

Unaudited Statement of Accounts 2022/23

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1. Introduction

The Statement of Accounts summarises the Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 is both backward looking, reflecting the 2022/23 financial year, and forward looking, considering the risks and issues that the successor authority, Westmorland and Furness Council, will face in forthcoming years. Consequently wording throughout this Statement that refers to Barrow Borough Council (the Authority) means Westmorland and Furness Council where appropriate.

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 the Westmorland and Furness 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) was 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 was bordered by Morecambe Bay, the Duddon Estuary and the Irish Sea. It was the smallest geographic district in the County at just under 78 km² but was the most densely populated with 865 people per km² at the 2021 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 included 274 listed buildings, including 8 Grade I buildings of exceptional interest, including the medieval Furness Abbey and Piel Castle.

Barrow was 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 were primarily in council tax band A at 58%, with 31% in bands B and C, and 11% in bands D to F.

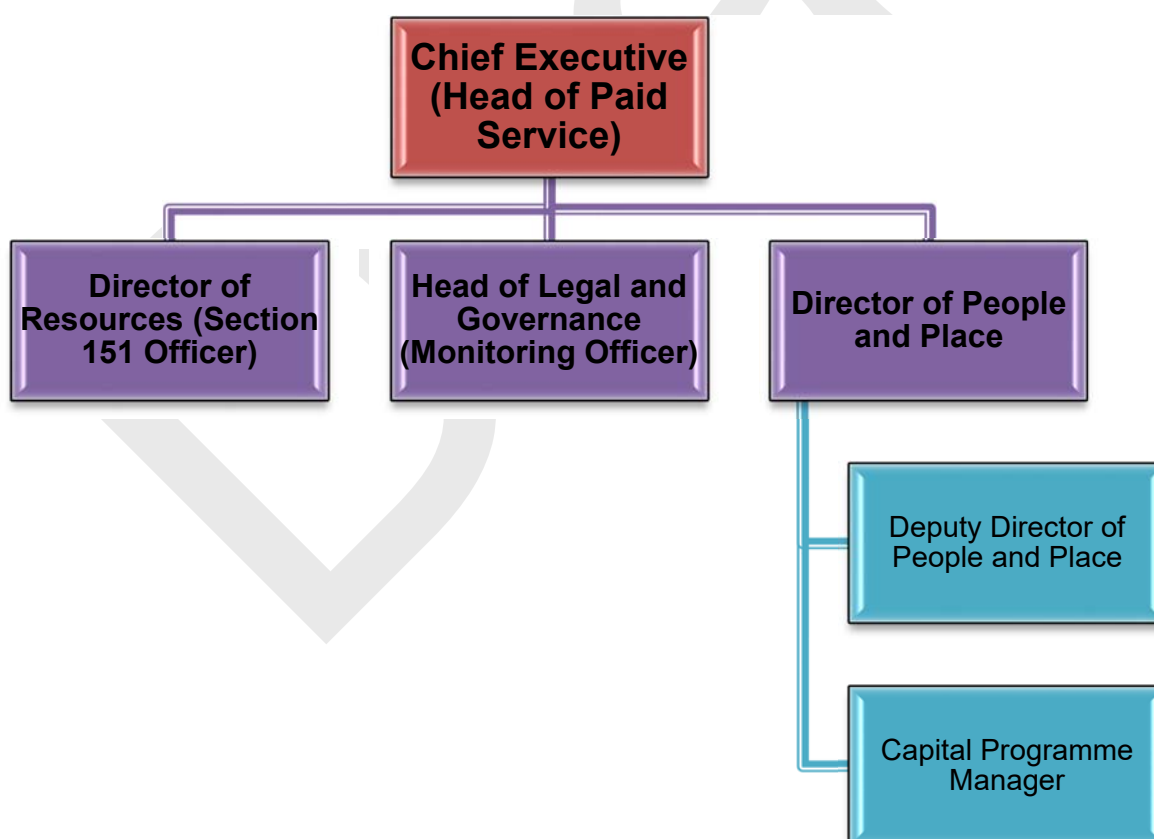
Urban regeneration has been a major project in Barrow since the 1980s with developments on various former industrial sites in the centre of Barrow, including the dry dock, the Barrow Jute Works and Barrow Steel Works. Barrow's most popular free-entry tourist attraction is the Dock Museum, built upon 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 comprised 36 elected Councillors and was responsible for taking all decisions, but to make this manageable it gave 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 was 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 chose to deliver leisure, economic development and regeneration services. All services were 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 comprised 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 included the Deputy Director of People and Place, and the Capital Programme Manager:



3. Corporate Aims and Achievements

The Authority delivered services to people who live in, work in and visit the Borough. The Authority had an overarching Council Plan which set the focus for the priorities and direction for the use of the available resources. This was enhanced with the Growing Forward report which contained the response to the COVID-19 pandemic and was intended to capture the benefits and opportunities that the experience had 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 set out the framework within which the Authority conducted its business and affairs, and was based on the principles of good governance. The Authority produced an Annual Governance Statement with the Statement of Accounts which reported 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 maintained a financially stable position, demonstrated value for money, good governance, transparency and had established values and behaviours. The Authority 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. COVID-19

The grant programmes initiated nationally in response to COVID-19 and the subsequent recovery, ended in 2021/22 and no grants were distributed in 2022/23. During 2022/23 the reconciliation process was completed and the excess grant funding was repaid to government. The grant repayments were met by the amounts accrued at the 31 March 2022.

In terms of the Authority's own finances there are no significant ongoing impacts from COVID-19.

The accounting for the Collection Fund results in the annual results being distributed over more than one year. Additional Business Rate reliefs were awarded as part of the national COVID-19 financial package, and the Authority received government grant to compensate for the deficit caused by reduced payments. The deficits are distributed over several years and the associated grants are held in Earmarked Reserves and released to revenue to match the deficit. There is no impact on the General Fund result.

5. Service Performance

The Authority received the majority of its funding from taxation - Council Tax of £5.1m and Business Rates £8.1m. 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 relied heavily on income from fees and charges and rental income from its commercial asset portfolio. These provided 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 2022/23 the Council was able to utilise all resources (financial and non-financial) to deliver the services it provided. 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 delivered the outcomes and value planned when the budget was set in line with the Council Plan priorities. The Authority used 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.

2021/22	Description	2022/23	Target
73.86%	Planning decisions determined within set timescale: <ul style="list-style-type: none"> major applications other applications 	100.00%	60%
74.26%		84.50%	70%
23,742	Forum theatre attendance	43,999	N/A
100%	Playground maintenance inspections	100%	100%
73.0%	Waste containers delivered within 7 working days	55.8%	100%
0.11%	Assisted list waste collections missed	0.63%	0%
67.0%	Fly tips collected within 1 working day of being reported	33.25%	100%
104	Number of disabled facilities grants awarded	177	N/A
30 Days	Average time to process new housing benefit claims	35.7 days	N/A
5 Days	Average time to process housing benefit claims changes	7.2 days	N/A
4.53%	Percentage of missed waste or recycling collections	0.06%	0%
28.20%	Percentage of household waste sent for recycling	37.57%	N/A
64%	Corporate complaints dealt with within timescale	80%	90%
93.35%	Council tax collected	95.97%	96.40%
97.94%	Business rates collected	98.89%	98.30%
9.15 Days	Long term sickness averaged per employee	9.31 days	7.36
2.40 Days	Short term sickness averaged per employee	2.98 days	2.26

The Revenues and Benefits Department performance indicators were impacted by the delivery of the Energy Rebate Scheme; £4.51m distributed to over 30,000 households as the government's agent, and £0.16m distributed to over 1,300 households as the principal with a local scheme.

6. The Financial Headlines

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

- The General Fund made a net withdrawal from reserves of £4.219m.
- The Housing Revenue Account is balanced with a net contribution to reserves of £327k; see paragraph 9.
- The Authority's share of the Collection Fund for 2022/23 was a surplus of £58k for Council Tax and a deficit of £232k for Business Rates; see paragraph 13.
- The Authority's net worth increased from £124.8m to £163.8m; see paragraph 7.
- Usable reserves have reduced by £1.7m to at £31.1m; see paragraphs 9 and 10 and the Movement in Reserves Statement page 20.
- Capital investment of £7.793m was delivered through the capital programme for 2022/23; see paragraph 11.

7. Net Assets of the Authority

The Authority had net assets of £163.8m; 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 £124.8m to £163.8m is attributable to the increase in the value of property, plant, equipment and heritage assets +£3.9m, the change in the value of other long term pension liabilities of +£33.2m; the decrease in short term investments and cash of -£9.4m; the decrease in long term borrowing of +£1m; and the change in debtors and creditors of +£9.8m.

8. General Fund Outturn

The General Fund budget for 2022/23 was originally approved by Full Council on the 24 February 2022 as £8.842m. The estimated movement in reserves for 2022/23 was a reduction of £2.578m at the time the budget was set.

The budgeted total financing is shown in the following table and excludes the £2.34m prior year Collection Fund deficits which were funded from specific government grants, making the total £11.18m:

Source	Net Budget	
Council Tax	£5.13m	46%
Business Rate Retention	£4.27m	38%
Government Grants	£1.78m	16%
Total	£11.18m	

The net expenditure was split between the reporting divisions shown in the following table; other corporate amounts are excluded at £1.06m, making the total of £10.12m:

Division	Net Budget
Resources & Governance	£3.54m
Operational Services for the Public	£4.50m
Regeneration & Development	£0.94m
Management of non-venue property assets	(£1.08m)
Support Services	£2.22m
Total	£10.12m

The other corporate amounts include treasury, pension funding, technical accounting and reserves.

The actual outturn for 2022/23 shows a reduction in the General Fund reserves of £4.219m. 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 £4.276m of earmarked reserves were used as planned and in accordance with matters reported to the Executive Committee for 2022/23. An unplanned £0.057m was added to reserves as the net of service expenditure and income for 2022/23 and set aside to mitigate budget pressures.

Details of the movements in earmarked reserves were presented to the Westmorland and Furness Council Cabinet on 11 July 2023. The earmarked reserves are contained in Note 8.

Recurring savings and reductions are taken into account when setting the budget for future years and for review in the current year 2023/24. The 2023/24 General Fund budget was prepared in December 2022 and incorporated some of the reductions and pressures identified as part of the outturn comparison. Key areas of the outturn comparison for 2022/23 will be reassessed against the 2023/24 budget.

The Expenditure and Funding Analysis in the Notes to the Accounts (Note 6) 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 overspends by division. Some items do not recur such as employee costs where posts have been subsequently recruited or deleted, but all variances are reviewed.

Division	Over (Under) Budget	Employee Costs	Supplies & Services	Property Costs	External Income	Housing Benefits	Other Items
Management of non venue property assets	9	5	18	(34)	20	-	-
Regeneration & Development	10	21	(15)	-	9	-	(5)
Resources & Governance	6	(5)	(76)	-	(64)	151	-
Operational Services for the Public	(5)	19	34	(3)	(55)	-	-
Support Services	(73)	(141)	23	48	(14)	-	11
Treasury Management	(1)	-	-	-	-	-	(1)
Financing	(3)	-	-	-	-	-	(3)
Contribution to/(from) reserves	57	-	-	-	-	-	57
Total	-	(101)	(16)	11	(104)	151	59

The variance by division was presented to the Westmorland and Furness Council Cabinet on the 11 July 2023.

9. Housing Revenue Account Outturn

The original Housing Revenue Account budget was approved by Full Council on the 24 February 2022 as a balanced budget; the income matching the expenditure forecast including the use of £0.078m from reserves.

The actual outturn for the Housing Revenue Account resulted in a balanced account after a contribution to reserves of £0.327m for ongoing dwelling maintenance and repair.

10. Revenue and Balances

The Authority held the following General Fund financial reserves during 2022/23:

1 April 2022		31 March 2023
£000		£000
2,300	General Fund balance	2,300
384	Local Government Reorganisation	88
1,650	Transformation reserve	743
1,017	Renewals reserve	959
101	Insurance reserve	96
845	Losses reserve	786
4,026	Budget contingency reserve	1,644
715	Covid Grants	426
480	Welfare support reserve	113
544	Earmarked revenue grants	688
12,062		7,843

Details of the movements in earmarked reserves were presented to the Westmorland and Furness Council Cabinet on the 11 July 2023. The earmarked reserves are contained in Note 8.

