

HYNDBURN BOROUGH COUNCIL

For the year ended 31st March 2025



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Narrative Report – Introduction by the Executive Director Resources (S151 Chief Financial Officer)

I am pleased to present to you Hyndburn Borough Council's Statement of Accounts for the financial year 2024/25.

The Statement of Accounts are produced annually to give residents, Members of the Council, employees and other interested parties clear information about the Council's finances.

The accounts must be completed by law and in accordance with the requirements of the Code of Practice on Local Authority Accounting based on International Financial Reporting Standards (IFRS) for 2024/25, Accounting Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and any other government legislation or regulations.

The overriding requirement of the Code of Practice is that the Statement of Accounts 'presents a true and fair view' of the financial position and transactions of the Council. The main financial statements follow this report.

This narrative report aims to provide an explanation of the Council's financial position for the financial year ending 31st March 2025, together with additional information about the Council in general.

I would like to conclude by giving my thanks to colleagues in the Finance team and in other service areas for their work and commitment in producing this Statement of Accounts, associated disclosures and supporting information.

An Introduction to Hyndburn

Locality

The Borough of Hyndburn is situated within Lancashire, a county made up of twelve district councils and two Unitary Council's located within the North West region of England.

Along with the neighbouring boroughs of Blackburn with Darwen, Burnley, Pendle, Ribble Valley and Rossendale it forms part of the Pennine Lancashire sub-region.

Hyndburn Borough Council was formed in 1974, and the Borough now covers an area of seventy-three square kilometres, is made up of sixteen wards and is home to a population of 82,234 (Census, 2021) and is the second highest densely populated area at 1,111 per sq.km across Lancashire.



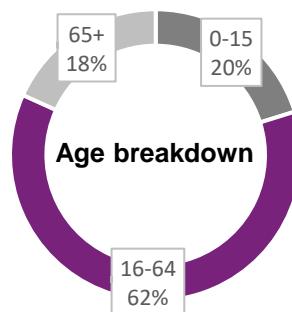
The Borough is well connected to other Lancashire towns and service centres via the M65 motorway running east to west across the County, and the A56/M66 provides access to Greater Manchester which lies 20 miles south of the Borough. The Northern Rail network running through the Borough creates direct rail links westwards to Preston and Blackpool, eastwards into Yorkshire and southwards into Manchester.

Settlements in the Borough range from a single home, often a farm in the rural area, to the large urban concentrations of housing and other land uses. The main urban areas in Hyndburn include Accrington, Huncoat, Oswaldtwistle, Church, Clayton le Moors, Rishton and Great Harwood and rural settlements such as Belthorn and Altham.

Population

There are around 82,234 residents (Census, 2021) in Hyndburn with the majority being female (50.8%), in comparison to 49.2% being male.

Over the long-term, live births have exceeded deaths in Hyndburn in all but three years, one of which is 2020. Because of the Covid-19 pandemic most districts had more deaths than births in 2020. The total fertility rate can be used as an estimate of the fertility growth factor in the population. The rate in Hyndburn of 1.84 for 2021 was one of the highest in Lancashire and well above the England average of 1.55.



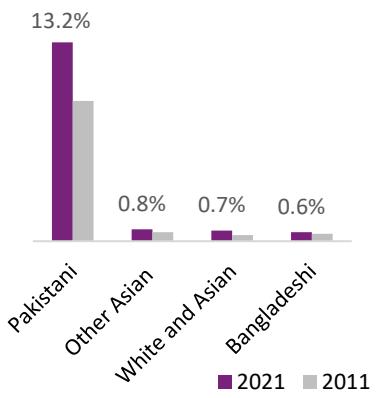
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It is estimated that between 2018 and 2043 the population of Hyndburn will increase by 4.3%, much lower than the 7.2% increase expected for Lancashire, and the 10.3% rise predicted for England as a whole. The projected number of households in the authority is forecast to grow by 8.9% between 2018 and 2043, the third lowest percentage increase in the Lancashire area and is well below the England (16.2%) average.

The highest proportion of people in Hyndburn by age band is within the 50 to 59 age group with 14%, followed by the 10-19 age band and 30 to 39 age band with 13%. The age group of 80+ makes up the smallest group of 4%.

Hyndburn has a similar proportion of people of working age (16 to 64) with 62% to the North West with and UK as a whole.

