1,469
2,212	Total advance	2,164

The interest rate at which the fair value of these soft loans has been made is arrived at by assessing that an unsubsidised interest rate would have been 5%.

Income, Expense, Gains and Losses

2020/21				2021/22		
Measured at amortised cost				Measured at amortised cost		
Financial liabilities	Financial assets	Total		Financial liabilities	Financial assets	Total
£000	£000	£000	g	£000	£000	£000
			Total expense in (Surplus) or deficit in the Provision of Services:			
1,418	-	1,418	Interest expense	1,391	-	1,391
-	(182)	(182)	Interest income	-	(123)	(123)
1,418	(182)	1,236	Net (gain)/loss for the year	1,391	(123)	1,268

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 fair value of Public Works Loan Board (PWLB) loans of £41.142 is based on new borrowing rates from the PWLB as the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets.

A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare with the premature redemption borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £33.479m would be valued at £46.403m. If the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £12.4m.

- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair value of the PWLB loan is determined using level 2 inputs – i.e. inputs other than quoted prices that are observable for the financial asset/liability. The fair values calculated are as follows:

31 March 2021			31 March 2022	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
666	666	Loans and receivables long-term	431	431
32,344	32,344	Loans and receivables short-term	(42,877)	(42,877)
(34,479)	(45,386)	Borrowings long-term	(33,479)	(41,142)
(1,494)	(1,497)	Borrowings short-term	(1,493)	(1,496)
(486)	(486)	Other long-term liabilities	(246)	(246)
(235)	(235)	Other short-term liabilities	(241)	(241)

31 March 2021			31 March 2022	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
(1,914)	(1,914)	Creditors	(2,814)	(2,814)
(5,598)	(16,508)	Total	(80,719)	(88,385)

The fair value of the liabilities is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders below current market rates.

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

Nature and Extent of Risks Arising from Financial Instruments

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

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

The authority's overall Treasury Management Strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Treasury risk management is carried out by the Director of Resources under policies approved by Council in the annual Treasury Management Strategy. The authority 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 authority's customers.

The 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, as laid down by Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are as detailed below:

- Minimum credit rating of F1 short-term (Fitch or equivalent)
- UK institutions provided with support from the UK Government
- Building societies limited by value based on their asset size.

The authority's maximum exposure to credit risk in relation to its investments in building societies of £22m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the authority's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise.

Notes to the Main Accounting Statements

No credit limits were exceeded during the reporting period. The potential expected credit loss for the authority's investments held at the 31 March 2022 has been estimated as £4k; this is de minimis and is not included in the authority's financial statements. There is no history of default from the Cluster of Empty Homes loans and these loans are secured; no credit loss has been recognised in the financial statements.

The authority does not generally allow credit for customers, but some of the current balance is past its due date for payment. The past due amount can be analysed by age as follows at 31 March 2022:

31 March 2021		31 March 2022	
£000			£000
192	Less than three months		209
102	Three to six months		73
118	Six months to one year		150
662	More than one year		824
1,074	Outstanding debt		1,256
513	Provision for expected credit loss		676
48%	Percentage of provision		54%

At 31 March 2022 the provision includes a higher expected credit loss for some particular debts. At this stage there is no evidence that COVID-19 is adversely affecting payments and no additional loss allowance has been made. This situation is being monitored but until the economy returns to a firmer footing it is difficult to predict what impact there might be.

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 and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The authority sets limits on the proportion of its fixed rate borrowing during specified periods to reduce exposure to large fixed rate sums falling due for refinancing, through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

31 March 2021		31 March 2022	
£000			£000
1,000	Less than 1 year		1,000
1,000	Between 1 and 2 years		1,000
3,000	Between 2 and 5 years		3,000
4,350	Between 5 and 10 years		7,350
11,500	Between 10 and 15 years		8,500
2,239	Between 15 and 20 years		1,239
-	Between 20 and 25 years		-
-	Between 25 and 30 years		4,000
12,390	Between 30 and 35 years		8,390
-	Between 35 and 40 years		-
35,479			34,479

This maturity analysis includes the long and short term PWLB debt outstanding at the Balance Sheet dates.

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 borrowing at fixed interest rates would cause the fair value of the liabilities to fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The authority has a number of strategies for managing interest rate risk:

- The Treasury Management Strategy sets an indicator to provide the maximum limits for fixed and variable interest rate exposure.
- The Director of Resources monitors market and forecast interest rate and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2021		31 March 2022
£000		£000
(5,429)	Decrease in fair value of fixed rate borrowings liability	(4,693)

There would be no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. The impact of a 1% fall would increase the fair values by the same amount.

Price Risk

The authority does not invest in equity shares or marketable bonds so has no exposure to loss from movements in the stock market.

Foreign Exchange Risk

The authority has no financial assets or liabilities denominated in foreign currencies so has no exposure to loss from movements in exchange rates.

Note 19. SHORT TERM DEBTORS

The short term debtors held by the authority consist of:

31 March 2021		31 March 2022
£000		£000
6,539	Central Government bodies	3,283
3,191	Other Local Authorities	2,802
2,595	Other entities and individuals	3,065
12,325	Total	9,150

Within the debtors amounts are provisions for credit losses of £3.3m in 2021/22 (£3.3m in 2020/21) These are re-assessed each year and adjustments made where necessary. An assessment has been made of the impact of COVID-19 on credit losses and increased provisions have been made. The situation continues to be monitored but until the economy returns to a firmer footing it is difficult to predict what the final impact will be.

Note 20. CASH AND CASH EQUIVALENTS

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

31 March 2021		31 March 2022
£000		£000
2	Cash held by the Authority	2
12,255	Bank current accounts	8,287
12,257	Total Cash and Cash Equivalents	8,289

Note 21. SHORT TERM CREDITORS

The short term creditors held by the authority consist of:

31 March 2021		31 March 2022
£000		£000
(10,644)	Central Government bodies	(13,747)
(219)	Other Local Authorities	(361)
(3,604)	Other entities and individuals	(4,961)
(14,467)	Total	(19,069)

Note 22. PROVISIONS

The provisions held by the authority consist of:

	Business Rate Appeals Provision	MMI Provision	Total
	£000	£000	£000
Balance at 31 March 2021	(598)	(2)	(600)
Increase in provision in 2021/22	(127)	-	(127)
Amounts used in 2021/22	169	-	169
Reduction in provision in 2021/22	6	-	6
Balance at 31 March 2022	(550)	(2)	(552)

The business rate appeals provision established in 2013/14 reflects the Council's proportionate liability (40%) for repayments of successful business rate appeals. The impact of all open appeals against the 2010 List have been estimated and an estimate for appeals against the 2017 List has been calculated

based on the potential appeals against the new rateable values that have increased. There is currently no evidence that COVID-19 will impact on the level of appeals but this provision will need to be kept under constant review to identify if trading losses lead to increased appeals.

The Municipal Mutual Insurance (MMI) provision was established in 2012/13 when the Scheme of Arrangement was triggered. The provision holds the 25% due by the authority for the estimated outstanding claims, the levy is payable when claims are settled.

Note 23. UNUSABLE RESERVES

31 March 2021		31 March 2022
£000		£000
(49,115)	i Revaluation Reserve	(31,222)
(77,443)	ii Capital Adjustment Account	(87,397)
119	iii Financial Instruments Adjustment Account	77
30,503	iv Pensions Reserve	23,749
4,517	v Collection Fund Adjustment Account	2,618
300	vi Accumulated Absences Account	176
(91,119)	Total Unusable Reserves	(91,999)

i. Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment. The balance on the reserve 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.