The Authority held the following Housing Revenue Account financial reserves during 2022/23:

1 April 2022		31 March 2023
£000		£000
1,000	Housing Revenue Account Balance	1,000
3,799	Major repairs reserve	3,763
5,038	General reserve	4,710
9,837		9,473

11. Capital Expenditure and Financing

During 2022/23 the Authority's capital expenditure was £7.793m:

Investment	Expenditure	Source	Financing
	£000		£000
Public sector housing	2,200	Major repairs reserve	(2,200)
Private sector housing	1,101	Reserves/revenue	(1,097)
Public buildings/properties	240	Capital grants	(4,087)
Other public assets	1,090	Capital receipts	(409)
Public Realm	3,162		
Programme	7,793	Financing	(7,793)

The movement in capital receipts and grants held and unapplied at the 31 March 2023 are:

- Capital receipts
 - At 1 April 2022 £3.22m
 - Plus usable receipts of £1.56m from:
 - Repaid Cluster of Empty Homes loans
 - 25 dwellings under the Right to Buy
 - Less receipts used in financing and payments to the Pool in 2022/23 £0.95m
 - At 31 March 2023 £3.83m
- Capital grants
 - At 1 April 2022 £7.69m
 - Plus grants of £6.36m from:
 - Disabled Facilities Grant
 - Low Carbon and Town Deal
 - Less grants used in financing in 2022/23 of £4.09m
 - At 31 March 2023 £9.96m

12. Treasury Management

The Authority managed its cash and investments in-house during 2022/23. As at 31 March 2023, £29.5m of investments and cash of £2.1m were managed in-house. The Authority had 18 Public Works Loan Board (PWLB) loans outstanding at 31 March 2023; 13 of these, £11.1m, relate to the Housing Revenue Account self-financing settlement. The balance outstanding is £33.5m; in total, £20.1m belonging to the Housing Revenue Account and £13.4m to the General Fund. One loan is repayable in 2023/24; £1m. The authorised limit for borrowing in 2022/23 was £54.9m and this was not breached. These items complied with the Authority's Treasury Management Strategy for 2022/23, which was approved by Full Council on 24 February 2022.

13. Collection Fund

The Collection Fund showed a net deficit for 2022/23 of £0.113m, made up of a surplus on council tax of £0.468m and a deficit on NNDR of £0.581m. The council tax surplus is distributed across 2023/24 to 2024/25 to Cumbria County Council (and the successor authorities), the Police and Crime Commissioner for Cumbria; and the General Fund share is £58k. The NNDR deficit will be recovered across 2023/24 to 2024/25 from central government, Cumbria County Council (and the successor authorities); and the General Fund share is £0.232m. These distributions are dealt with by precepting arrangements.

The accumulated amounts held at the 31 March 2023 for the Authority are:

- £0.026m surplus for council tax; and
- £0.478m 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 was 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 was 40%, the County share 10%, and the remainder was 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

On 10 October 2022 the Authority took back in house the delivery of the waste collection service along with the relevant vehicles and pension liabilities. It also acquired new vehicles to deliver the service.

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 was a member of the Cumbria Local Government Pension Scheme Fund. As part of the on-going administration of the Fund there has been a triennial review which has up-dated all the base information and assumptions used in preparing the Accounts and estimates for the future. At 31 March 2023, the actuarial valuation showed a net asset of £9.2m (2021/22 deficit of £23.7m). This is explained in detail in Note 35 to the accounting statements. Part of the Authority's employer contributions to the Fund was to recover the previous deficit. The deficit/turned surplus on the pension scheme has varied substantially in recent years and reflects the volatile nature of financial markets and the triennial review. The surplus at 31 March 2023 was £9.2m, a change of £32.9m during 2022/23.

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 2022/23 the Authority incurred a significant amount of capital expenditure and received significant receipts to meet it. This is reflected in 11 above. The Authority acted as an agent for government in distributing £4.5m of energy rebates, the grants do not appear in the financial statements.

Waste Management

The contract for the provision of the Authority's waste, recycling and street cleansing services came to a mutually agreed early end. The Authority directly delivered these services with effect from 10 October 2022. The financial impacts for 2022/23 included capital costs of £0.811m funded from reserves and capital resources. One-off revenue transition costs and increased running costs of £0.511m funded from existing reserves and provisions. The Medium Term Financial Plan for Westmorland and Furness Council 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.

19. Accounting Policies

The Authority's accounting policies are explained fully in the first note to the main accounting statements (pages 24 to 37).

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 2023.

21. Material Events After the Accounting Date

The Statement of Accounts was authorised for issue by the Director of Resources on the 10 July 2023. 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 2023 have occurred their impact should be shown in the Statement. No such events have been identified.

Demise of the organisation

Given local government reorganisation Barrow-in-Furness Borough Council ceased to exist on 31 March 2023. The assets and liabilities of this Council transferred to the new Westmorland and Furness Council on 1 April 2023 and there will be continuation of service delivery between this Council and the new Council.

Local Government Reorganisation identified an east, west split for the county of Cumbria, creating two unitary authorities. The vesting date was 1 April 2023. 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.

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 took a number of major steps to ensure it and the new Authority remained 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 participated in the Government consultation on the fairer funding review and business rate retention review.
- The Authority was part of the Cumbria Local Enterprise Partnership and was 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 chose to react positively to the financial challenges by taking the opportunity to do things differently. The broad strategy was 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 were immaterial within the limits which the Authority worked to and as outlined by the auditor, the financial statements for 2021/22 did not include a full set of group accounts. The 2022/23 accounts however include full group accounts.
- The waste management service was taken back in house during the year and is dealt with under paragraph 18 above.

At the end of 2022/23 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 new Authority and required to address any unexpected spending pressures and to cushion any cash flow impacts. The Authority's ability to replenish its reserves was 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 impact of reduced economic activity.

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 was much reduced from previous years and was financed to limit the on-going costs of borrowing on the General Fund revenue account. During 2022/23 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 the Executive Committee on the 8 March 2023; several projects were re-profiled during 2022/23. For the financial years 2023/24 to 2025/26, the programme includes projects where the Authority is the Accountable Body and contains:

Investment	Expenditure	Source	Financing
	£m		£m
Public sector housing	4.3	Major repairs reserve	4.3
Private sector housing	6.7	Reserves/revenue	0.7
Public buildings/properties	1.6	Capital grants	40.2
Regeneration	36.6	Capital receipts	3.9
Programme	49.2	Financing	49.2

In terms of treasury management and cash flow, the interest payable on external borrowing in 2022/23 was £1.3m; there are small annual reductions in this amount for loans that are maturing. The cash flow has reduced by £6.2m to £2.1m at the 31 March 2023; the cash flow is split between investing (capital and treasury), financing and operating activities on page 22. There is no indication that any new borrowing will be required in the medium term.

23. Key Risks

The Council maintained a Corporate Risk Register which was 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 not having effective procurement and contract management.
- 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 recognised its responsibility to achieve value for money in service delivery and sought to incorporate the principles of economy, efficiency and effectiveness, in delivering services by taking account of costs, quality of services and local context.

Improvements identified during the 2021/22 annual audit and actions to address the areas of concern have been implemented across 2022 and 2023.

25. Workforce

The Authority's establishment consisted of 264 posts; 216 in the General Fund and 48 in the Housing Revenue Account. The posts were worked by 229.6 full time equivalent (FTE) staff; 186.2 FTE in the General Fund and 43.4 FTE in the Housing Revenue Account:

	Headcount	FTE
Resources	54	48.2
Operational services for the public	66	51.6
Regeneration and the Built Environment	35	31.4
Housing Revenue Account	48	43.4
Management of non venue property assets	3	3.0
Central Services	58	52.0

The Authority recognised the value and importance of the workforce and worked 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 was 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 2022/23 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 17) 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 18) – 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 19 to 20) – 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 21) - 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 22) – 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.

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- **Notes to the Main Accounting Statements** (pages 24 to 79) – these include a summary of the significant accounting policies and other explanatory information.
- **Housing Revenue Account and Notes** (pages 80 to 85) – 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** (pages 86 to 104) – this reflects the ownership of Barrow Forward, a subsidiary of the Authority from 1 February 2022.
- **Collection Fund and Notes** (pages 105 to 108) – 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

The Section 151 Officer for Barrow Borough Council considered the level of reserves and balances held to be adequate when considered against the liabilities, the realisation of the Medium Term Financial Plan assumptions and the financial settlement from the Government.

The reserves and balances were aggregated into the Westmorland and Furness Council 2023/24 budget setting and Medium Term Financial Plan. The Section 151 Officer for Westmorland and Furness Council confirmed that the aggregated level of reserves is adequate but should be at least maintained if not increased over the coming financial years in recognition of the potential for further financial risks to emerge as the new Council is established and services harmonised and integrated.

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 was 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 are charged to revenue apart from Council dwellings which are 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

The production of this Statement of Accounts has been challenging with the additional work to ensure a smooth transition through Local Government Reorganisation.

My role as Barrow Borough Council's Section 151 Officer ensured the Authority's financial affairs were properly administered, and its financial position remained stable and robust. This role has passed on to the Director of Resources (Section 151 Officer) for Westmorland and Furness Council from 1 April 2023.

Looking ahead for Westmorland and Furness Council financial resilience remains a key priority. Funding will continue to be a major influence and there is a risk that local government finances may reduce further in upcoming years.

I would like to take this opportunity to acknowledge the hard work involved in completing the Statement of Accounts and to record my thanks to all the officers who have contributed, particularly the Finance Team.

Susan Roberts CPFA, ACMA
Section 151 Officer for Barrow Borough Council

The Authority's Responsibilities

The Authority was required to:

- Make arrangements for the proper administration of its financial affairs to secure that one of its officers had the responsibility for the administration of those affairs. In this Authority, that officer was 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 was 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 2022/23 and of its expenditure and income for the year ended 31 March 2023.

Pam Duke
Director of Resources
Section 151 Officer
10 July 2023

Comprehensive Income and Expenditure Statement

A new reporting structure was introduced from 1 April 2022 that is reflected in the 2022/23 Statement and notes and also in the 2021/22 comparator information. This also feeds through to several notes in the following pages.

2021/22					2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
17,960	(17,263)	697	Resources		20,297	(15,837)	4,461
11,200	(4,315)	6,885	Operational Services for the Public		12,351	(5,471)	6,880
8,853	(3,524)	5,329	Regeneration and the Built environment		5,760	(3,897)	1,863
(2,334)	(11,393)	(13,727)	Housing Revenue Account		10,608	(12,577)	(1,969)
2,342	(108)	2,234	Management of non venue property assets		1,584	(1,563)	20
3,047	(4)	3,043	Central Services		3,603	(74)	3,529
41,068	(36,607)	4,461	Cost of Services		54,203	(39,419)	14,784
493	(162)	331	Other operating expenditure	9	747	(312)	435
4,160	(2,268)	1,892	Financing and Investment Income and Expenditure	10	5,071	(3,755)	1,316
5,740	(21,596)	(15,856)	Taxation and Non-Specific Grant Income	11	5,443	(21,291)	(15,848)
51,461	(60,633)	(9,172)	(Surplus) or Deficit on Provision of Services		65,464	(64,777)	687
16,847	-	16,847	(Surplus) or Deficit on revaluation of Non-Current Assets		-	(4,833)	(4,833)
	(8,470)	(8,470)	Remeasurements of the net defined benefit liability/(asset)		-	(34,887)	(34,887)
16,847	(8,470)	8,377	Other Comprehensive Income and Expenditure		0	(39,720)	(39,720)
68,308	(69,103)	(795)	Total Comprehensive Income and Expenditure		65,464	(104,497)	(39,033)

Movement in Reserves Statement

	Reserves held for revenue purposes		Reserves held for capital purposes					
2021/22	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£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 7)	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 8)	-	-	-	-	-	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)

Movement in Reserves Statement

	Reserves held for revenue purposes		Reserves held for capital purposes					
2022/23	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022 brought forward	(12,063)	(6,038)	(3,798)	(3,219)	(7,688)	(32,806)	(91,999)	(124,805)
Movement in Reserves during 2022/23								
(Surplus) or deficit on the provision of services	1,663	(976)	-	-	-	687	-	687
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(39,720)	(39,720)
Total Comprehensive Income and Expenditure	1,663	(976)	0	0	0	687	(39,720)	(39,033)
Adjustments between accounting basis & funding basis under regulations (Note 7)	2,556	1,304	35	(609)	(2,276)	1,009	(1,009)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	4,219	328	35	(609)	(2,276)	1,696	(40,729)	(39,033)
Transfers to/(from) Earmarked Reserves (Note 8)	-	-	-	-	-	0	-	0
(Increase) / Decrease in 2022/23	4,219	328	35	(609)	(2,276)	1,696	(40,729)	(39,033)
Balance at 31 March 2023 carried forward	(7,845)	(5,710)	(3,763)	(3,828)	(9,964)	(31,110)	(132,730)	(163,840)

At the 31 March 2023, the General Fund comprises a Fund Balance of £2.3m, general earmarked reserves of £5.545m, and £0.426m of Covid related Business Rate Grants that are specifically required to meet the Collection Fund deficit. At 31 March 2022 these were £2.3m and £9.763m respectively.

As at 31 March 2023 the HRA Fund Balance comprises a Fund balance of £1.0m and earmarked reserves of £4.710m; at 31 March 2022 these were £1.0m and £5.038m respectively.