Reflecting national trends, Hyndburn's ethnic minority populations (previously BAME) have increased since 2011 as they have over Lancashire, from 12.3% to 17.3%. In Hyndburn, those of a Pakistani heritage remain the largest ethnic minority having increased by around 4%. The adjacent graph highlights the breakdown of ethnic minority groups. Since 2011, there has been a slight increase of residents with a country of birth outside the UK.



Economic Profile

Hyndburn has a similar rate (61.5%) of working age people (16-64) compared to the national average. The district currently has a lower economic activity rate of 63.7% (at a district level these figures can fluctuate) compared to 76.5% across the North West and 78.6% nationally. Hyndburn also has a lower proportion of people in employment (61.5%), compared with 73.4% across the North West and 75.5% nationally. In the 2021 Census, 14% of those who are economically active class themselves as self-employed.

Earnings for residents is higher than place of work across Hyndburn, but significantly below regional and national averages. The 2024 median gross weekly earnings for full time workers by residence in Hyndburn was £657.80. This is lower than both the regional figure (£699.00) and national figure of £729.80. However, Hyndburn's earning has improved over the past ten years at the same rate as regionally and nationally.

In 2024, there were only 2,380 active enterprises in Hyndburn. Just over two thousand of the enterprises had fewer than ten employees. 285 had between 10 and 49 employees and are classed as small enterprises, while only around 10 employed more than 250.

In Hyndburn as in most places, the manufacturing sector has shed jobs over the years whilst the service sector has grown to become a far greater source of employee jobs. However, there still continues to be a bias towards a larger proportion of employees in the manufacturing sector in Lancashire and Hyndburn than is the national norm and a lower proportion of jobs in the service sector.

Warehousing development has been an important contributor to employment growth in Lancashire in recent years and the area has strong concentrations of warehousing floorspace along the M65 corridor. Employee

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numbers in the wholesale, retail and motor trade sector reflect this. There is currently a small employment presence in the public administration, defence and compulsory social security sector.

Hyndburn has a localised labour market, with 51% having journeys to work of less than 5km (compared to 40% nationally). This may be related to some cultural attitudes, whereby residents with low wages, poor skills and low aspirations will only travel limited distances for employment opportunities. Strongest commuting flows are to and from Blackburn.

A total of 18.4% of households in Hyndburn were in fuel poverty in 2022, the 4th highest in the Lancashire-14 area and the 22nd highest in England. Factors that determine fuel poverty are the energy efficiency status of the property, the cost of energy, and household income.

The 2019 Indices of Deprivation reveals that Hyndburn was the 18th most deprived area out of 317 districts and unitary authorities in England, by the rank of average rank measure. In total 27% of the lower super output areas in the authority were in the 10% most deprived in the country.

Information about the Council

Hyndburn is a district council, working alongside Lancashire County Council as part of a two-tier local government system.

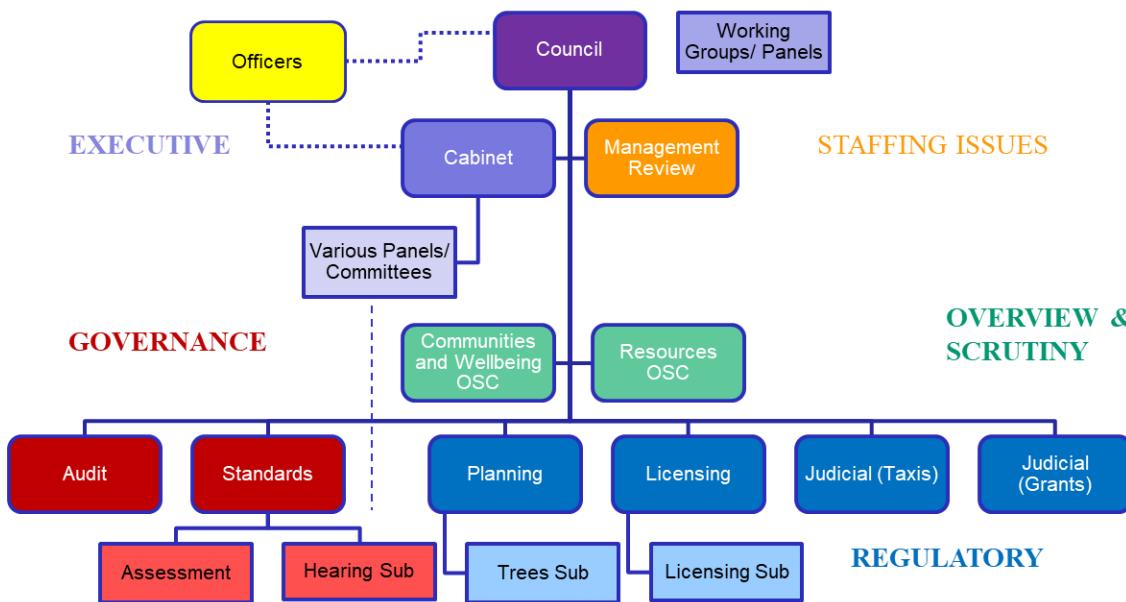
Hyndburn has 16 wards and the Council consists of 35 councillors, which following the recent local elections, comprises 22 Labour members, 11 Conservative members, 1 Green member and 1 Independent member with Labour gaining overall control.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government Act 2000. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive functions. Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution.