2020/21		2021/22
£000		£000
(45,442)	Balance at 1 April	(49,115)
(5,481)	Upward revaluation of assets	16,847
358	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	-
(5,123)	(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	16,847
1,450	Difference between fair value depreciation and historical cost depreciation	1,046
-	Accumulated gains on assets sold & derecognised	-
1,450	Amount written off to the Capital Adjustment Account	1,046
(49,115)	Balance at 31 March	(31,222)

ii. 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 enhancement 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 revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

2020/21		2021/22
£000		£000
(79,413)	Balance at 1 April	(77,443)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):	
4,088	▪ Charges for depreciation and impairment of non-current assets	4,250
2,259	▪ Revaluation (gains) and losses on Property, Plant and Equipment	(8,940)
476	▪ Revenue expenditure funded from capital under statute	2,023
193	▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	429
(1,450)	Adjusting amounts written out of the Revaluation Reserve	(1,046)
5,566	Net written out amount of the cost of non-current assets consumed in the year	(3,284)
	Capital financing applied in the year:	
(275)	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(1)
(1,123)	▪ Use of the Major Repairs Reserve to finance capital expenditure	(2,060)
(799)	▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,440)
(69)	▪ Application of grants to capital financing from the Capital Grants Unapplied Account	(799)
221	▪ Unapplied grants released to Capital Receipts Reserve	221
(736)	▪ Statutory provision for the financing of capital investment charged against the General Fund balance	(741)
(816)	▪ Voluntary provision for the financing of capital investment charged against the HRA Fund balance	(817)
-	▪ Capital expenditure charged against the General Fund balance	(34)
(3,597)	Total financing	(6,670)
(77,443)	Balance at 31 March	(87,397)

iii. Financial Instruments Adjustment Account

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

2020/21		2021/22
£000		£000
170	Balance at 1 April	119
(51)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(42)
119	Balance at 31 March	77

iv. Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

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

2020/21		2021/22
£000		£000
29,163	Balance at 1 April	30,503
157	Actuarial (gains) or losses on pensions assets and liabilities	(8,470)
2,761	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	3,347
(1,578)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,631)
30,503	Balance at 31 March	23,749

International Accounting Standard (IAS) 19 requires the authority to account for its liability under the pension (defined benefits) scheme as it arises. The authority is a member of the Cumbria Local Government Pension Scheme Fund. At 31 March 2022, the actuarial valuation showed a net liability of £23.749m (2020/21 £30.503m). This is explained in detail in Note 36 to the accounting statements. Part of the authority's employer contributions to the Fund is to recover this deficit. The deficit on the pension scheme has varied substantially in recent years and reflects the volatile nature of financial markets. The deficit at 31 March 2022 was £23.749m, an decrease of £6.754m during 2021/22

v. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. The large increase in Business Rates is due to the reduced income as a result of COVID-19 arrangements. The

reduced amount will be met in future years from the earmarked Section 31 Business Rates Reliefs reserve and through the normal funding arrangements.

2020/21				2021/22		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
(1)	(28)	(29)				
			Balance at 1 April	132	4,385	4,517
133	4,413	4,546	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(17)	(1,882)	(1,899)
132	4,385	4,517	Balance at 31 March	115	2,503	2,618

vi. 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, such as 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.

2020/21		2021/22
£000		£000
116	Balance at 1 April	300
184	Amount by which officer remuneration charged to Comprehensive Income and Expenditure on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(124)
300	Balance at 31 March	176

Note 24. OTHER LONG TERM LIABILITIES

The other long term liabilities held by the authority consist of:

2020/21		2021/22
£000		£000
(30,503)	Pension scheme liabilities	(23,749)
(309)	Compulsory purchase proceeds	(271)
(487)	Finance lease liability	(246)
(31,299)	Total	(24,266)

Four properties, that the Council acquired by compulsory purchase order during 2007/08, were sold during 2009/10, 2010/11 and 2019/20. In all cases the owners of the properties cannot be traced, so the funds are held as a deferred liability which are held for the statutory period of 12 years. In 2021/22 £38k of this was released to General Fund reserves.

Note 25. CONTINGENT LIABILITIES

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The authority has identified the following contingent liabilities as at 31 March 2022:

MMI Scheme of Arrangement

The Scheme of Arrangement was enacted in 2012/13. The liability upon the authority as a scheme creditor cannot be fully estimated at this stage for unknown claims incurred but not reported between 1974 and 1992. Whilst the authority has considered the financial impact in producing its Statement of Accounts there is a risk that the authority's financial liability could increase from this level. The Council has set aside £0.44m in reserves against potential future claims and the potential increase in the 25% levy set by the Scheme administrators; the levy is set to achieve a solvent run off for MMI.

Business Rate Appeals

The authority has made a provision for Business Rate Appeals based upon its best estimates of the actual liability as at the year-end in known appeals against the 2005 and 2010 Rating Lists. The authority has added a prudent provision for appeals against the 2017 Rating List; no appeals are currently lodged. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office Agency and the 2017 Rating List brought a new process for lodging appeals; there is little experience of this in operation. There is a risk to the authority that national and local appeals may have a future impact on the accounts. COVID-19 may also impact on the level of appeals and is also reflected in Note 22 on Provisions.

Note 26. CONTINGENT ASSETS

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the authority. The authority's contingent assets represent proceeds to the authority where a dwelling sold under the tenant's Right to Buy is sold on within 5 years of the purchase from the authority. There is a statutory calculation to claw back a proportion of the discount originally awarded to the tenant that purchased the dwelling from the authority.

Note 27. LONG TERM DEBTORS

The long term debtors held by the authority consist of:

2020/21		2021/22
£000		£000
124	Property rents	95
666	Cluster of Empty Homes loan principal	431
790	Total	526

Note 28. CASH FLOW STATEMENT – ADJUSTMENTS TO THE NET (SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

The adjustments to the net (surplus) or deficit on the provision of services for non-cash movements consist of:

2020/21		2021/22
£000		£000
(4,088)	Depreciation	(4,251)
(2,260)	Revaluation losses and gains on previous losses	8,939

Notes to the Main Accounting Statements

2020/21		2021/22
£000		£000
189	(Increase)/decrease in impairment for bad debts	(40)
(88)	(Increase)/decrease in provisions	48
(8,711)	(Increase)/decrease in creditors	(4,439)
4,337	Increase/(decrease) in debtors	53
(4)	Increase/(decrease) in inventories	2
(1,183)	Movement in pension liability	(1,716)
(193)	Carrying amount of non-current assets sold or derecognised	(429)
51	Clusters of Empty Homes soft loan interest	42
(11,950)	Total	(1,791)

Note 29. CASH FLOW STATEMENT – ADJUSTMENTS FOR ITEMS INCLUDED IN THE NET (SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

The adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities consist of:

2020/21		2021/22
£000		£000
209	Proceeds from the sale of property, plant and equipment	588
2,275	Other receipts from investing activities	3,147
2,484	Total	3,735

Note 30. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include cash paid to suppliers, cash paid to employees, cash paid for other operating expenses, cash receipts from customers and the following items:

2020/21		2021/22
£000		£000
(149)	Interest received	(85)
1,397	Interest paid	1,375

Note 31. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The investing activities consist of:

2020/21		2021/22
£000		£000
1,786	Purchase of property, plant and equipment	3,207
24,000	Purchase of short-term investments	36,000
(209)	Proceeds from the sale of property, plant and equipment	(588)
(25,000)	Proceeds from short-term investments	(22,000)
(2,275)	Other receipts from investing activities	(3,146)
(221)	Cluster of Empty Homes loan repayments	(287)
(1,919)	Net cash flows from investing activities	13,186

Note 32. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The financing activities consist of:

2020/21		2021/22
£000		£000
2,851	Agency transactions relating to business rates and council tax (billing authority)	(3,230)
235	Principal transactions relating to finance lease	240
1,000	Loan repayment - PWLB	1,000
4,086	Net cash flows from financing activities	(1,990)

Note 33. RELATED PARTIES

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

Central Government

Central government has effective control over the general operations of the authority – it is responsible for providing the statutory framework within which the authority operates and provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (such as council tax bills and housing benefits). Grant receipts outstanding at 31 March 2022 are disclosed in Note 19 and grant income for 2021/22 is disclosed in Note 13.

Members

Members of the Council have direct control over the authority’s financial and operating policies. One member is the treasurer for Barrow & District Disability Association and North Scales Residents Association, one member is employed as a counsellor of Women’s Community Matters with two others being trustees and one member is a trustee of and one an advisor to the Drop Zone. Barrow Borough Council awarded a grants of £15k to Barrow & District Disability Association and NNDR Covid relief was given to Women’s Community Matters and the Drop Zone. The members were not involved in the decisions that led to the grants being awarded or services procured.

The total of members’ allowances paid in 2021/22 is shown in Note 34. There are no balances outstanding at the 31 March 2022. Details of the entities that members are involved with are recorded in the Register of Members Interests which can be found on the Council’s website listed under each member.

Officers

Officers of the Council have direct control over the authority’s finances and operational decisions. There are no balances outstanding at the 31 March 2022.

Note 34. MEMBERS’ ALLOWANCES

The authority paid the following amounts to members of the Council during the year.

2020/21		2021/22
£000		£000
91	Basic allowances	96
34	Extra responsibility allowance	34
7	Expenses	7
132	Total	137

The Mayor of the Borough also receives an honorarium for their year of office to cover mayoral duties and civic receptions. The honorarium for 2021/22 was £4k (£3k for 2020/21).

Note 35. OFFICERS' REMUNERATION

The remuneration paid to the authority's senior employees is as follows:

		Salary & car allowance	Pension Contribution	Total
		£000	£000	£000
Executive Director/Chief Executive	2020/21	104	21	125
	2021/22	105	21	126
Director of Resources	2020/21	82	17	99
	2021/22	83	17	100
Director of People and Place	2020/21	83	17	100
	2021/22	84	17	101

In addition to the amounts shown above the Director of People and Place received £3.8k in relocation expenses during 2021/22 (£7.1k in 2020/21 which comprised a lodging allowance of £6.4k and a disturbance allowance of £0.7k).

Relocation expenses are paid in accordance with the Council's Relocation Policy (with any exceptions agreed by Executive Committee), on the rental or purchase of a property within the Barrow travel to work area.

The figures shown above are the actual amounts paid in the year.

Remuneration Bands

The authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) based on the actual amount paid or an annualised salary for the relevant part-time workers or employees that were present for only part of the year, were paid the following amounts:

2020/21		Remuneration Band	2021/22	
Number of Employees	Number leaving in the year		Number of Employees	Number leaving in the year
2	-	£50,000 - £54,999	2	-
2	-	£55,000 - £59,999	1	-
-	-	£60,000 - £64,999	1	-
-	-	£65,000 - £69,999	-	-
-	-	£70,000 - £74,999	-	-
1	-	£75,000 - £79,999	-	-
-	-	£80,000 - £84,999	-	-

The Council appointed a Head of Legal and Governance with effect from 13 July 2020. The total remuneration for 2020/21 includes a contract period, plus employment from 13 July 2020, resulting in the £70,000-£74,999 band. From 2021/22 the salary for this post appears in the £60,000-£64,999 band.

The remaining changes to the table reflect the reduction of a post on 31 March 2022.

Exit Packages

The numbers of exit packages with total cost per band are set out in the table below:

2020/21		Exit package cost band	2021/22	
Number	Cost £000		Number	Cost £000
2	11	£0 - £20,000	3	8
1	25	£20,001 - £40,000	1	36
-	-	£40,001 - £60,000	-	-
-	-	£60,001 - £80,000	-	-
-	-	£80,001 - £100,000	-	-
3	36	Total	4	44

Termination Benefits

The authority agreed the departure of 4 employees in 2021/22, incurring liabilities of £44k (3 employees in 2020/21 incurring liabilities of £36k).

Note 36. 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 that need to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pensions Scheme, run by Cumbria County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets. The benefits payable in respect of service from 1 April 2014 are based on career average revalued earnings and the number of years of eligible service.

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:

2020/21 £000		2021/22 £000
	Comprehensive Income and Expenditure Statement (CIES):	
	<i>Cost of Services:</i>	
2,031	▪ current service cost	2,564
-	▪ curtailments	79
	<i>Financing and Investment Income and Expenditure</i>	
2,784	▪ interest on pension liabilities	2,769

Notes to the Main Accounting Statements

2020/21		2021/22
£000		£000
(2,104)	▪ interest on plan assets	(2,145)
	<i>Other operating expenses</i>	
50	▪ administration expenses	50
2,761	Total Post-Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	3,347
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
157	▪ re-measurements (liabilities and assets)	(8,470)
2,918	Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Account	(5,123)

	Movement in reserves statement:	
(2,761)	▪ reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(3,347)
	<i>Actual amounts charged against the General Fund balance for pensions in the year</i>	
1,578	▪ Employers' contributions payable to the scheme	1,631

Pensions Assets and Liabilities Recognised in the Balance Sheet

2020/21		2021/22
£000		£000
(133,908)	Present value of the defined benefit obligation	(134,577)
103,405	Fair value of plan assets	110,828
(30,503)	Net liability arising from defined benefit obligation	(23,749)

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

2020/21		2021/22
£000		£000
88,997	Opening fair value of scheme assets	103,405
2,104	Interest on plan assets	2,145
15,042	Re-measurements (assets)	7,806
(50)	Administration expenses	(50)
-	Settlements	-
1,578	Employer contributions	1,601
402	Member contributions	405
(4,668)	Benefits/transfers paid	(4,484)
103,405	Closing fair value of scheme assets	110,828

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

2020/21		2021/22
£000		£000
(118,160)	Benefit obligation at the beginning of the period	(133,908)
(2,031)	Current service cost	(2,564)
(2,784)	Interest on pension liabilities	(2,769)
(402)	Member contributions	(405)
	Re-measurements (liabilities):	
2,515	▪ Experience gain/(loss)	(349)
(17,714)	▪ Gain/(loss) on financial assumptions	-

Notes to the Main Accounting Statements

2020/21		2021/22
£000		£000
-	▪ Gain/(loss) on demographic assumptions	1,013
-	Past service costs	(79)
4,668	Benefits/transfers paid	4,484
(133,908)	Benefit obligation at the end of the period	(134,577)