Balance Sheet

31 March 2022		Notes	31 March 2023
£000			£000
152,065	Property, Plant and Equipment	13	155,993
1,564	Heritage Assets	14	1,554
525	Long Term Debtors	26	509
154,154	Long Term Assets		158,057
32,043	Short Term Investments	17	29,476
28	Inventories		32
9,150	Short Term Debtors	18	8,090
8,289	Cash and Cash Equivalents	19	2,132
49,510	Current Assets		39,730
(1,493)	Short Term Borrowing	17	(1,493)
(19,069)	Short Term Creditors	20	(8,292)
(20,562)	Current Liabilities		(9,785)
(552)	Provisions	21	(632)
(33,479)	Long Term Borrowing	17	(32,479)
(24,266)	Other Long Term Liabilities	23	8,948
(58,297)	Long Term Liabilities		(24,162)
124,805	Net Assets		163,840
		Page	
(32,806)	Usable Reserves	20 & 48	(31,110)
(91,999)	Unusable Reserves	21 & 67	(132,730)
(124,805)	Total Reserves		(163,840)

These accounts were authorised for issue on the 10 July 2023.

Pam Duke
Director of Resources
Section 151 Officer

2021/22		Notes	2022/23
£000			£000
(9,172)	Net (surplus) or deficit on the provision of services		687
(1,809)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	27	6,336
3,735	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	28	4,218
(7,246)	Net Cash Flow from Operating Activities		11,241
13,204	Investing Activities	30	(2,999)
(1,990)	Financing Activities	31	(2,085)
3,968	Net (increase) or decrease in cash and cash equivalents		6,157
12,257	Cash and cash equivalents at start of the reporting period	19	8,289
8,289	Cash and cash equivalents at end of the reporting period	19	2,132
3,968	Net (increase) or decrease in cash and cash equivalents		6,157

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Note 1. ACCOUNTING POLICIES

a. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2022/23 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 2022/23 and the Service Reporting Code of Practice 2022/23, 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 2022/23 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 different 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 de minimus 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 2022/23 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 Authority's accounts for 2022/23.

The change identified in previous years regarding IFRS 16 Leases is now deferred until 1 April 2024 although Council's can implement earlier. Barrow Borough Council have not implemented this aspect of the standard.

The change identified last year relating to IFRS3 Business Combinations does not impact on the authorities establishment of a subsidiary in 2022/23.

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 were included in the accounting statements as an embedded lease but due to the end of the contract from 10 October 2022 are shown in the Balance sheet as assets.
- 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. Statutory provisions are in place to prevent these revaluations having an impact on the Council's usable reserves.
- 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 2023 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 2022/23, 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 £8.5m and the depreciation charged to the HRA for 2022/23 would be overstated by £200k.

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 2022/23 would be £2.4m rather than £2.0m.

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 13.

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 2022 figures are:

- +0.1% per annum increase in the discount rate assumption would result in a decrease in the net pensions liability of £6.773m; or,
- +0.1% per annum increase in the inflation assumption would result in an increase in the net pensions liability of £3.639m; or,
- +0.1% per annum increase in the pay growth assumption would result in an increase in the net pensions liability of £0.441m; or,

- 1 year increase in the member's life expectancy assumption would result in an increase in the net pensions liability of £1.985m; or,
- +/- 0.1% change in the investment returns would result in a decrease or increase in the net pensions liability of £1.031m

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 £3.08m. 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 10 July 2023. Where any other events taking place before this date provided information about conditions existing at the 31 March 2023 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.

Demise of the organisation

Given local government reorganisation Barrow-in-Furness Borough Council ceased to exist on 31 March 2023. The assets and liabilities of this Council transferred to the new Westmorland and Furness Council on 1 April 2023 and there will be continuation of service delivery between this Council and the new Council. Westmorland and Furness Council began 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.

Note 6. 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. This set of Notes reflects the new reporting structure from 1 April 2022.

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 Comprehensiv e Income and Expenditure Statement
	£000	£000	£000	£000	£000
	(2,600)	2,982	382	315	697
Operational Services for the Public	3,567	555	4,123	2,762	6,885
Regeneration and the Built Environment	5,021	81	5,102	227	5,329
Housing Revenue Account	(1,877)	(650)	(2,527)	(11,200)	(13,727)
Management of non venue property assets	628	-	628	1,607	2,234
Central Services	2,532	-	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)	0	(7,271)	(6,361)	(13,633)
(Surplus) or Deficit on Provision of Services	0	2,968	2,968	(12,140)	(9,172)

2022/23	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	3,202	981	4,183	278	4,461
Operational Services for the Public	4,607	757	5,364	1,516	6,880
Regeneration and the Built Environment	1,074	120	1,194	669	1,863
Housing Revenue Account	(1,677)	328	(1,349)	(620)	(1,969)
Management of non venue property assets	(838)	102	(736)	757	20
Central Services	2,951	-	2,951	578	3,529
Net cost of Services	9,319	2,288	11,607	3,177	14,784
Other income and expenditure	(9,319)	2,259	(7,060)	(7,037)	(14,097)
(Surplus) or Deficit on Provision of Services	0	4,547	4,547	(3,860)	687

Note 6a. Adjustments from the General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement amounts:

2021/22					2022/23			
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
-	339	(24)	315	Resources	-	303	(25)	278
2,517	276	(31)	2,762	Operational Services for the Public	1,034	497	(16)	1,516
59	178	(10)	227	Regeneration and the Built Environment	480	198	(9)	669
(11,365)	211	(46)	(11,200)	Housing Revenue Account	(823)	205	(2)	(620)
1,593	18	(4)	1,607	Management of non venue property assets	734	23	(1)	757
233	286	(9)	511	Central Services	350	278	(50)	578
(6,963)	1,308	(124)	(5,778)	Net Cost of Service	1,775	1,505	(103)	3,177
(4,869)	408	(1,900)	(6,361)	Other income and expenditure from the Expenditure and Funding Analysis	(5,323)	452	(2,166)	(7,037)
(11,832)	1,716	(2,024)	(12,139)	Difference between General Fund Surplus or Deficit & Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(3,548)	1,957	(2,269)	(3,860)

Note 6b. Expenditure and Income Analysed by Nature

2021/22						2022/23				
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	£000	£000
					Expenditure					
9,868	-	-	-	9,868	Employee expenses	12,608	-	-	-	12,608
33,909	50	-	-	33,959	Other service expenses	33,239	61	-	-	33,300
-	-	-	-	0	Support service recharges	-	-	-	-	0
(2,709)	-	-	-	(2,709)	Depreciation, amortisation, impairment & revaluation	8,356	-	-	-	8,356
-	-	4,160	-	4,160	Interest payments	-	-	5,071	-	5,071
-	443	-	5,740	6,183	Precepts and levies	-	687	-	5,443	6,130
-	-	-	-	0	Derecognised non current assets	-	-	-	-	0
41,068	493	4,160	5,740	51,461	Total Expenditure	54,203	748	5,071	5,443	65,465
					Income					
(17,477)	-	-	-	(17,477)	Fees, charges and other service income	(19,923)	-	-	-	(19,923)
-	-	(2,268)	-	(2,268)	Interest and investment income	-	-	(3,755)	-	(3,755)
-	-	-	(12,327)	(12,327)	Income from council tax and NDR	-	-	-	(13,435)	(13,435)
(19,130)	-	-	(9,269)	(28,399)	Government grants and contributions	(19,496)	-	-	(7,856)	(27,352)
-	(162)	-	-	(162)	Gain on disposal of Fixed Assets	-	(313)	-	-	(313)
(36,607)	(162)	(2,268)	(21,596)	(60,633)	Total Income	(39,419)	(313)	(3,755)	(21,291)	(64,778)
4,461	331	1,892	(15,856)	(9,172)	(Surplus) / Deficit on Provision of Services	14,784	435	1,316	(15,848)	687

Note 7. 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 2021/22	Usable Reserves						Movement in Unusable Reserves
	General Fund	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	-	2,089	(2,089)	-	-	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	(2,747)	(570)	-	-	-	(3,317)	3,347
Employer's pension contributions and direct payments to pensioners payable in the year	1,369	232	-	-	-	1,601	(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	(29)	(506)	(2,348)	9,255	(9,255)

Notes to the Main Accounting Statements

	Usable Reserves						
Adjustments between accounting basis and funding basis under regulations 2022/23	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
Adjustments primarily involving:	£000	£000	£000	£000	£000	£000	£000
Capital Adjustment Account:							
Reversal of items debited or credited in the CIES							
Charges for depreciation and impairment of non-current assets	(2,267)	(2,165)	-	-	-	(4,432)	4,432
Revaluation losses on Property, Plant and Equipment	100	510	-	-	-	610	(610)
Capital grants and contributions applied	3,480	-	-	-	-	3,480	(3,480)
Revenue funded from Capital under Statute (REFCUS)	(3,505)	-	-	-	-	(3,505)	3,505
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	(1,022)	-	-	-	(1,022)	1,022
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital expenditure	632	-	-	-	-	632	(632)
Voluntary revenue provision for financing of capital expenditure	-	817	-	-	-	817	(817)
Capital expenditure charged against the General Fund and HRA balances	1,097	-	-	-	-	1,097	(1,097)
Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the CIES	2,884	-	-	-	(2,884)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	608	608	(608)
Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-	1,335	-	(1,335)	-	0	0
Cluster of Empty Homes loan repayment	-	-	-	(221)	-	(221)	221
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	409	-	409	(409)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(538)	-	-	538	-	0	0
Major Repairs Reserve:							
Reversal of Major Repairs Reserve credited to the HRA	-	2,165	(2,165)	-	-	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	2,200	-	-	2,200	(2,200)
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	33	-	-	-	-	33	(33)
Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,203)	(566)	-	-	-	(3,769)	3,769
Employer's pension contributions and direct payments to pensioners payable in the year	1,583	228	-	-	-	1,811	(1,811)
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	2,166	-	-	-	-	2,166	(2,166)
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	93	2	-	-	-	95	(95)
Total Adjustments	2,556	1,304	35	(609)	(2,276)	1,009	(1,009)

Note 8 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 2022/23. 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 earmarked reserves:

	Balance at 1 April 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Local Government Reorganisation	-	1,643	(2,027)	(384)	296	-	(88)
Transformation reserve	(2,043)	239	154	(1,650)	907	-	(743)
Renewals reserve	(726)	35	(326)	(1,017)	88	(30)	(959)
Insurance reserve	(101)	-	-	(101)	5	-	(96)
Losses reserve	(862)	-	17	(845)	59	-	(786)
Budget contingency reserve	(3,905)	2,949	(3,070)	(4,026)	2,741	(359)	(1,644)
Apprentices reserve	(35)	-	35	0	-	-	0
Welfare support reserve	(610)	130	-	(480)	367	-	(113)
S31 Business Rate Grants and TIG	(4,680)	3,991	(26)	(715)	289	-	(426)
Earmarked revenue grants	(418)	59	(185)	(544)	125	(269)	(688)
Total General Fund earmarked reserves	(13,380)	9,046	(5,428)	(9,762)	4,877	(658)	(5,545)
HRA earmarked reserves	(4,388)	-	(650)	(5,038)	-	328	(4,710)
Total earmarked reserves	(17,768)	9,046	(6,078)	(14,800)	4,877	(330)	(10,255)

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 2022/23 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 2021/22 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 9 OTHER OPERATING EXPENDITURE

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

2021/22		2022/23
£000		£000
141	Parish Council precepts	148
302	Payments to the Government Housing Capital Receipts Pool	538
50	Pension administration expenses	61
429	Carrying value of disposed non-current assets	1,022
(591)	Sale proceeds from the disposal of non-current asset	(1,334)
331	Total	435

The gain on the disposal of non-current assets for 2022/23 is £312k; for 2021/22 this was £162k.