Pension scheme assets comprised:

Period Ended 31 March 2021					Period Ended 31 March 2022			
Quoted prices in active market	Quoted prices not in active markets	Total	Percent of total assets	Asset category	Quoted prices in active markets	Quoted prices not in active markets	Total	Percent of total assets
£000	£000	£000			£000	£000	£000	
				Equities				
0	-	0	0.0%	UK quoted	-	-	0	0.0%
9,514	-	9,514	8.9%	UK equity pooled	5,652	-	5,652	5.1%
0	-	0	0.0%	Global quoted	-	-	0	0.0%
30194	-	30,194	28.1%	Global equity pooled	28,151	-	28,151	25.4%
-	-	0	0.0%	Overseas equity pooled	-	5,098	5,098	4.6%
				Bonds				
-	-	0	0.0%	UK corporate bonds	-	-	0	0.0%
-	17,889	17,889	16.7%	UK Government indexed pooled	-	18,730	18,730	16.9%
				Property				
-	5,997	5,997	5.6%	UK	-	6,982	6,982	6.3%
-	2,689	2,689	2.5%	Property funds	-	3,103	3,103	2.8%
				Alternatives				
-	5,480	5,480	5.1%	Private equity funds	-	6,761	6,761	6.1%
-	7,342	7,342	6.8%	Infrastructure funds	-	11,304	11,304	10.2%
-	4,033	4,033	3.8%	Real Estate debt funds	-	-	-	0.0%
-	4,006	4,006	3.7%	Private debt funds	-	5,320	5,320	4.8%
-	1,034	1,034	1.0%	Healthcare Royalties	-	1,441	1,441	1.3%
-	15,511	15,511	14.5%	Multi Asset Credit	-	15,183	15,183	13.7%
				Cash				
3,516	-	3,516	3.3%	Cash accounts	2,992	-	2,992	2.7%

Period Ended 31 March 2021				Asset category	Period Ended 31 March 2022			
Quoted prices in active market	Quoted prices not in active markets	Total	Percent of total assets		Quoted prices in active markets	Quoted prices not in active markets	Total	Percent of total assets
£000	£000	£000			£000	£000	£000	
-	103	103	0.1%	Net current assets	-	111	111	0.1%
43,224	64,084	107,308	100%	Total	36,795	74,033	110,828	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary rates and other factors. The Local Government Pension Scheme has been assessed by Mercer Limited an independent firm of actuaries, estimates for the County Council Fund being based on the latest actuarial valuation of the scheme as at 31 March 2022.

Covid

Since February 2020 there has been substantial volatility in financial markets around the world in relation to the COVID-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in this year's accounting figures. Over the same period, the market volatility has also extended to bonds. As the assumptions for accounting purposes are based on bond yields, this will also impact on accounting liabilities. Regarding the impact on mortality, our view is that it is not possible at this point to draw any meaningful conclusions on the potential impact of COVID 19 on mortality rates going forward, and so it would be inappropriate to make any adjustments to mortality assumptions at this time.

As an example of this volatility, changes to investment valuations continue to change and the values of assets and associated impacts in this statement should be viewed with caution.

The significant assumptions used by the actuary have been:

2020/21		2021/22
	Mortality assumptions:	
	Longevity at 65 for future pensioners:	
24.3	▪ Men	24.1
27.2	▪ Women	27.1
	Longevity at 65 for current pensioners:	
22.7	▪ Men	25.3
25.3	▪ Women	25.3

2020/21		2021/22
	Other Assumptions:	
2.7%	Rate of CPI inflation	3.4%
4.2%	Rate of increase in salaries	4.9%
2.8%	Rate of increase in pensions	3.5%
2.1%	Rate for discounting scheme liabilities	2.8%

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 the 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 the accounting policies for the scheme, this is on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from the previous period.

Impact on the Defined Benefit Obligations in the Scheme

	Increase in Assumption	Decrease in Assumption
	£000	£000
Rate for discounting scheme liabilities (increase by 0.1%)		2,064
Rate of inflation (increase by 0.1%)	2,096	
Rate of increase in salaries (increase by 0.1%)	185	
Longevity (increase by 1 year)	4,075	
Investment returns (change of 1%)	1,096	1,096

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Administering Authority's long term funding objective is for the Fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities. Funding levels are monitored on an annual basis.

The latest triennial valuation was due to be completed as at 31 March 2022.

The authority is expected to pay £1.552m in contributions to the scheme in 2021/22

The weighted average duration of the defined benefit obligation for scheme members is 15 years, 2021/22 (15 years 2020/21).

Note 37. EXTERNAL AUDIT COSTS

The authority has incurred the following costs in relation to the annual audit for 2021/22.

2020/21		2021/22
£000		£000
39	Fees payable to external audit with regard to external audit services carried out by the appointed auditor for the year	42
24	Fees payable to external audit for additional agreed works	37
63	Total	79

The auditor also performs the certification of grant claims and returns £41k (£41k in 2020/21) and the certification of Housing Capital Receipts grant £5k (£5K in 2020/21)

Note 38. TRUST FUNDS

The authority acts as an administrator of four trust funds created for charitable purposes, they do not belong to the authority and are not included in any of the accounting statements. Their financial information is shown in aggregation below:

2020/21		2021/22
£000		£000
78	Assets	77
-	Gross Income	-
-	Gross Expenditure	1
0	Net (surplus) or deficit for the year	1

The Housing Revenue Account Income and Expenditure Statement

The HRA 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 on the Housing Revenue Account statement.

2020/21			2021/22	
£000		Note	£000	
	Expenditure			
2,630	Repairs and maintenance		3,406	
3,129	Supervision and management		3,270	
14	Rents, rates, taxes and other charges		9	
1,832	Depreciation, impairment and revaluation of dwellings	4	(9,235)	
178	Depreciation and revaluation of other HRA property	5	152	
12	Debt management costs		12	
(39)	Movement in the allowance for bad debts		64	
7,756	Total Expenditure			(2,322)
	Income			
(9,827)	Dwelling rents		(9,935)	
(384)	Non-dwelling rents		(378)	
(1,037)	Charges for services and facilities		(1,080)	
(11,248)	Total Income			(11,393)
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement			(13,715)
293	HRA services' share of Corporate and DRC			311
-	HRA share of other amounts included in the whole Council Cost of Services but not allocated to specific services			-
(3,199)	Net (Income)/Expenditure for HRA Services			(13,404)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(16)	Gain or (loss) on sale of HRA non-current assets	8		(162)
11	Pension administration expenses	10		10
862	Interest payable and similar charges			881
148	Pensions interest cost and expected return on pension assets	10		136
(2,194)	(Surplus) or deficit for the year on HRA services			(12,539)

Movement on the HRA Statement

The overall objectives for movement on the HRA statement and the general principles for its construction are the same as those generally for the Movement in Reserves Statement, into which it is consolidated. The statement takes the outturn on the HRA income and expenditure statement and reconciles it to the surplus or deficit for the year on the HRA balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2020/21		2021/22	
£000		£000	
(1,000)	Balance on the HRA at the end of the previous year		(1,000)
(2,194)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(12,539)	
574	Adjustments between accounting basis and funding basis under statute	11,889	
(1,620)	(Increase) or decrease in the year on the HRA		(650)
1,620	Transfer to or (from) earmarked reserves		650
(1,000)	Balance on the HRA at the end of the current year		(1,000)

The adjustments between the accounting basis and funding basis under statute for the HRA are set out in Note 8 to the Main Accounting Statements.

Notes to the Housing Revenue Account

1. Dwelling Stock

The dwelling stock held by the authority consists of:

	31 March 2021	Movements	31 March 2022
1 bed house	142	-	142
2 bed house	360	(5)	355
3+ bed house	821	(7)	814
Total houses	1,323	(12)	1,311
1 bed flat	932	(1)	931
2 bed flat	301	-	301
3+ bed flat	6	-	6
Total flats	1,239	(1)	1,238
Dwelling stock	2,562	(13)	2,549

2. HRA Non-Current Assets

The Housing Revenue Account non-current assets held by the authority consist of:

31 March 2021		31 March 2022
£000		£000
70,221	Council dwellings	82,938
3,132	Land and buildings	2,607
-	Equipment	34
73,353	HRA assets	85,579

3. Vacant Possession of Dwellings

In accordance with Government guidance, the valuation of Council dwellings has been reduced by a regional adjustment factor in recognition of their status as social housing. For the North West this is 40%. As a consequence the Council recognises dwellings at a value of £82.938m on the Balance Sheet. At vacant possession the same dwellings would have a value of £207.345m with the difference of £124.407m being the cost of providing Council housing at less than open market rents. The reduced Balance Sheet value for Council dwellings also reflects the secure tenancy rights which differ from other tenancies, including the Right to Buy and the right to assign the property or apply for a transfer.

31 March 2021		31 March 2022
£000		£000
70,221	Balance Sheet value EUV-SH	82,938
105,332	Difference of EUV-SH and EUV-VP	124,407
175,553	Value of dwelling stock at EUV-VP	207,345

4. Depreciation and Revaluation of Dwellings

The depreciation and revaluation of dwellings for the year consists of:

2020/21		2021/22
£000		£000
296	Revaluation loss	496
(338)	Reversal of previous revaluation loss	(11,668)
1,874	Depreciation for current year	1,937
1,832		(9,235)

5. Depreciation and Revaluation of Other HRA Property

The depreciation and revaluation of other HRA property for the year consists of:

2020/21		2021/22
£000		£000
178	Depreciation for current year	152
178		152

6. HRA Capital Financing Requirement

The movements in the HRA capital financing requirement for the year consist of:

2020/21		2021/22
£000		£000
18,021	Opening Capital Financing Requirement	17,205
	Capital investment:	
1,123	Council dwellings	2,013
-	Other properties	47
	Source of finance:	
(1,123)	Major Repairs Reserve	(2,060)
(816)	Voluntary Revenue Provision – towards the repayment of HRA Debt	(817)
17,205	Closing Capital Financing Requirement	16,388
	Explanation of movements in year	
816	Decrease in underlying need to borrow (unsupported by Government financial assistance)	817
816	Increase/(decrease) in Capital Financing Requirement	817

7. Item 8 Credit and Item 8 Debit (General) Determination

The actual charges for capital in the HRA are known respectively as the “Item 8 Debit” (of part II) and the “Item 8 Credit” (of part I of schedule 4 of the Local Government and Housing Act 1989). A general determination of the Item 8 credit and Item 8 debit was issued for 2012/13 onwards. A change in the

general determination was established for April 2017 onwards; the end of self-financing transitional arrangements concerning the major repairs allowance.

Although the calculation was originally performed to arrive at the subsidy charges for capital, the determination remains in force and the calculation for 2021/22 is set out in the following table:

2020/21		2021/22	
£000		£000	£000
	Item 8 Credit		
(338)	Reversal of previous year revaluation loss - dwellings		(11,669)
-	Reversal of previous year revaluation loss – non dwellings		-
	Item 8 Debit		
813	Interest payable on external loans	791	
1,874	Depreciation of dwellings	1,937	
178	Depreciation of non-dwellings	152	
49	Interest payable on notional cash balances	90	
12	Debt management expenses	12	
296	Revaluation loss - dwellings	496	
-	Revaluation loss – non dwellings	-	3,478
2,884	Item 8 Credit and Item 8 Debit		(8,191)

8. HRA Non-Current Asset Disposals

The HRA non-current asset disposals for the year consist of:

31 March 2021		31 March 2022	
£000		£000	
193	Carrying value of dwellings sold	429	
(209)	Sale proceeds from dwellings	(591)	
(16)	Net gain on disposals	(162)	

9. Major Repairs Reserve

The Major Repairs Allowance (MRA) represents the capital cost of keeping the authority's dwelling stock in its current condition. Authorities have the flexibility to spend MRA resources outside of the financial year in which they are allocated, enabling the more efficient planning of works or repayment of debt.

The Major Repairs Reserve (MRR) represents balances carried forward.

31 March 2021		31 March 2022	
£000		£000	
	MRR transfers in year		
(1,874)	From HRA for dwellings depreciation	(1,937)	
-	Difference between MRA and dwellings depreciation	-	
(1,874)	MRA for the year	(1,937)	
(178)	Increase for depreciation of non-dwelling assets	(152)	
1,123	Capital expenditure financed by MRR	2,061	
(2,843)	Balance brought forward	(3,772)	
(3,772)	Balance carried forward	(3,800)	

10. 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 on the HRA is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out via the Movement on the HRA Statement. COVID-19 has had no impact on the HRA in 2021/22 although the on-going impact is an area of particular concern and, as with other areas of the accounts, the impact on pensions and future contribution rates needs to be closely monitored.

The following transactions have been made in the HRA Income and Expenditure Statement and the Movement on the HRA Statement during the year:

2020/21		2021/22	
£000		£000	£000
	HRA		
	<i>Cost of Services:</i>		
339	▪ current service cost		423
	<i>Financing and Investment Income and Expenditure</i>		
606	▪ interest cost	603	
(458)	▪ expected return on scheme assets	(467)	136
	<i>Other operating expenditure</i>		
11	▪ pension administration expenses		11
498	Total Post Employment Benefit Charged to the HRA Income and Expenditure Account		570

Movement in Reserves Statement		
(498)	• reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(570)
	<i>Actual amounts charged against the HRA balance for pensions in the year</i>	
234	• employers' contributions payable to scheme	232

11. Rent Arrears

At 31 March 2022 the HRA rent arrears and the provision in respect of credit losses was:

31 March 2021		31 March 2022	
£000		£000	
943	Arrears at year end		996
742	Allowance for impairment		812
79%	Percentage of provision		82%

The amounts for credit losses are re-assessed each year and adjustments made where necessary. At this stage there is no evidence that COVID-19 is adversely affecting payments and no additional loss for this has therefore been made. This situation is being monitored but until the economy returns to a firmer footing it is difficult to predict what impact there might be.

12. HRA Balance

The financial reserves required by the HRA have been reviewed and a HRA fund balance together with a separate general earmarked reserve has been agreed as the most appropriate method for holding the financial reserves.

The general earmarked reserve will contain the funds available to the HRA for restructuring costs, service development costs, insurance premiums, uninsured losses, one-off items of spend that meet the Reserves and Balances Policy, budget support and budget volatility.