Note 10 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:

2021/22		2022/23
£000		£000
1,391	Interest Payable and similar charges	1,357
2,769	Interest on pension liabilities	3,714
(2,145)	Interest on plan assets	(3,073)
(123)	Interest receivable and similar income	(682)
1,892	Total	1,316

Note 11 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:

2021/22		2022/23
£000		£000
(4,937)	Council Tax Income	(5,190)
(7,002)	Business rate retention	(8,210)
5,171	Business rate tariff	5,171
569	Business rate levy	272
(388)	Business rate pool	(35)
(1,279)	Revenue Support Grant	(1,318)
(4,419)	Non-ring fenced grants	(3,249)
(3,571)	Capital grants and contributions	(3,289)
(15,856)	Total	(15,848)

Note 12 GRANT INCOME

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

2021/22		2022/23
£000		£000
	Credited to Taxation and Non Specific Grant Income	
(1,279)	Revenue Support Grant	(1,318)
(2)	New Homes Bonus Grant	(102)
(4)	New Burdens Grants	(240)
(3,834)	DLUHC Grants	(3,555)
(818)	DLUHC Business Rates	(2,032)
(1,075)	Covid Grants distributed	-
(952)	Covid Grants supporting expenditure	(216)
(1,250)	Covid Business Rates Relief	-
(23)	ERDF Grant	-
-	Energy Rebates	(160)
(32)	Other contributions	(233)
(9,269)	Total	(7,856)
	Credited to Services	
(15,110)	Housing benefits subsidy	(14,604)
(385)	Benefits administration	(331)
(529)	Disabled Facilities Grant	(1,069)
(107)	Cabinet Office	(8)
(244)	Cumbria County Council	(611)
(33)	Other local authorities	15
(385)	Historic England	(75)
(1,783)	DLUHC Other Grants	(2,476)
(285)	DLUHC Homelessness	(253)
(269)	Other grants	(84)
(19,130)	Total	(19,496)

Note 13 PROPERTY, PLANT, EQUIPMENT AND VEHICLES

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 2021	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 start of year	-	-	-	-	-	-	3	-	(3)	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	1,891	(18,277)	(362)	-	-	-	-	(99)	-	(16,847)
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	11,179	(2,127)	(58)	-	-	-	-	(53)	-	8,941
eliminate depreciation on revaluation	(1,937)	(1,690)	(152)	(231)	-	-	-	(1)	-	(4,011)
eliminate depreciation on derecognitions / scrapped	-	-	-	-	-	-	-	-	-	0
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
eliminate depreciation on derecognition / scrapped	-	-	-	-	-	-	-	-	-	0
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

Notes to the Main Accounting Statements

Movement on Balances in 2022/23	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 2022	82,938	39,932	2,607	3,778	209	1,673	10,370	3,655	10,740	155,902
additions and enhancements	2,190	(50)	10	1,536	385				217	4,288
reclassification in year	-	-	-	-	-	-	-	-	-	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	2,473	2,512	170	-	-	-	-	(320)	-	4,835
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	510	284	(3)	(203)	-	-	-	-	-	588
eliminate depreciation on revaluation	(2,001)	(1,862)	(157)	-	-	-	-	-	-	(4,020)
disposals	(1,022)	-	-	(340)	-	-	-	-	-	(1,362)
At 31 March 2023	85,088	40,816	2,627	4,771	594	1,673	10,370	3,335	10,957	160,231
Accumulated Depreciation and Revaluation										
At 1 April 2022	0	0	0	(2,239)	(175)	(856)	(567)	0	0	(3,837)
depreciation charge	(2,001)	(1,883)	(157)	(270)	(7)	(56)	(48)	-	-	(4,422)
eliminate depreciation on revaluation	2,001	1,862	157	-	-	-	-	-	-	4,020
At 31 March 2023	0	(21)	0	(2,509)	(182)	(912)	(615)	0	0	(4,239)
Net Book Value at 31 March 2023	85,088	40,795	2,627	2,262	412	762	9,755	3,335	10,957	155,993

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 2023, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years budgeted to cost £69k. Similar commitments at the 31 March 2022 were £50k. The major commitments are:

31 March 2022		31 March 2023
£000		£000
-	Heritage Action Zone	69
50	Equipment	-
50	Total	69

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 2022/23 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.

All relevant assets were revalued in 2022/23. 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 2022/23 produced a net book value at 31 March 2023 of £131.85m.

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
2022/2023 - Montagu Evans	85,088	40,795	2,627	-	-	-	-	3,335	-	131,845
Asset carried at current value (MV-EUV and FV)										
Assets carried at historical cost	-	-	-	2,262	412	762	9,755	-	10,957	24,148
Finance Leases	-	-	-	-	-	-	-	-	-	0
Net Book Value as at 31 March 2023										155,993

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	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

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	2,315	-	2,315
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	-	1,020	1,020
Land & property	Professional judgement	-	-	0
	Fair value as at 31 March 2023	2,315	1,020	3,335

Highest and best use of surplus assets

These surplus assets are made up of 11 areas of land and 1 property (2021/22 - 11 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 2023	£1.020m (£1.215m as at 31 March 2022)
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 2022		1,215
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	-
Total gains/losses recognised in revaluation of property within the revaluation reserve		(195)
Closing Balance as at 31 March 2023		1,020

The effect of the fair value measurements was a £195k revaluation loss. 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 14 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.

2021/22						2022/23				
Historic Collection	New Statues	Herbert-Leigh-Boat	War Memorials	Total	Movement on Heritage Assets Balances	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
1,366	184	25	-	1,575	Valuation at 1 April	1,366	184	25	-	1,575
1,366	184	25	14	1,589	At 1 April	1,366	184	25	14	1,589
				0	Valuation Gains	-	-	-	-	0
				0	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	(10)	(10)	Cost at 1 April	0	0	0	(10)	(10)
-	(6)		0	(6)	Valuation at 1 April	-	(14)	(1)	0	(15)
0	(6)	0	(10)	(16)	At 1 April	0	(14)	(1)	(10)	(25)
-	(8)	(1)	0	(9)	depreciation charge	-	(10)	-	-	(10)
-	0	0	-	0	depreciation written back	-	-	-	-	0
0	(14)	(1)	(10)	(25)	At 31 March	0	(24)	(1)	(10)	(35)
0	0	0	4	4	Net Book Value 31 March – Cost	0	0	0	4	4
1,366	170	24	0	1,560	Net Book Value 31 March – Valuation	1,366	160	24	0	1,550
1,366	170	24	4	1,564	Total Net Book Value at 31 March	1,366	160	24	4	1,554

Financial year	Valuer	Value	Total
		£000	£000
Total value of assets valued in 2022/23			
2020/21	Bonhams International Auctioneers & Valuers	-	1,550
Assets carried at historical cost		-	4
Net Book Value at 31 March 2023			1,554

Heritage Assets – Summary of transactions

	2021/22	2022/23
	£000	£000
Opening Gross Book Value at 1 April	1,589	1,589
Value of Heritage Assets Acquired/Donation/Valuation		
Historic Collection	-	-
New Statues and Herbert Leigh	-	-
Depreciation written out on revaluation	-	-
Total at 31 March	1,589	1,589
Accumulated Depreciation and Revaluation		
Opening balance at 1 April	(16)	(25)
New Statues and Herbert Leigh	(9)	(10)
War Memorials (Cost)	-	-
Depreciation written out on revaluation	-	-
Total Accumulated Depreciation & Revaluation 31 March	(25)	(35)
Net Book Value at 31 March - Valuation	1,560	1,550
Net Book Value at 31 March – Cost	4	4
Total Net Book Value 31 March	1,564	1,554

Note 15 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.

2021/22		2022/23
£000		£000
36,346	Opening Capital Financing Requirement	35,010
	Capital Investment:	
3,312	Property, Plant and Equipment	4,288
2,023	Revenue Expenditure Funded from Capital under Statute	3,505
0	De-recognition of Finance Lease	(357)
	Sources of finance:	
(1)	Capital receipts reserve	(409)
(3,241)	Government grants and other contributions	(4,086)
(2,060)	Use of Major Repairs Reserve	(2,200)
(34)	Revenue contribution to capital outlay	(1,097)
(511)	Minimum Revenue Provision from General Fund	(636)
(817)	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)	-
35,010	Closing Capital Financing Requirement	33,422
	Explanation of movements in year:	
(511)	Decrease in underlying General Fund need to borrow	(636)
(817)	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)	(357)
(1,336)	Increase/(decrease) in Capital Financing Requirement	(1,588)

Note 16 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 had 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 ceased on 10 October 2022. The actual vehicle fleet included: five single compartment refuse collection vehicles, three twin pack refuse collection vehicles, three caged tippers, three sweepers and two supervisor vans.

The Authority made minimum lease payments under this lease to settle the long-term liability for the interest in the assets acquired by the Authority. This arrangement ceased from 10 October 2022.

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.

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

As at 31 March 2022		As at 31 March 2023
£000		£000
5	Not more than one year	11
5	Later than one year and not later than five years	11
-	Later than five years	-
10	Total	22

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 2022		As at 31 March 2023
£000		£000
5	Minimum lease payments	5
(23)	Sublease receipts	(23)
(18)	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 2022		As at 31 March 2023
£000		£000
(672)	Not more than one year	(658)
(653)	Later than one year and not later than five years	(267)
(311)	Later than five years	(304)
(1,636)	Total	(1,229)

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 2022/23 £12k of contingent rents were receivable by the Authority (£12k in 2021/22).

Note 17 FINANCIAL INSTRUMENTSCategories of Financial Instruments

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

Non-Current 31 March 2022	Current 31 March 2022	Amortised Cost	Non-Current 31 March 2023	Current 31 March 2023
£000	£000		£000	£000
		Investments		
-	40,330	Cash, cash equivalents and investments	-	31,608
		Debtors		
431	3,576	Loans and receivables	431	3,935
431	43,906	Financial Assets	431	35,543
94	5,574	Debtors that are not Financial Instruments	78	3,010
525	49,480	Total	509	38,553
		Borrowings:		
(33,479)	(1,493)	Financial liabilities at amortised cost	(32,479)	(1,490)
		Other liabilities:		
(246)	(241)	Finance lease liabilities	-	0
		Creditors:		
-	(2,914)	Financial liabilities carried at contract amount	-	(2,221)
(33,725)	(4,648)	Financial Liabilities	(32,479)	(3,711)
(24,020)		Other long term liabilities that are not financial instruments	8,948	
	(15,914)	Creditors that are not financial instruments		(6,071)
(57,745)	(20,562)	Total	(23,531)	(9,782)

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 2023 as:

31 March 2022	Cluster of Empty Home loans	31 March 2023
£000		£000
431	Long term debtor for principal due beyond the next 12 months	241
187	Short term debtor for repayments due in the next 12 months	190
77	Financial Instrument Adjustment Account for the interest on remaining payments	44
1,469	Usable Capital receipts	1,690
2,164	Total advance	2,165

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

2021/22				2022/23		
Measured at amortised cost				Measured at amortised cost		
Financial liabilities	Financial assets	Total		Financial liabilities	Financial assets	Total
£000	£000	£000		£000	£000	£000
			Total expense in (Surplus) or deficit in the Provision of Services:			
1,391	-	1,391	Interest expense	1,357	-	1,357
-	(123)	(123)	Interest income	-	(682)	(682)
1,391	(123)	1,268	Net (gain)/loss for the year	1,357	(682)	675

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 £30.656m 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 £32.479m would be valued at £36.03m. 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 £2.1m.

- 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 2022			31 March 2023	
Carrying amount	Fair Value		Carrying amount	Fair Value
£000	£000		£000	£000
431	431	Loans and receivables long-term	431	431
(42,877)	(42,877)	Loans and receivables short-term	35,541	35,541
(33,479)	(41,142)	Borrowings long-term	(32,479)	(30,656)
(1,493)	(1,496)	Borrowings short-term	(1,489)	(1,492)
(246)	(246)	Other long-term liabilities	-	-
(241)	(241)	Other short-term liabilities	-	-
(2,914)	(2,914)	Creditors	(2,221)	(2,221)
(80,819)	(88,485)	Total	(217)	1,603

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 2023) 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 £29m 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 2023 that this was likely to crystallise.

No credit limits were exceeded during the reporting period. The potential expected credit loss for the Authority's investments held at the 31 March 2023 has been estimated as £5k; 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 2023:

31 March 2022		31 March 2023
£000		£000
209	Less than three months	1,609
73	Three to six months	155
150	Six months to one year	407
824	More than one year	571
1,256	Outstanding debt	2,742
676	Provision for expected credit loss	449
54%	Percentage of provision	54%

At 31 March 2023 the provision includes a higher expected credit loss for some particular debts.

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 2022		31 March 2023
£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	4,000
7,350	Between 5 and 10 years	6,850
8,500	Between 10 and 15 years	8,239
1,239	Between 15 and 20 years	-
-	Between 20 and 25 years	-
4,000	Between 25 and 30 years	12,390
8,390	Between 30 and 35 years	-
-	Between 35 and 40 years	-
34,479		33,479

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 2022		31 March 2023
£000		£000
(4,693)	Decrease in fair value of fixed rate borrowings liability	(3,078)

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 18 SHORT TERM DEBTORS

The short term debtors held by the Authority consist of:

31 March 2022		31 March 2023
£000		£000
3,283	Central Government bodies	1,900
2,802	Other Local Authorities	1,755
3,065	Other entities and individuals	4,435
9,150	Total	8,090

Within the debtors amounts are provisions for credit losses of £3.4m in 2022/23 (£3.5m in 2021/22); these are re-assessed each year and adjustments made where necessary.