31 March 2021		31 March 2022
£000		£000
(1,000)	HRA fund balance	(1,000)
(4,388)	HRA earmarked reserves	(5,038)

On the 1st February 2022 a new Company called Barrow Forward was formed to operate the Leisure Centre in Barrow. The only shareholder is Barrow Borough Council and in accordance with Standard Accounting practices and rules this company has to be accounted for as a subsidiary of the Council. The effect is that the Company's transactions and financial affairs need to be merged with the Authority's financial transactions and shown as a separate Group Accounts section in the Authority's Statement of Accounts.

The Accounting policies for Barrow Borough Council also apply to the Group Accounts.

The elements of both bodies' accounts that are affected are their assets, liabilities and daily expenditure and income as shown in their Comprehensive Income and Expenditure Statements. The Company, in accordance with Companies House rules, are not preparing accounts for the period 1 February 2022 to 31 March 2022, rather they will be preparing them for a 14 month period up to 31 March 2023. This makes the production of Group Accounts difficult, as all the relevant information is either not available or time consuming to obtain.

In addition the quantum of the financial transactions, assets and liabilities for the 2 month period is such that they have been deemed to be below materiality levels. The net transactions that the authority has evidence of show an estimated excess of expenditure over income of approximately £60k. The only asset the Company has is the Gym equipment (estimated to be £130k) and a bank balance of £151k.

In Summary this is shown as follows:

Deficit on Provision of Services £60k

Balance Sheet

Assets

Gym Equipment £130k

Bank Balance £151k

Liabilities

Reserves and Shareholder interest £281k

The Collection Fund

2020/21				2021/22		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
			Income			
(38,338)	-	(38,338)	Income from Council Tax	(39,944)	-	(39,944)
-	(11,990)	(11,990)	Income collectable from business ratepayers	-	(17,807)	(17,807)
-	704	704	Transitional Protection Payment		337	337
(38,338)	(11,286)	(49,624)	Total Income	(39,944)	(17,470)	(57,414)
			Expenditure			
			<i>Precepts demand & shares:</i>			
-	10,838	10,838	- Central Government	-	10,898	10,898
28,423	2,168	30,591	- Cumbria County Council	29,504	2,179	31,683
4,892	8,834	13,726	- Barrow Borough Council	4,975	8,883	13,858
5,240	-	5,240	- Cumbria Police & Crime Commissioner	5,360	-	5,360
			<i>Charged to the Collection Fund</i>			
(93)	(61)	(154)	- Write off of uncollectable amounts	(16)	-	(16)
624	703	1,327	- Impairment of debts	432	243	675
-	219	219	- Impairment of appeals	-	(120)	(120)
-	90	90	- Costs of collection	-	90	90
39,086	22,791	61,877	Total Expenditure	40,255	22,173	62,428
748	11,505	12,253	(Surplus)/Deficit for the year	311	4,703	5,014

Council Tax	Business Rates	Total	Collection Fund balances	Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
(7)	(71)	(78)	Balance brought forward at 1 April	1,046	10,963	12,009
305	(471)	(166)	Distribution of previous years (surplus)/deficit	(446)	(9,408)	(9,854)
748	11,505	12,253	(Surplus)/Deficit for the year (as above)	311	4,703	5,014
1,046	10,963	12,009	Balance carried forward at 31 March	911	6,258	7,169
			<i>Allocated to</i>			
132	4,385	4,517	- Barrow Borough Council	114	2,503	2,617
772	1,096	1,868	- Cumbria County Council	674	626	1,300
-	5,482	5,482	- Central Government	-	3,129	3,129
142	-	142	- Cumbria Police & Crime Commissioner	123	-	123
1,046	10,963	12,009	Balance carried forward at 31 March	911	6,258	7,169

Notes to the Collection Fund

1. Collection Fund General Note

The Collection Fund is an agent 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 government bodies and the Government of council tax and non-domestic rates.

The authority has a statutory requirement to operate the Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund, therefore, is to isolate the income and expenditure relating to the Council Tax and Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the authority's accounts. The Collection Fund balance sheet meanwhile is incorporated into the authority's Balance Sheet.

The amounts for credit losses shown in the following notes are re-assessed each year and adjustments made where necessary. An assessment has been made of the impact of COVID-19 on credit losses and increased provisions have been made for both Council tax and Business Rates. The situation continues to be monitored but until the economy returns to a firmer footing it is difficult to predict what the final impact will be.

2. Income from Business Ratepayers

The Council collects National Non-Domestic Rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by central Government.

The scheme allows the authority to retain a proportion of the total NNDR received; the authority's share is 40% with the remainder paid to the precepting bodies, central Government (50%) and Cumbria County Council (10%).

The business rates payable for 2021/22 were estimated before the start of the financial year as £10.898m to Central Government, £2.179m to Cumbria County Council and £8.883m to this authority. These sums have been paid in 2021/22 and charged to the collection fund in year.

During 2021/22 the Government continued to pay significant additional Section 31 grants to Councils to recompense them for reduced Business Rate income due to COVID-19. This results in a deficit on the Collection Fund as the grant income is credited to the Councils General Fund. The deficit is recovered in future years and will be partly offset by the earmarked reserve in the General Fund; see Note 9 to the Main Statement.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2022. As such authorities are required to make a provision for these amounts. Appeals are charged and provided for in the proportion of the precepting shares. There was a decrease in the provision charged to the collection fund for 2021/22 that has been calculated at (£120k).

The total non-domestic rateable value at the 31 March 2022 was £54.44m (£54.25m at the 31 March 2021).

The national non-domestic rate multiplier for 2021/22 was 51.2 pence in the pound (51.2 pence in the pound for 2020/21).

A small business rate relief scheme was also introduced on the 1 April 2005 whereby, providing certain conditions are met, occupiers of properties with a rateable value of less than £15k pay a reduced rate of 49.9 pence in the pound (49.9 pence in the pound for 2020/21) and can also qualify for rate relief.

3. Bad and Doubtful Debts

Provision has been made for the potential credit losses of the Collection Fund. The arrears at the year-end together with the aggregate Balance Sheet provision and overall percentage provisions are:

31 March 2021		31 March 2022
£000		£000
	Council Tax	
5,250	Arrears	5,826
2,721	Provision for possible credit losses	3,120
52%	Percentage of provision	54%
	Business ratepayers	
2,173	Arrears	2,326
1,699	Provision for possible credit losses	1,942
78%	Percentage of provision	83%

These balances relate to the total Collection Fund transactions for the year. The council tax and business rate transactions are apportioned between the precepting authorities and form part of the debtor for Cumbria County Council, Cumbria Police and Crime Commissioner and Central Government with the authority's share contained in the relevant Balance Sheet headings. See the General Note above for commentary on the impact of COVID-19.

The Council's share of the balances are:

31 March 2021		31 March 2022
£000		£000
	Council Tax	
656	Arrears	726
340	Provision for possible credit losses	389
52%	Percentage of provision	54%
	Business ratepayers	
869	Arrears	930
680	Provision for possible credit losses	776
78%	Percentage of provision	83%

4. Cumbria Business Rates Pool

From 1 April 2014, the authority participated in the Cumbria Business Rates Pool. The pool consists of Barrow Borough Council, Cumbria County Council, Carlisle City Council, Allerdale Borough Council, Copeland Borough Council, Eden District Council and South Lakeland District Council. The levy for 2021/22 is paid into the Cumbria Business Rates Pool and together the members share the levy and it is redistributed. Without the Pool the levy would be paid to DCLG and not retained in the area.

The total estimated amount of retained growth kept by the Pool in 2021/22 is £7.3m. The retained levy for the authority paid into the pool was £206k and the distribution of the retained levy to the authority was £138k, these are shown within the Comprehensive Income and Expenditure Statement.

5. Council Tax Base

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into valuation bands for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken by the authority for the forthcoming year and dividing this by the Council Tax base.

The Council Tax base is the number of properties against which the Council Tax can be collected. All properties on the valuation list are split into eight bands, A to H, and each band is given a standard factor to convert it to a band D equivalent. The total of the band D equivalent, net of discounts and adjustments, is then multiplied by an assumed collection rate to give the tax base for the area.

The Council Tax base for 2021/22 was 19,695 (19,731 for 2020/21). The tax base for 2021/22 was approved by Council on 25 February 2021. The collection rate was assumed to be 99% for 2021/22 (99% in 2020/21). The Council Tax base for the year was set as:

2020/21 Band D equivalent number of chargeable dwellings	Band	Standard factor	2021/22 Band D equivalent number of chargeable dwellings
20	Disabled reductions		21
8,789	A	6/9	8,734
3,614	B	7/9	3,591
3,738	C	8/9	3,730
2,164	D	9/9	2,192
1,170	E	11/9	1,196
320	F	13/9	321
109	G	15/9	101
6	H	18/9	8
19,930	Equivalent chargeable dwellings		19,894
19,731	2020/21 99% 2021/22 99% of which gives the Council Tax base		19,695

The total of the precepts and demands on the collection fund is divided by the tax base to arrive at the band D Council Tax, and by applying the standard factor to each band the tax figures are calculated. The following table contains the council tax bandings for the main preceptors for 2021/22.

2020/21 Council Tax £	Band	Property value	2021/22 Council Tax £
1,297.70	A	Up to £39,999	1,343.74
1,514.00	B	£40,000 to £51,999	1,567.70
1,730.27	C	£52,000 to £67,999	1,791.65
1,946.56	D	£68,000 to £87,999	2,015.61
2,379.12	E	£88,000 to £119,999	2,463.52
2,811.70	F	£120,000 to £159,999	2,911.44
3,244.26	G	£160,000 to £319,999	3,359.35
3,893.12	H	£320,000 and over	4,031.22

Resources Division

Corporate management
Democratic representation and management
Corporate Support
Non distributed costs
Cost of collection
Council Tax Support
Emergency planning
General grants
Registration of electors and elections
Parish precepts
Barrow BID
KOFAC
Coastal Communities Fund
Housing Benefits
Homelessness

Housing Revenue Account

HRA Income
HRA Administration
HRA Estates
Property Inspectors
RTB Administration
Leaseholder Flats
Housing Shops
Community Involvement
Mobile Caretakers
Homeless Families & Dispersed
Accommodation
Warden Services
Communal Rooms

Central Services

Finance Department
Information technology
Legal
HR
Technical support
Barrow Town Hall
Democratic services
Office support - admin
Customer services
Internal audit
Town Hall Stewards
Community services management

Community Services Division

Dock museum
The Forum
Sports development and community recreation
The park leisure centre
Barrow park
Parks and open spaces
Playground
Allotments
Cemeteries
Crematorium
Kennels
Public conveniences
Street cleansing
Streetscene unit
Waste collection & Recycling
The Markets
Off street car parking

Regeneration & the Built Environment

Local land charges
Coast protection
Public Protection
Community Safety
Building control
Work in default
Development control
Planning
Regeneration
The mall and shops
Estates management
Commercial properties
Street fittings
Footpath lighting
Housing renewal administration
Housing market renewal team
Cluster Empty Homes
Track and Trace
Heritage Action Zone
Marina Village
Low Carbon Barrow
Town Deal

Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.

Accruals Basis

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

Actuarial Gains and Losses (Pensions)

Actuarial gains and losses are changes in the present value of defined benefit obligations resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the method of allocating the cost of an intangible asset over its useful life.

Asset

An asset is a resource controlled by the authority as a result of past events and from which future economic or service potential is expected to flow to the authority.

Asset register

A detailed listing of land, buildings, vehicles and major items of plant and equipment (assets). Asset registers are an important record of the authority's ownership of major items, including land and buildings. They are also a useful basis for arranging appropriate insurance cover and substantiating insurance claims in the event of fire, theft or other loss.

Audit of Financial Statements

An audit is an examination by an independent expert of the authority's financial affairs to check that the relevant, legal obligations and codes of practice have been followed.

Balance Sheet

The Balance Sheet shows the value of all assets and liabilities recognised by the authority as at the Balance Sheet date.

Budget

The budget expresses the authority's service delivery plans and capital programme in monetary terms.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction and enhancement of those assets under statutory provision.

Capital contributions

Capital contributions are sums contributed by external persons and bodies towards the cost of capital schemes to be carried out by the authority.

Capital expenditure

Capital expenditure is expenditure on the acquisition of an asset that will be used to provide services beyond the reporting period or expenditure which adds to and not merely maintains the value of an existing fixed asset

Capital Financing Requirement

The capital financing requirement is the capital investment funded from borrowing which has yet to be repaid

Capital programme

The capital programme is a financial summary of the capital projects that the authority intends to carry out over a specified period of time. It also provides estimates of the capital resources available to finance the programme.

Capital receipt

A capital receipt is the proceeds from the sale of an asset. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be utilized to finance capital expenditure.

Capital Receipts Reserve

The capital receipts reserve holds the proceeds of non current assets sales available to meet future capital investment. These capital receipts are held in this reserve until such time they are used to finance capital expenditure.

Capital resources

The resources earmarked either by statute or by the authority to meet the cost of capital expenditure instead of charging the cost directly to revenue. The definition covers borrowing, capital receipts, and grants and contributions from external persons and bodies given for capital purposes. The authority may also contribute revenue resources to the financing of capital expenditure, and for as long as these are included in the capital programme; they are regarded similarly as capital resources.

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of the authority during the reporting period.

Collection Fund

The Collection Fund is a separate fund recording the expenditure and income relating to council tax and non domestic rates.

Collection Fund Adjustment Account

The collection fund adjustment account is used specifically to manage the accounting processes for council tax and non domestic rates.

Community Asset

Community assets are assets that the 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 not used for operational purposes.

Comprehensive Income and Expenditure Account

The Comprehensive Income and Expenditure Account 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.

Contingent Asset

A contingent asset is an asset that may be received but only if a future event occurs that is not under the control of the authority.

Contingent Liability

A contingent liability is a potential liability that depends on the occurrence or non-occurrence of one or more uncertain future events.

Corporate and Democratic Core

The corporate and democratic core comprises costs relating to member representation and associated governance activities together with the costs of corporate management that provide the infrastructure that allows services to be provided. The costs of these activities are thus over and above those which would be incurred by a service of independent, single purpose, nominated bodies managing the same services.

Creditors

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

Current Asset

A current asset is an asset that is intended to be sold within the normal operating cycle: the asset is held primarily for the purpose of trading or the authority expects to realise the asset within 12 months after the reporting date.

Debtors

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

Deferred Liability

A deferred liability is a sum of money that is either not payable until some point after the next reporting period or is paid over a number of reporting periods.

Depreciated Replacement Cost (DRC)

Depreciated replacement cost is a method of valuation which provides the current cost of replacing the asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimization.