Note 19 CASH AND CASH EQUIVALENTS

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

31 March 2022		31 March 2023
£000		£000
2	Cash held by the Authority	2
8,287	Bank current accounts	2,130
8,289	Total Cash and Cash Equivalents	2,132

Note 20 SHORT TERM CREDITORS

The short term creditors held by the Authority consist of:

31 March 2022		31 March 2023
£000		£000
(13,747)	Central Government bodies	(3,604)
(361)	Other Local Authorities	(925)
(4,961)	Other entities and individuals	(3,763)
(19,069)	Total	(8,292)

Note 21 PROVISIONS

The provisions held by the Authority consist of:

	Business Rate Appeals Provision	MMI Provision	Total
	£000	£000	£000
Balance at 31 March 2022	(550)	(2)	(552)
Increase in provision in 2022/23	(141)	(9)	(150)
Amounts used in 2022/23	70	-	70
Reduction in provision in 2022/23		-	0
Balance at 31 March 2022	(621)	(11)	(632)

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 22 UNUSABLE RESERVES

31 March 2022		31 March 2023
£000		£000
(31,222)	i Revaluation Reserve	(35,010)
(87,397)	ii Capital Adjustment Account	(89,116)
77	iii Financial Instruments Adjustment Account	44
23,749	iv Pensions Reserve	(9,180)
2,618	v Collection Fund Adjustment Account	452
176	vi Accumulated Absences Account	80
(91,999)	Total Unusable Reserves	(132,730)

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.

2021/22		2022/23
£000		£000
(49,115)	Balance at 1 April	(31,222)
16,847	Upward revaluation of assets	(4,833)
-	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	-
16,847	(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(4,833)
1,046	Difference between fair value depreciation and historical cost depreciation	1,046
-	Accumulated gains on assets sold & derecognised	-
1,046	Amount written off to the Capital Adjustment Account	1,046
(31,222)	Balance at 31 March	(35,010)

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

2021/22		2022/23
£000		£000
(77,443)	Balance at 1 April	(87,397)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):	
4,250	▪ Charges for depreciation and impairment of non-current assets	4,432
(8,940)	▪ Revaluation (gains) and losses on Property, Plant and Equipment	(610)
2,023	▪ Revenue expenditure funded from capital under statute	3,505
429	▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,022
(1,046)	Adjusting amounts written out of the Revaluation Reserve	(1,046)
(3,284)	Net written out amount of the cost of non-current assets consumed in the year	7,303
	Capital financing applied in the year:	
(1)	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(409)
(2,060)	▪ Use of the Major Repairs Reserve to finance capital expenditure	(2,200)
(2,440)	▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,480)
(799)	▪ Application of grants to capital financing from the Capital Grants Unapplied Account	(608)
221	▪ Unapplied grants released to Capital Receipts Reserve	221
(741)	▪ Statutory provision for the financing of capital investment charged against the General Fund balance	(632)
(817)	▪ Voluntary provision for the financing of capital investment charged against the HRA Fund balance	(817)
(34)	▪ Capital expenditure charged against the General Fund balance	(1,097)
(6,670)	Total financing	(9,022)
(87,397)	Balance at 31 March	(89,116)

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.

2021/22		2022/23
£000		£000
119	Balance at 1 April	77
(42)	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	(33)
77	Balance at 31 March	44

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.

2021/22		2022/23
£000		£000
30,503	Balance at 1 April	23,749
(8,470)	Actuarial (gains) or losses on pensions assets and liabilities	(34,887)
3,317	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	3,769
(1,601)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,811)
23,749	Balance at 31 March	(9,180)

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 2023, the actuarial valuation showed a net surplus of £9.18m (2021/22 deficit of £23.749m). This is explained in detail in Note 35 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 surplus at 31 March 2023 was £9.18m, a change of £32.929m during 2022/23.

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.

2021/22				2022/23		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
132	4,385	4,517	Balance at 1 April	115	2,503	2,618
(17)	(1,882)	(1,899)	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	(140)	(2,026)	(2,166)
115	2,503	2,618	Balance at 31 March	(25)	477	452

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.

2021/22		2022/23
£000		£000
300	Balance at 1 April	176
(124)	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	(96)
176	Balance at 31 March	80

Note 23 OTHER LONG TERM LIABILITIES

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

2021/22		2022/23
£000		£000
(23,749)	Pension scheme liabilities	9,180
(271)	Compulsory purchase proceeds	(232)
(246)	Finance lease liability	-
(24,266)	Total	8,948

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 2022/23 £39k of this was released to General Fund reserves.

Note 24 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 2023:

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.

Note 25 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 26 LONG TERM DEBTORS

The long term debtors held by the Authority consist of:

2021/22		2022/23
£000		£000
94	Property rents	78
431	Cluster of Empty Homes loan principal	431
525	Total	509

Note 27 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:

2021/22		2022/23
£000		£000
(4,251)	Depreciation	(4,432)
8,939	Revaluation losses and gains on previous losses	610
(40)	(Increase)/decrease in impairment for bad debts	125
48	(Increase)/decrease in provisions	(79)
(4,439)	(Increase)/decrease in creditors	11,182
35	Increase/(decrease) in debtors	2,232
2	Increase/(decrease) in inventories	4
(1,716)	Movement in pension liability	(1,957)
(429)	Carrying amount of non-current assets sold or derecognised	(1,382)
42	Clusters of Empty Homes soft loan interest	33
(1,809)	Total	6,336

Note 28 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:

2021/22		2022/23
£000		£000
588	Proceeds from the sale of property, plant and equipment	1,335
3,147	Other receipts from investing activities	2,883
3,735	Total	4,218

Note 29 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:

2021/22		2022/23
£000		£000
(85)	Interest received	(215)
1,375	Interest paid	1,315

Note 30 CASH FLOW STATEMENT – INVESTING ACTIVITIES

The investing activities consist of:

2021/22		2022/23
£000		£000
3,207	Purchase of property, plant and equipment	4,444
36,000	Purchase of short-term investments	35,000
(588)	Proceeds from the sale of property, plant and equipment	(1,335)
(22,000)	Proceeds from short-term investments	(38,000)
(3,146)	Other receipts from investing activities	(2,884)
(269)	Cluster of Empty Homes loan repayments	(224)
13,204	Net cash flows from investing activities	(2,999)

Note 31 CASH FLOW STATEMENT – FINANCING ACTIVITIES

The financing activities consist of:

2021/22		2022/23
£000		£000
(3,230)	Agency transactions relating to business rates and council tax (billing authority)	(3,331)
240	Principal transactions relating to finance lease	246
1,000	Loan repayment - PWLB	1,000
(1,990)	Net cash flows from financing activities	(2,085)

Note 32 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 2023 are disclosed in Note 18 and grant income for 2022/23 is disclosed in Note 12.

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 members wife is employed as senior counsellor of Women's Community Matters along with one who is Chairman and one others who is a trustee.

The total of members' allowances paid in 2022/23 is shown in Note 33. There are no balances outstanding at the 31 March 2023. 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 2023. During 2021-22 the Authority became the sole owner of Barrow Forward and 9 Officers were appointed as Directors of the Board. In addition 2 Officers were Directors of a private company each but neither had any financial or other transactions with the Authority.

Note 33 MEMBERS' ALLOWANCES

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

2021/22		2022/23
£000		£000
96	Basic allowances	97
34	Extra responsibility allowance	33
7	Expenses	6
137	Total	136

The Mayor of the Borough also receives an honorarium for their year of office to cover mayoral duties and civic receptions. The honorarium for 2022/23 was £4k (£4k for 2021/22).

Note 34 OFFICERS' REMUNERATION

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

		Salary & car allowance	Pension Contribution	Total
		£000	£000	£000
Chief Executive (1)	2021/22	105	21	126
	2022/23	83	16	99
Director of Resources	2021/22	83	17	100
	2022/23	86	18	104
Director of People and Place (2)	2021/22	84	17	101
	2022/23	87	18	105

(1) The Chief Executive resigned on 30th December 2022 in order to take up the Chief Executive role with the Westmorland and Furness Shadow Authority. The Barrow role was filled on an interim basis until 31st March 2023.

(2) In addition to the amounts shown above, the Director of People and Place received £10.9K in relocation expenses between 2020/21 and 2021/22. These expenses were repaid in full in 2022/23 as the conditions of the Council's Relocation Policy were not met.

The Director of Resources and Director of People and Place took up new posts with Westmorland and Furness Council from 1st April 2023.

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:

2021/22		Remuneration Band	2022/23	
Number of Employees	Number leaving in the year		Number of Employees	Number leaving in the year
2	-	£50,000 - £54,999	4	2
1	-	£55,000 - £59,999	1	1
1	-	£60,000 - £64,999	3	2
-	-	£65,000 - £69,999	-	-
-	-	£70,000 - £74,999	-	-
-	-	£75,000 - £79,999	-	-
-	-	£80,000 - £84,999	-	-

Of those employees leaving in 2022/23, 2 took up new posts with Westmorland and Furness Council.

Exit Packages

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

2021/22		Exit package cost band	2022/23	
Number	Cost		Number	Cost
	£000			£000
3	8	£0 - £20,000	2	8
1	36	£20,001 - £40,000	-	-
-	-	£40,001 - £60,000	-	-
-	-	£60,001 - £80,000	-	-
-	-	£80,001 - £100,000	-	-
4	44	Total	2	8

Termination Benefits

The Authority agreed the departure of 2 employees in 2022/23, incurring liabilities of £8k (4 employees in 2021/22 incurring liabilities of £44k).

Note 35 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:

2021/22		2022/23
£000		£000
	Comprehensive Income and Expenditure Statement (CIES):	
	<i>Cost of Services:</i>	
2,564	▪ current service cost	3,067
79	▪ curtailments	0
	<i>Financing and Investment Income and Expenditure</i>	
2,769	▪ interest on pension liabilities	3,714
(2,145)	▪ interest on plan assets	(3,073)
	<i>Other operating expenses</i>	
50	▪ administration expenses	61
3,317	Total Post-Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	3,769
	<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
(8,470)	▪ re-measurements (liabilities and assets)	(34,887)
(5,153)	Total Post-Employment Benefit Charged to the Comprehensive Income and Expenditure Account	(31,118)
	Movement in reserves statement:	
(3,317)	▪ reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(3,769)
	<i>Actual amounts charged against the General Fund balance for pensions in the year</i>	
1,601	▪ Employers' contributions payable to the scheme	1,815

Pensions Assets and Liabilities Recognised in the Balance Sheet

2021/22		2022/23
£000		£000
(134,577)	Present value of the defined benefit obligation	(94,975)
110,828	Fair value of plan assets	104,159
(23,749)	Net liability arising from defined benefit obligation	9,184

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

2021/22		2022/23
£000		£000
103,405	Opening fair value of scheme assets	110,828
2,145	Interest on plan assets	3,073
7,806	Re-measurements (assets)	(7,534)
(50)	Administration expenses	(61)
-	Settlements	-
1,601	Employer contributions	1,815
405	Member contributions	487
(4,484)	Benefits/transfers paid	(4,449)
110,828	Closing fair value of scheme assets	104,159

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

2021/22		2022/23
£000		£000
(133,908)	Benefit obligation at the beginning of the period	(134,577)
(2,564)	Current service cost	(3,067)
(2,769)	Interest on pension liabilities	(3,714)
(405)	Member contributions	(487)
	Re-measurements (liabilities):	
(349)	▪ Experience gain/(loss)	(10,633)
-	▪ Gain/(loss) on financial assumptions	49,955
1,013	▪ Gain/(loss) on demographic assumptions	3,099
(79)	Past service costs	-
4,484	Benefits/transfers paid	4,449
(134,577)	Benefit obligation at the end of the period	(94,975)

Pension scheme assets comprised:

Period Ended 31 March 2022				Period Ended 31 March 2023				
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%	UK quoted	-	-	0	0.0%
5,652	-	5,652	5.1%	UK equity pooled	5,000	-	5,000	4.8%
-	-	0	0.0%	Global quoted	-	-	0	0.0%
28,151	-	28,151	25.4%	Global equity pooled	28,123	-	28,123	27.0%
-	5,098	5,098	4.6%	Overseas equity pooled	-	5,000	5,000	4.8%
				Bonds				
-	-	0	0.0%	UK corporate bonds	-	-	0	0.0%
-	18,730	18,730	16.9%	UK Government indexed pooled	-	14,582	14,582	14.0%
				Property				
-	6,982	6,982	6.3%	UK	-	5,104	5,104	4.9%
-	3,103	3,103	2.8%	Property funds	-	2,916	2,916	2.8%
				Alternatives				
-	6,761	6,761	6.1%	Private equity funds	-	8,437	8,437	8.1%
-	11,304	11,304	10.2%	Infrastructure funds	-	13,853	13,853	13.3%
-	0	0	0.0%	Real Estate debt funds	-	-	0	0.0%
-	5,320	5,320	4.8%	Private debt funds	-	7,187	7,187	6.9%
-	1,441	1,441	1.3%	Healthcare Royalties	-	1,667	1,667	1.6%

-	15,183	15,183	13.7%	Multi Asset Credit	-	9,478	9,478	9.1%
				Cash				
2,992	-	2,992	2.7%	Cash accounts	2,708		2,708	2.6%
-	111	111	0.1%	Net current assets		104	104	0.1%
36,795	74,033	110,828	100%	Total	35,831	68,328	104,159	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 2023.