Depreciation

Depreciation is the method of allocating the cost of a tangible asset over its useful life.

Donated Asset

A donated asset is an asset transferred at nil value or acquired at less than fair value.

Earmarked Reserves

Earmarked reserves are to be used to meet specific, known or predicted future expenditure.

Employee Benefits

Employee benefits are all forms of consideration given by the authority in exchange for services rendered by employees or for the termination of employment.

Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statements are 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 (adjusting events after the reporting period)
- those that are indicative of conditions that arose after the reporting period (non adjusting events after the reporting period).

Exceptional Items

Exceptional items are 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.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not be eventually transferred.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a specific accounting mechanism to reconcile the different rates at which gains and losses are recognized under proper accounting practices for borrowing and investments and are required by statute to be met from the general fund balance.

Financial Regulations

That part of the Constitution which provides an approved framework for the proper financial management of the authority.

General Fund

The revenue fund of the authority covering day-to-day expenditure and income on all services except those covered by the Housing Revenue Account. The net cost on this account is met by Government Support and Council Tax.

Government Grants

Government grants are grants made by the government towards either revenue or capital expenditure to support the cost of the provision of the authority's services. These grants may be directed towards the cost of particular schemes or used to support the revenue spend of the authority.

Grants and Contributions

Grants and contributions are assistance in the form of transfer of resources to an authority in return for past or future compliance with certain conditions relating to the operation of activities. They exclude those forms of assistance which cannot reasonably have a value placed upon them and transactions with organisations which cannot be distinguished from the normal service transactions of the authority.

Heritage Asset

A heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture. With regard to intangible assets, a heritage intangible asset is one with cultural, environmental or historical significance.

Housing Benefits

Housing benefits is a national system of financial assistance to individuals towards certain housing costs. Housing benefits is administered by the authority and subsidised by central government.

Housing Revenue Account (HRA)

The revenue account covering day-to-day expenditure and income arising from the provision of local authority housing. The expenditure and income credits are defined in statute and any balance on the account is only available for spending on the housing stock. Activities relating to the strategic housing function, as opposed to the landlord function for the authority's own housing stock, are accounted for in the General Fund outside of the Housing Revenue Account.

Impairment Loss

An impairment loss is an amount by which the carrying amount of an asset exceeds its recoverable amount.

Intangible Asset

An intangible asset is an identifiable non monetary asset without physical substance. It must be controlled by the authority as a result of past events and future economic or service benefits must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.

International Accounting Standards (IAS)

International Accounting Standards are standards for the preparation and presentation of financial statements.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that the authority's accounts present fairly the financial positions of the authority.

Investing Activities

Investing activities are activities relating to the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Inventory

A detailed listing of all goods, materials, furniture and equipment in the ownership or use of a particular service, other than those held in stocks and stores records. Inventories are normally maintained in sufficient detail as to description, location, age, value etc. to enable any material loss arising from a fire, theft or other event to be identified and to support any insurance claim.

Investment Strategy

A statement of policies for determining the type, value and length of investments that the authority will use to place its surplus funds and also for determining appropriate third parties with whom these investments will be placed.

Item 8 Credit and Debit (General) Determination

This refers to the actual charges for capital in the HRA. A general determination of the Item 8 debit and credit is issued for 2012/13 onwards and was revised with effect from 1 April 2017. It is based on notional debt and interest calculated in accordance with the requirement of the determination.

Lease

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Liability

These are amounts due to individuals or organisations which will have to be paid at some time in the future.

Major Repairs Reserve

The Major Repairs Reserve controls the element of the capital resources required to be used on HRA assets or for capital financing purposes. The reserve is credited with an amount equivalent to the total depreciation charges for all HRA assets and future capital expenditure on those assets.

Material

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends

on the nature and size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

Members' Allowances

A scheme of payments to elected Members of the Council in recognition of the duties and responsibilities assumed by them.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged each year in order to provide for the repayment of loans and other amounts borrowed by the authority.

Ministry of Housing, Communities and Local Government (MHCLG)

A Department of Central Government with an overriding responsibility for determining the allocation of general resources to Local Authorities.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves and other reserves.

Non Current Asset

A non current asset is an asset that does not meet the definition of a current asset and has a long term benefit to the authority.

Non Domestic Rates (NDR)

NDR is a scheme for collecting contributions from business towards the cost of local government services. Each business has a rateable value. The Government determines how much a business has to pay per £ of rateable value.

Operating Activities

Operating activities are the activities of the authority that are not investing or financing activities

Pension Reserve

The Pensions Reserve is a specific accounting mechanism used to reconcile the payment made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the authority's recognized liability under IAS 19 "Employee Benefits" for the same period. A transfer is made to or from the Pensions Reserve to ensure that the charge to the General Fund balance reflects the amount to be raised in taxation. The reserve normally is at the same level as the pension liability carried on the top half of the Balance Sheet.

Precept

The amount that the authority and certain other public authorities providing services within the Barrow Borough area require to be paid from the Collection Fund to meet the cost of their services.

Provision

A provision is a liability of uncertain timing or amount.

Prudential Indicators

The Prudential Indicators are designed to support and record local decision making regarding capital investment. The CIPFA 'Prudential Code for Capital Finance in Local Authorities' requires each local authority to agree and monitor mandatory prudential indicators.

Related Party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions or if the related party entity and another entity are subject to common control. Related parties include:

- an entity that has an interest in the authority that gives it significant influence over the authority
- key management personnel, and close family members of key management personnel.

Reporting Period

The reporting period is the length of time covered by the financial statements.

Reserves

Accumulated surplus income in excess of expenditure. Reserves are available at the discretion of the authority to meet items of expenditure in future years, and may be earmarked or held for general purposes.

Revaluation Reserve

The revaluation reserve records the unrealised revaluation gains arising from holding non current assets. The reserve increases when assets are revalued upwards, and decreases when assets are revalued downwards or are disposed of or as assets are depreciated.

Revenue Expenditure

Revenue expenditure is the day-to-day running costs relating to the reporting period.

Revenue Expenditure Funded from Capital under Statute (REFFCUS)

Revenue expenditure funded from capital under statute is revenue expenditure incurred that may be funded from capital resources under statutory provisions but does not result in the creation of non current assets. Items generally include grants, advances and financial assistance to others, cost of stock issues, expenditure on property not owned by the authority and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003 by the Secretary of State.

Risk

Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted action, event or occurrence.

Risk management

Risk management is the adoption of a planned and systematic approach to the identification, evaluation and management of risk.

Statement of Accounts

The authority's annual statement on its financial position for the year ending the 31 March. The report is required to be in a prescribed format and is subject to independent review.

Tangible Asset

A tangible asset is one that has physical structure.

Treasury Management

Treasury management is the management of the authority's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks. It includes the setting of and monitoring compliance with the Prudential Indicators.

Trust Funds

Trust Funds are funds administered by the authority on behalf of charitable organisations and/or specific organisations.

Usable and Unusable Reserves

Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are those that are maintained for statutory accounting purposes.

Voluntary Revenue Provision (VRP)

VRP is the amount by which the authority makes voluntary provision for the repayment of loans and other amounts borrowed by the authority.

Write off

The action taken to charge to the authority the amount due from some external party which has been found to be irrecoverable from that party. Whilst the sum remains due to the authority in law, it will no longer be shown as outstanding in the authority's accounts.