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:

2021/22		2022/23
	Mortality assumptions:	
	Longevity at 65 for future pensioners:	
24.1	▪ Men	23.3
27.1	▪ Women	26.0
	Longevity at 65 for current pensioners:	
22.6	▪ Men	21.9
25.3	▪ Women	24.2

2021/22		2022/23
	Other Assumptions:	
3.4%	Rate of CPI inflation	2.7%
4.9%	Rate of increase in salaries	4.2%
3.5%	Rate of increase in pensions	2.8%
2.8%	Rate for discounting scheme liabilities	4.8%

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%)	-	6,773
Rate of inflation (increase by 0.1%)	3,639	-
Rate of increase in salaries (increase by 0.1%)	441	-
Longevity (increase by 1 year)	1,985	-
Investment returns (change of 1%)	1,031	1,031

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 completed as at 31 March 2023.

The Authority is expected to pay £1.277m in contributions to the scheme in 2022/23 for the Barrow Borough Council workforce.

The weighted average duration of the defined benefit obligation for scheme members is 16 years, 2022/23 (15 years 2021/22).

Note 36 EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the annual audit for 2022/23.

2021/22		2022/23
£000		£000
46	Fees payable to external audit with regard to external audit services carried out by the appointed auditor for the year	48
37	Fees payable to external audit for additional agreed works	38
83	Total	86

The auditor also performs the certification of grant claims and returns £78k (£41k in 2021/22) and the certification of Housing Capital Receipts grant £7k (£6K in 2021/22)

Note 37 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:

2021/22		2022/23
£000		£000
77	Assets	79
-	Gross Income	(3)
1	Gross Expenditure	1
1	Net (surplus) or deficit for the year	(2)

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.

2021/22			2022/23	
£000		Note	£000	
	Expenditure			
3,406	Repairs and maintenance		4,285	
3,259	Supervision and management		3,492	
9	Rents, rates, taxes and other charges		2	
(9,235)	Depreciation, impairment and revaluation of dwellings	4	1,491	
152	Depreciation and revaluation of other HRA property	5	163	
11	Debt management costs		11	
64	Movement in the allowance for bad debts		114	
(2,334)	Total Expenditure			9,558
	Income			
(9,935)	Dwelling rents		(10,071)	
(378)	Non-dwelling rents		(352)	
(1,080)	Charges for services and facilities		(1,125)	
(11,393)	Total Income			(11,548)
	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement			(1,990)
323	HRA services' share of Corporate and DRC			316
-	HRA share of other amounts included in the whole Council Cost of Services but not allocated to specific services			-
(13,404)	Net (Income)/Expenditure for HRA Services			(1,674)
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(162)	Gain or (loss) on sale of HRA non-current assets	8		(313)
10	Pension administration expenses	10		8
881	Interest payable and similar charges			863
136	Pensions interest cost and expected return on pension assets	10		140
(12,539)	(Surplus) or deficit for the year on HRA services			(976)

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.

2021/22		2022/23	
£000		£000	
(1,000)	Balance on the HRA at the end of the previous year		(1,000)
(12,539)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(976)	
11,889	Adjustments between accounting basis and funding basis under statute	1,304	
(650)	(Increase) or decrease in the year on the HRA		328
650	Transfer to or (from) earmarked reserves		(328)
(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 7 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 2022	Movements	31 March 2023
1 bed house	142	-	142
2 bed house	355	(8)	347
3+ bed house	814	(16)	798
Total houses	1,311	(24)	1,287
1 bed flat	931	(1)	930
2 bed flat	301		301
3+ bed flat	6	-	6
Total flats	1,238	(1)	1,237
Dwelling stock	2,549	(25)	2,524

2. HRA Non-Current Assets

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

31 March 2022		31 March 2023
£000		£000
82,938	Council dwellings	85,088
2,607	Land and buildings	2,627
34	Equipment	412
85,579	HRA assets	88,127

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 £88.088m on the Balance Sheet. At vacant possession the same dwellings would have a value of £212.720m with the difference of £127.632m 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 2022		31 March 2023
£000		£000
82,938	Balance Sheet value EUV-SH	85,088
124,407	Difference of EUV-SH and EUV-VP	127,632
207,345	Value of dwelling stock at EUV-VP	212,720

4. Depreciation and Revaluation of Dwellings

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

2021/22		2022/23
£000		£000
496	Revaluation loss	519
(11,668)	Reversal of previous revaluation loss	(1,029)
1,937	Depreciation for current year	2,001
(9,235)		1,491

5. Depreciation and Revaluation of Other HRA Property

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

2021/22		2022/23
£000		£000
152	Depreciation for current year	163
152		163

6. HRA Capital Financing Requirement

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

2021/22		2022/23
£000		£000
17,205	Opening Capital Financing Requirement	16,388
	Capital investment:	
2,013	Council dwellings	2,200
47	Other properties	-
	Source of finance:	
(2,060)	Major Repairs Reserve	(2,200)
(817)	Voluntary Revenue Provision – towards the repayment of HRA Debt	(817)
16,388	Closing Capital Financing Requirement	15,571
	Explanation of movements in year	
817	Decrease in underlying need to borrow (unsupported by Government financial assistance)	817
817	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 2022/23 is set out in the following table:

2021/22		2022/23	
£000		£000	£000
	Item 8 Credit		
(11,669)	Reversal of previous year revaluation loss - dwellings	(1,028)	
-	Reversal of previous year revaluation loss – non dwellings	-	(1,028)
	Item 8 Debit		
791	Interest payable on external loans	767	
1,937	Depreciation of dwellings	2,001	
152	Depreciation of non-dwellings	163	
90	Interest payable on notional cash balances	96	
12	Debt management expenses	11	
496	Revaluation loss - dwellings	519	
-	Revaluation loss – non dwellings	-	3,557
(8,191)	Item 8 Credit and Item 8 Debit		2,529

8. HRA Non-Current Asset Disposals

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

31 March 2022		31 March 2023
£000		£000
429	Carrying value of dwellings sold	1,022
(591)	Sale proceeds from dwellings	(1,335)
(162)	Net gain on disposals	(313)

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 2022		31 March 2023
£000		£000
	MRR transfers in year	
(1,937)	From HRA for dwellings depreciation	(2,001)
-	Difference between MRA and dwellings depreciation	-
(1,937)	MRA for the year	(2,001)
(152)	Increase for depreciation of non-dwelling assets	(163)
2,061	Capital expenditure financed by MRR	2,200
(3,772)	Balance brought forward	(3,800)
(3,800)	Balance carried forward	(3,763)

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 2022/23 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:

2021/22		2022/23	
£000		£000	£000
	HRA		
	<i>Cost of Services:</i>		
423	▪ current service cost		418
	<i>Financing and Investment Income and Expenditure</i>		
603	▪ interest cost	809	
(467)	▪ expected return on scheme assets	(669)	140
	<i>Other operating expenditure</i>		
11	▪ pension administration expenses		8
570	Total Post Employment Benefit Charged to the HRA Income and Expenditure Account		566

	Movement in Reserves Statement	
(570)	• reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(566)
	<i>Actual amounts charged against the HRA balance for pensions in the year</i>	
232	• employers' contributions payable to scheme	228

11. Rent Arrears

At 31 March 2023 the HRA rent arrears and the provision in respect of credit losses was:

31 March 2022		31 March 2023
£000		£000
996	Arrears at year end	1,143
803	Allowance for impairment	954
81%	Percentage of provision	83%

The amounts for credit losses are re-assessed each year and adjustments made where necessary.

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 2022		31 March 2023
£000		£000
(1,000)	HRA fund balance	(1,000)
(5,038)	HRA earmarked reserves	(4,710)

Narrative Report

1. Introduction

On the 1st February 2022 a new Company called Barrow Forward began trading to operate the Leisure Centre in Barrow-in-Furness. The only shareholder is Barrow Borough Council and in accordance with Standard Accounting practices IAS 27 and rules this company has to be accounted for as a subsidiary of the Authority. 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.

Barrow Forward's vision:

As a caring and supportive not-for-profit organisation, we are committed to reducing health inequalities across our community, improving health and wellbeing, both physically and mentally for members and visitors of all ages, abilities and backgrounds.

Barrow Forward's objectives:

- *Inspiring – enthusing our community to live more active, healthier and happier lives.*
- *Integrated – as a wellbeing hub for our community, our aim is to bring people together and create better lives through improved access to health, fitness and wellness services and facilities.*
- *Accessible – our exciting range of cost-effective activities and services to our community make exercise and wellbeing accessible, fun and affordable.*

2. Accounting

The accounting policies for Barrow Borough Council also apply to the Group Accounts and to that extent the Accounts prepared by the Company have been converted onto the same base as Barrow Borough Council's. The main area impacted has been in the accounting for fixed assets and associated depreciation. In addition two other areas are accounted for differently in the Company Accounts. These are:

1. Pension Fund – at the time of publication the Company had not received details of the Pension Fund position at the 31 March 2023. The only information available was at 1 April 2022 when the Fund had Assets of £1.21m and Liabilities of £1.205m.
2. Accruals for untaken leave are reflected in Barrow Borough Council's accounts but not in Barrow Forward's accounts. The work involved in obtaining this information is deemed to be in excess of any benefits gained as the outcome is likely to be immaterial in financial terms. No adjustment has therefore been made for this.

The following set of Accounts and Notes are based on Barrow Borough Council's shown earlier in this Statement. However only those affected by Barrow Forward's accounts are included below.

3. Outturn

Swimming income continues to do well, exceeding the budget by £46k. Health and fitness was under budget by £75k; this includes membership income. Grant income was not budgeted for but Barrow Forward secured £52k. Budget pressures during 2022/23 were utility costs which exceeded the budget by £220k, irrecoverable VAT, and Legend licence fees.

The Companies accounts show a deficit for 2022/23 of £46k (2021/22 {2 month's trading} surplus of £13k). This is partially due to the purchase of equipment in 2022/23 and the impact of the associated depreciation charge. However, when the accounts are re-worked into Barrow Borough Council's base the depreciation is removed as it is not charged until 2023/24. The deficit then reduces to £41k with 2021/22 remaining the same.

4. Statements and Notes

The elements of the Statement that are impacted by Barrow Forward are:

- Main Statements
 - Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cash Flow Statement
- Notes to the Accounting Statements
 - Note 6 Expenditure and Funding Analysis
 - Note 6b Expenditure and Income by Nature
 - Note 7 Adjustments between accounting basis and funding basis under regulations
 - Note 8 Earmarked Reserves
 - Note 12 Grant Income
 - Note 13 Property, Plant, Equipment and Vehicles
 - Note 15 Capital Financing Requirement
 - Note 16 Leases
 - Note 17 Financial Instruments
 - Note 18 Short Term Debtors
 - Note 19 Cash and Cash Equivalents
 - Note 20 Short Term Creditors
 - Note 22 Unusable Reserves – Capital Adjustment Account only
 - Note 27 Cash Flow Statement - Adjustments to the net (surplus) or deficit on the provision of services for non-cash movements
 - Note 30 Cash Flow Statement – Investing Activities

Comprehensive Income and Expenditure Statement

2021/22					2022/23		
Gross Expenditure	Gross Income	Net Expenditure		Notes	Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000			£000	£000	£000
17,960	(17,263)	697	Resources		20,297	(15,837)	4,461
11,185	(4,313)	6,872	Operational Services for the Public		13,143	(6,221)	6,922
8,853	(3,524)	5,329	Regeneration and the Built environment		5,760	(3,897)	1,863
(2,334)	(11,393)	(13,727)	Housing Revenue Account		10,608	(12,577)	(1,969)
2,342	(108)	2,234	Management of non venue property assets		1,584	(1,563)	20
3,047	(4)	3,043	Central Services		3,603	(74)	3,529
41,053	(36,605)	4,448	Cost of Services		54,995	(40,169)	14,826
493	(162)	331	Other operating expenditure	9	747	(312)	435
4,160	(2,268)	1,892	Financing and Investment Income and Expenditure	11	5,071	(3,755)	1,316
5,740	(21,596)	(15,856)	Taxation and Non-Specific Grant Income	11	5,443	(21,291)	(15,848)
51,446	(60,631)	(9,185)	(Surplus) or Deficit on Provision of Services		66,256	(65,527)	729
16,847	-	16,847	(Surplus) or Deficit on revaluation of Non-Current Assets			(4,833)	(4,833)
-	(8,470)	(8,470)	Remeasurements of the net defined benefit liability/(asset)		-	(34,887)	(34,887)
16,847	(8,470)	8,377	Other Comprehensive Income and Expenditure		0	(39,720)	(39,720)
68,293	(69,101)	(808)	Total Comprehensive Income and Expenditure		66,256	(105,247)	(38,991)

Movement In Reserves Statement

	Reserves held for revenue purposes		Reserves held for capital purposes					
2021/22	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£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	3,354	(12,539)	-	-	-	(9,185)	-	(9,185)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	8,377	8,377
Total Comprehensive Income and Expenditure	3,354	(12,539)	0	0	0	(9,185)	8,377	(808)
Adjustments between accounting basis & funding basis under regulations (Note 7)	251	11,889	(28)	(506)	(2,348)	9,258	(9,258)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,605	(650)	(28)	(506)	(2,348)	73	(881)	(808)
Transfers to/(from) Earmarked Reserves (Note 8)	-	-	-	-	-	0	-	0
(Increase) / Decrease in 2021/22	3,605	(650)	(28)	(506)	(2,348)	73	(881)	(808)
Balance at 31 March 2022 carried forward	(12,075)	(6,038)	(3,798)	(3,219)	(7,688)	(32,818)	(92,000)	(124,818)

Movement In Reserves Statement

	Reserves held for revenue purposes		Reserves held for capital purposes					
2022/23	General Fund	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022 brought forward	(12,075)	(6,038)	(3,798)	(3,219)	(7,688)	(32,818)	(92,000)	(124,818)
Movement in Reserves during 2022/23								
(Surplus) or deficit on the provision of services	1,705	(976)	-	-	-	729	-	729
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(39,720)	(39,720)
Total Comprehensive Income and Expenditure	1,705	(976)	0	0	0	729	(39,720)	(38,991)
Adjustments between accounting basis & funding basis under regulations (Note 7)	2,594	1,304	35	(609)	(2,276)	1,047	(1,047)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	4,299	328	35	(609)	(2,276)	1,776	(40,767)	(38,991)
Transfers to/(from) Earmarked Reserves (Note 8)	-	-	-	-	-	0	-	0
(Increase) / Decrease in 2022/23	4,299	328	35	(609)	(2,276)	1,776	(40,767)	(38,991)
Balance at 31 March 2023 carried forward	(7,777)	(5,710)	(3,763)	(3,828)	(9,964)	(31,042)	(132,769)	(163,811)

Balance Sheet

31 March 2022		Notes	31 March 2023
£000			£000
152,066	Property, Plant and Equipment	13	156,032
1,564	Heritage Assets	14	1,554
525	Long Term Debtors	26	509
154,155	Long Term Assets		158,096
32,043	Short Term Investments	17	29,476
29	Inventories		35
9,321	Short Term Debtors	18	8,141
8,452	Cash and Cash Equivalents	19	2,898
49,845	Current Assets		40,550
(1,493)	Short Term Borrowing	17	(1,493)
(19,393)	Short Term Creditors	20	(9,180)
(20,886)	Current Liabilities		(10,673)
(552)	Provisions	21	(632)
(33,479)	Long Term Borrowing	17	(32,479)
(24,266)	Other Long Term Liabilities	23	8,948
(58,297)	Long Term Liabilities		(24,162)
124,817	Net Assets		163,811
		Page	
(32,819)	Usable Reserves	90 & 97	(31,042)
(91,998)	Unusable Reserves	103	(132,769)
(124,817)	Total Reserves		(163,811)

Cash Flow Statement

2021/22		Notes	2022/23
£000			£000
(9,185)	Net (surplus) or deficit on the provision of services		729
(1,960)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	27	5,653
3,735	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	28	4,218
(7,410)	Net Cash Flow from Operating Activities		10,600
13,205	Investing Activities	30	(2,961)
(1,990)	Financing Activities	31	(2,085)
3,805	Net (increase) or decrease in cash and cash equivalents		5,554
12,257	Cash and cash equivalents at start of the reporting period	19	8,452
8,452	Cash and cash equivalents at end of the reporting period	19	2,898
3,805	Net (increase) or decrease in cash and cash equivalents		5,554

Note 6 Expenditure and Funding Analysis

2021/22						2022/23				
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		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		£000	£000	£000	£000	£000
(2,600)	2,982	382	315	697	Resources	3,202	981	4,183	278	4,461
3,567	542	4,110	2,762	6,872	Operational Services for the Public	4,572	834	5,406	1,516	6,922
5,021	81	5,102	227	5,329	Regeneration and the Built Environment	1,074	120	1,194	669	1,863
(1,877)	(650)	(2,527)	(11,200)	(13,727)	Housing Revenue Account	(1,677)	328	(1,349)	(620)	(1,969)
628	-	628	1,607	2,234	Management of non venue property assets	(838)	102	(736)	757	20
2,532	-	2,532	511	3,043	Central Services	2,951	-	2,951	578	3,529
7,271	2,955	10,226	(5,778)	4,448	Net cost of Services	9,284	2,365	11,649	3,177	14,826
(7,271)	-	(7,271)	(6,361)	(13,633)	Other income and expenditure	(9,284)	2,262	(7,022)	(7,075)	(14,097)
0	2,955	2,955	(12,139)	(9,185)	(Surplus) or Deficit on Provision of Services	0	4,627	4,627	(3,898)	729

Note 6b Expenditure and income Analysed by Nature

2021/22						2022/23				
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	£000	£000
					Expenditure					
9,868	-	-	-	9,868	Employee expenses	12,608	-	-	-	12,608
33,894	50	-	-	33,944	Other service expenses	34,031	61	-	-	34,092
-	-	-	-	0	Support service recharges	-	-	-	-	0
(2,709)	-	-	-	(2,709)	Depreciation, amortisation, impairment & revaluation	8,356	-	-	-	8,356
-	-	4,160	-	4,160	Interest payments	-	-	5,071	-	5,071
-	443	-	5,740	6,183	Precepts and levies	-	687	-	5,443	6,130
-	-	-	-	0	Derecognised non current assets	-	-	-	-	0
41,053	493	4,160	5,740	51,446	Total Expenditure	54,995	748	5,071	5,443	66,257
					Income					
(17,475)	-	-	-	(17,475)	Fees, charges and other service income	(20,621)	-	-	-	(20,621)
-	-	(2,268)	-	(2,268)	Interest and investment income	-	-	(3,755)	-	(3,755)
-	-	-	(12,327)	(12,327)	Income from council tax and NDR	-	-	-	(13,435)	(13,435)
(19,130)	-	-	(9,269)	(28,399)	Government grants and contributions	(19,548)	-	-	(7,856)	(27,404)
-	(162)	-	-	(162)	Gain on disposal of Fixed Assets	-	(313)	-	-	(313)
(36,605)	(162)	(2,268)	(21,596)	(60,631)	Total Income	(40,169)	(313)	(3,755)	(21,291)	(65,528)
4,448	331	1,892	(15,856)	(9,185)	(Surplus) / Deficit on Provision of Services	14,826	435	1,316	(15,848)	729

Note 7 Adjustments between Accounting basis and Funding basis

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	1	34	-	-	-	35	(35)
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	-	2,089	(2,089)	-	-	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	(2,747)	(570)	-	-	-	(3,317)	3,347
Employer's pension contributions and direct payments to pensioners payable in the year	1,369	232	-	-	-	1,601	(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	251	11,889	(29)	(506)	(2,348)	9,256	(9,256)

Group Accounts

Adjustments between accounting basis and funding basis under regulations 2022/23	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	(2,267)	(2,165)	-	-	-	(4,432)	4,432
Revaluation losses on Property, Plant and Equipment	100	510	-	-	-	610	(610)
Capital grants and contributions applied	3,480	-	-	-	-	3,480	(3,480)
Revenue funded from Capital under Statute (REFCUS)	(3,505)	-	-	-	-	(3,505)	3,505
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	0	(1,022)	-	-	-	(1,022)	1,022
Insertion of items not debited or credited to the CIES							
Statutory provision for the financing of capital expenditure	632	-	-	-	-	632	(632)
Voluntary revenue provision for financing of capital expenditure	-	817	-	-	-	817	(817)
Capital expenditure charged against the General Fund and HRA balances	1,135	-	-	-	-	1,135	(1,135)
Capital Grants Unapplied Account:							
Capital grants and contributions unapplied credited to the CIES	2,884	-	-	-	(2,884)	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	608	608	(608)
Capital Receipts Reserve:							
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-	1,335	-	(1,335)	-	0	0
Cluster of Empty Homes loan repayment	-	-	-	(221)	-	(221)	221
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	409	-	409	(409)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(538)	-	-	538	-	0	0
Major Repairs Reserve:							
Reversal of Major Repairs Reserve credited to the HRA	-	2,165	(2,165)	-	-	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	2,200	-	-	2,200	(2,200)
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	33	-	-	-	-	33	(33)
Pensions Reserve:							
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,203)	(566)	-	-	-	(3,769)	3,769
Employer's pension contributions and direct payments to pensioners payable in the year	1,583	228	-	-	-	1,811	(1,811)
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	2,166	-	-	-	-	2,166	(2,166)
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	93	2	-	-	-	95	(95)
Total Adjustments	2,594	1,304	35	(609)	(2,276)	1,047	(1,047)

Note 8 Transfers (to/from) Earmarked Reserves

	Balance at 1 April 2021	Transfers out 2021/22	Transfers in 2021/22	Balance at 31 March 2022	Transfers out 2022/23	Transfers in 2022/23	Balance at 31 March 2023
	£000	£000	£000	£000	£000	£000	£000
Local Government Reorganisation		1,643	(2,027)	(384)	296		(88)
Transformation reserve	(2,043)	239	154	(1,650)	907		(743)
Renewals reserve	(726)	35	(326)	(1,017)	88	(30)	(959)
Insurance reserve	(101)	-	-	(101)	5		(96)
Losses reserve	(862)	-	17	(845)	59		(786)
Budget contingency reserve	(3,905)	2,949	(3,070)	(4,026)	2,741	(359)	(1,644)
Apprentices reserve	(35)	-	35	0			0
Welfare support reserve	(610)	130	-	(480)	367		(113)
S31 Business Rate Grants and TIG	(4,680)	3,991	(40)	(729)	289		(440)
Earmarked revenue grants	(418)	59	(185)	(544)	125	(187)	(606)
Total General Fund earmarked reserves	(13,380)	9,046	(5,442)	(9,776)	4,877	(576)	(5,477)
HRA earmarked reserves	(4,388)	-	(650)	(5,038)	-	328	(4,710)
Total earmarked reserves	(17,768)	9,046	(6,092)	(14,814)	4,877	(248)	(10,187)

Note 12 Grant Income

2021/22		2022/23
£000		£000
	Credited to Taxation and Non Specific Grant Income	
(1,279)	Revenue Support Grant	(1,318)
(2)	New Homes Bonus Grant	(102)
(4)	New Burdens Grants	(240)
(3,834)	DLUHC Grants	(3,412)
(818)	DLUHC Business Rates	-
(1,075)	Covid Grants distributed	-
(952)	Covid Grants supporting expenditure	(216)
(1,250)	Covid Business Rates Relief	(2,175)
(23)	ERDF Grant	-
-	Energy Rebates	(160)
(32)	Other contributions	(233)
(9,269)	Total	(7,856)
	Credited to Services	
(15,110)	Housing benefits subsidy	(14,605)
(385)	Benefits administration	(331)
(529)	Disabled Facilities Grant	(1,069)
(107)	Cabinet Office	(8)
(244)	Cumbria County Council	(611)
(33)	Other local authorities	15
(385)	Historic England	(75)
(1,783)	DLUHC Other Grants	(2,476)
(285)	DLUHC Homelessness	(253)
(269)	Other grants	(135)
(19,130)	Total	(19,548)

Note 13 Property, Plant, Equipment and Vehicles

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 2021	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	236	34	-	-	-	337	3,313
reclassification start of year	-	-	-	-	-	-	3	-	(3)	0
revaluation increases/(decreases) recognised in the Revaluation Reserve	1,891	(18,277)	(362)	-	-	-	-	(99)	-	(16,847)
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	11,179	(2,127)	(58)	-	-	-	-	(53)	-	8,941
eliminate depreciation on revaluation	(1,937)	(1,690)	(152)	(231)	-	-	-	(1)	-	(4,011)
eliminate depreciation on derecognitions / scrapped	-	-	-	-	-	-	-	-	-	0
disposals	(429)	-	-	-	-	-	-	-	-	(429)
At 31 March 2022	82,938	39,932	2,607	3,779	209	1,673	10,370	3,655	10,740	155,903
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
eliminate depreciation on derecognition / scrapped	-	-	-	-	-	-	-	-	-	0
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	1,540	34	817	9,803	3,655	10,740	152,066

Group Accounts

Movement on Balances in 2022/23	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 2022	82,938	39,932	2,607	3,779	209	1,673	10,370	3,655	10,740	155,903
additions and enhancements	2,190	(50)	10	1,574	385				217	4,326
reclassification in year	0									0
revaluation increases/(decreases) recognised in the Revaluation Reserve	2,473	2,512	170					(320)		4,835
revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	510	284	(3)	(203)						588
eliminate depreciation on revaluation	(2,001)	(1,862)	(157)							(4,020)
Disposals	(1,022)			(340)						(1,362)
At 31 March 2023	85,088	40,816	2,627	4,810	594	1,673	10,370	3,335	10,957	160,270
Accumulated Depreciation and Revaluation										
At 1 April 2022	0	0	0	(2,239)	(175)	(856)	(567)	0	0	(3,837)
depreciation charge	(2,001)	(1,883)	(157)	(270)	(7)	(56)	(48)			(4,422)
eliminate depreciation on revaluation	2,001	1,862	157							4,020
At 31 March 2023	0	(21)	0	(2,509)	(182)	(912)	(615)	0	0	(4,239)
Net Book Value at 31 March 2023	85,088	40,795	2,627	2,301	412	762	9,755	3,335	10,957	156,032

Note 13 Property, Plant, Equipment and Vehicles

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
2022/2023 - Montagu Evans	85,088	40,795	2,627	-	-	-	-	3,335	-	131,845
Asset carried at current value (MV-EUV and FV)										
Assets carried at historical cost	-	-	-	2,301	412	762	9,755	-	10,957	24,187
Finance Leases	-	-	-	-	-	-	-	-	-	0
Net Book Value as at 31 March 2022										156,032

Note 15 Capital Funding Requirement

2021/22		2022/23
£000		£000
36,346	Opening Capital Financing Requirement	35,010
	Capital Investment:	
3,313	Property, Plant and Equipment	4,326
2,023	Revenue Expenditure Funded from Capital under Statute	3,505
0	De-recognition of Finance Lease	(357)
	Sources of finance:	
(1)	Capital receipts reserve	(409)
(3,241)	Government grants and other contributions	(4,086)
(2,060)	Use of Major Repairs Reserve	(2,200)
(35)	Revenue contribution to capital outlay	(1,135)
(511)	Minimum Revenue Provision from General fund	(636)
(817)	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)	-
35,010	Closing Capital Financing Requirement	33,422
	Explanation of movements in year:	
(511)	Decrease in underlying General Fund need to borrow	(636)
(817)	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)	(357)
(1,336)	Increase/(decrease) in Capital Financing Requirement	(1,588)

Note 16 Leases

As at 31 March 2022		As at 31 March 2023
£000		£000
5	Not more than one year	11
8	Later than one year and not later than five years	16
-	Later than five years	-
13	Total	27

Note 17 Financial Instruments

Non-Current 31 March 2022	Current 31 March 2022	Amortised Cost	Non-Current 31 March 2023	Current 31 March 2023
£000	£000		£000	£000
		Investments		
-	40,494	Cash, cash equivalents and investments	-	32,374
		Debtors		
431	3,576	Loans and receivables	431	3,935
431	44,070	Financial Assets	431	36,309
94	5,745	Debtors that are not Financial Instruments	78	3,062
525	49,815	Total	509	39,371
		Borrowings:		
(33,479)	(1,493)	Financial liabilities at amortised cost	(32,479)	(1,490)
		Other liabilities:		
(246)	(241)	Finance lease liabilities	-	0
		Creditors:		
-	(2,914)	Financial liabilities carried at contract amount	-	(2,221)
(33,725)	(4,648)	Financial Liabilities	(32,479)	(3,711)
(24,020)		Other long term liabilities that are not financial instruments	8,948	
	(16,238)	Creditors that are not financial instruments		(6,959)
(57,745)	(20,886)	Total	(23,531)	(10,670)

Note 18 Short Term Debtors

31 March 2022		31 March 2023
£000		£000
3,283	Central Government bodies	1,900
2,802	Other Local Authorities	1,755
3,236	Other entities and individuals	4,486
9,321	Total	8,141

Note 19 Cash and Cash Equivalents

31 March 2022		31 March 2023
£000		£000
2	Cash held by the Authority	2
8,450	Bank current accounts	2,896
8,452	Total Cash and Cash Equivalents	2,898

Note 20 Short Term Creditors

31 March 2022		31 March 2023
£000		£000
(13,747)	Central Government bodies	(3,604)
(361)	Other Local Authorities	(925)
(5,285)	Other entities and individuals	(4,651)
(19,393)	Total	(9,180)

Note 22 Unusable Reserves

31 March 2022		31 March 2023
£000		£000
(31,222)	i Revaluation Reserve	(35,010)
(87,396)	ii Capital Adjustment Account	(89,155)
77	iii Financial Instruments Adjustment Account	44
23,749	iv Pensions Reserve	(9,180)
2,618	v Collection Fund Adjustment Account	452
176	vi Accumulated Absences Account	80
(91,998)	Total Unusable Reserves	(132,769)

Capital Adjustment Account

2021/22		2022/23
£000		£000
(77,443)	Balance at 1 April	(87,396)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):	
4,250	▪ Charges for depreciation and impairment of non-current assets	4,432
(8,940)	▪ Revaluation (gains) and losses on Property, Plant and Equipment	(610)
2,023	▪ Revenue expenditure funded from capital under statute	3,505
429	▪ Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,022

(1,046)	Adjusting amounts written out of the Revaluation Reserve	(1,046)
(3,284)	Net written out amount of the cost of non-current assets consumed in the year	7,303
	Capital financing applied in the year:	
(1)	▪ Use of the Capital Receipts Reserve to finance new capital expenditure	(409)
(2,060)	▪ Use of the Major Repairs Reserve to finance capital expenditure	(2,200)
(2,440)	▪ Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,480)
(799)	▪ Application of grants to capital financing from the Capital Grants Unapplied Account	(608)
221	▪ Unapplied grants released to Capital Receipts Reserve	221
(741)	▪ Statutory provision for the financing of capital investment charged against the General Fund balance	(632)
(817)	▪ Voluntary provision for the financing of capital investment charged against the HRA Fund balance	(817)
(34)	▪ Capital expenditure charged against the General Fund balance	(1,135)
(6,670)	Total financing	(9,060)
(87,396)	Balance at 31 March	(89,155)

Note 27 Cash flow non cash movements

2021/22		2022/23
£000		£000
(4,251)	Depreciation	(4,432)
8,939	Revaluation losses and gains on previous losses	610
(40)	(Increase)/decrease in impairment for bad debts	125
48	(Increase)/decrease in provisions	(79)
(4,762)	(Increase)/decrease in creditors	10,619
206	Increase/(decrease) in debtors	2,112
3	Increase/(decrease) in inventories	4
(1,716)	Movement in pension liability	(1,957)
(429)	Carrying amount of non-current assets sold or derecognised	(1,382)
42	Clusters of Empty Homes soft loan interest	33
(1,960)	Total	5,653

Note 30 Cash Flow Investing Activities

2021/22		2022/23
£000		£000
3,208	Purchase of property, plant and equipment	4,482
36,000	Purchase of short-term investments	35,000
(588)	Proceeds from the sale of property, plant and equipment	(1,335)
(22,000)	Proceeds from short-term investments	(38,000)
(3,146)	Other receipts from investing activities	(2,884)
(269)	Cluster of Empty Homes loan repayments	(224)
13,205	Net cash flows from investing activities	(2,961)

2021/22				2022/23		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
			Income			
(39,944)	-	(39,944)	Income from Council Tax	(41,402)	-	(41,402)
-	(17,807)	(17,807)	Income collectable from business ratepayers	-	(20,560)	(20,560)
	337	337	Transitional Protection Payment	-	284	284
(39,944)	(17,470)	(57,414)	Total Income	(41,402)	(20,276)	(61,678)
			Expenditure			
			<i>Precepts demand & shares:</i>			
-	10,898	10,898	- Central Government	-	9,906	9,906
29,504	2,179	31,683	- Cumbria County Council	30,406	1,981	32,387
4,975	8,883	13,858	- Barrow Borough Council	5,132	8,443	13,575
5,360	-	5,360	- Cumbria Police & Crime Commissioner	5,615	-	5,615
			<i>Charged to the Collection Fund</i>			
(16)	-	(16)	- Write off of uncollectable amounts	(133)	(223)	(356)
432	243	675	- Impairment of debts	(86)	482	396
-	(120)	(120)	- Impairment of appeals	-	178	178
-	90	90	- Costs of collection	-	90	90
40,255	22,173	62,428	Total Expenditure	40,934	20,857	61,791
311	4,703	5,014	(Surplus)/Deficit for the year	(468)	581	113

Council Tax	Business Rates	Total	Collection Fund balances	Council Tax	Business Rates	Total
£000	£000	£000		£000	£000	£000
1,046	10,963	12,009	Balance brought forward at 1 April	911	6,258	7,169
(446)	(9,408)	(9,854)	Distribution of previous years (surplus)/deficit	(655)	(5,645)	(6,300)
311	4,703	5,014	(Surplus)/Deficit for the year (as above)	(468)	581	113
911	6,258	7,169	Balance carried forward at 31 March	(212)	1,194	982
			<i>Allocated to</i>			
114	2,503	2,617	- Barrow Borough Council	(26)	478	452
674	626	1,300	- Cumbria County Council	(157)	119	(38)
-	3,129	3,129	- Central Government	-	597	597
123	-	123	- Cumbria Police & Crime Commissioner	(29)	-	(29)
911	6,258	7,169	Balance carried forward at 31 March	(212)	1,194	982

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 2022/23 were estimated before the start of the financial year as £9.906m to Central Government, £1.981m to Cumbria County Council and £8.443m to this Authority. These sums have been paid in 2022/23 and charged to the collection fund in year.

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 2023. 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 an increase in the provision charged to the collection fund for 2022/23 that has been calculated at (£178k).

The total non-domestic rateable value at the 31 March 2023 was £53.92m (£53.44m at the 31 March 2021).

The national non-domestic rate multiplier for 2022/23 was 51.2 pence in the pound (51.2 pence in the pound for 2021/22).

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 2021/22) 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 2022		31 March 2023
£000		£000
	Council Tax	
5,826	Arrears	6,098
3,120	Provision for possible credit losses	2,768
54%	Percentage of provision	45%
	Business ratepayers	
2,326	Arrears	2,396
1,942	Provision for possible credit losses	1,978
83%	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.

The Council's share of the balances are:

31 March 2022		31 March 2023
£000		£000
	Council Tax	
726	Arrears	760
389	Provision for possible credit losses	345
54%	Percentage of provision	45%
	Business ratepayers	
930	Arrears	958
776	Provision for possible credit losses	791
83%	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 2022/23 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 2022/23 is £5.3m. The retained levy for the Authority for 2022/23 paid into the pool was £477k and the distribution of the retained levy to the Authority was £172k, 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 2022/23 was 19,899 (19,695 for 2021/22). The tax base for 2022/23 was approved by Council on 24 February 2022. The collection rate was assumed to be 99% for 2022/23 (99% in 2021/22). The Council Tax base for the year was set as:

2021/22 Band D equivalent number of chargeable dwellings	Band	Standard factor	2022/23 Band D equivalent number of chargeable dwellings
21	Disabled reductions		23
8,734	A	6/9	8,769
3,591	B	7/9	3,630
3,730	C	8/9	3,783
2,192	D	9/9	2,211
1,196	E	11/9	1,230
321	F	13/9	342
101	G	15/9	103
8	H	18/9	9
19,894	Equivalent chargeable dwellings		20,100
19,695	99% of which gives the Council Tax base		19,899

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 2022/23.

2021/22 Council Tax £	Band	Property value	2022/23 Council Tax £
1,297.70	A	Up to £39,999	1,373.70
1,514.00	B	£40,000 to £51,999	1,602.66
1,730.27	C	£52,000 to £67,999	1,831.61
1,946.56	D	£68,000 to £87,999	2,060.56
2,379.12	E	£88,000 to £119,999	2,518.46
2,811.70	F	£120,000 to £159,999	2,976.36
3,244.26	G	£160,000 to £319,999	3,434.26
3,893.12	H	£320,000 and over	4,121.12

Resources

Corporate management
Democratic representation and management
Housing Benefits
Cost of collection
Council Tax Support
General grants
Registration of electors and elections
Parish precepts

Regeneration and the Built Environment

Emergency planning
Local land charges
Coast protection
Public Protection
Community Safety
Building control
Work in default
Development control
Planning
Regeneration
Housing renewal administration

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

Operational Services for the Public

Dock museum
The Forum
Sports development and community recreation
Parks, open spaces and playgrounds
Allotments
Cemeteries & Crematorium
Kennels
Public conveniences
Street cleansing
Waste collection & Recycling
The Market Hall
Homelessness

Housing Revenue Account

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

Management of non venue property assets

Off street car parking
The mall and shops
Estates management
Commercial properties
Street fittings
Footpath lighting

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.