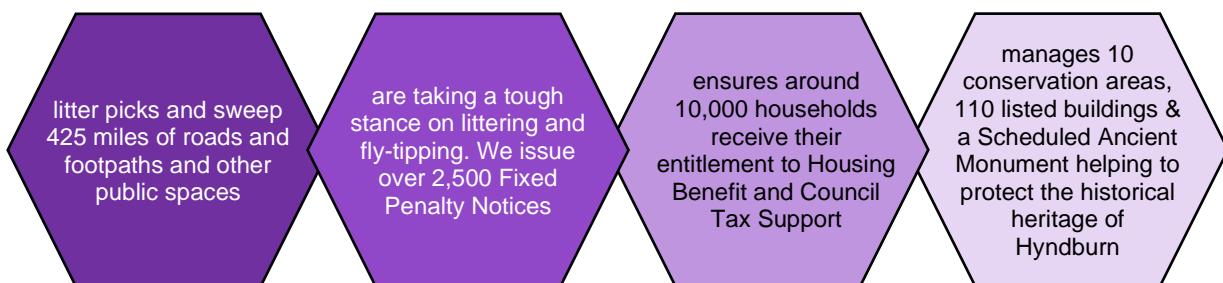
The most up to date figures show Hyndburn Borough Council employed 283 employees, of which 213 (75.3%) were full time and 70 (24.7%) part time. Of the 283 employees, 125 (44.2%) were female and 158 (55.8%) male, making it one of the biggest employers in the area.

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Decision Making Process



In an average year, the council...



LGA Corporate Peer Challenge (CPC)

The Council invited a team of senior local government councillors and officers to undertake a Local Government Association Corporate Peer Challenge, including a visit to Hyndburn between 29 and 31 October 2024.

A CPC is a comprehensive review of key finance, performance and governance information and forms a key part of the improvement and assurance framework for local government. CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years. Peer challenges are improvement focused, not inspections, and the process is not designed to provide an in-depth or technical assessment of plans and proposals. There were a number of positive findings from the review team including;

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- Strong progress on key projects, such as Accrington Town Centre Regeneration, Huncoat Garden Village, and Leisure Transformation.
- Leveraging cultural and industrial heritage to drive economic growth and community engagement.
- Positive relationships with partners, including police, businesses, and the voluntary sector

There were also a number of recommendations presented to the Council including;

1. Conduct the planned review of the corporate strategy and align the organisational structure accordingly.
2. Engage in top team development to develop effective relationships within Cabinet/CMT as a group to create agreed ways of working and clarity of roles and responsibilities.
3. With partners, lead the development of a clear and well understood vision for the whole borough (Place Strategy).
4. Consider what capacity and skills the council needs to develop and address this as part of the review of organisational structure, including options for collaboration with partners and the use of consultants.
5. Design a transformation & digital strategy and action plan.

More details on the findings and recommendations of the CPC were presented to Full Council on 15th January 2025. The Council has created a working group to address the actions agreed with the CPC.

Key Achievements 2024/25

The following projects continued to progress

- Hyndburn's Levelling Up Fund: £23 million (including HBC and LCC match funding);
- Lancashire County Council's £50 million Levelling Up Fund (Hyndburn indicative allocation): £15 million;
- UK Shared Prosperity Fund: £1.38 million allocated in 2025/26;
- Plan for Neighbourhoods Initiative: £20 million over a 10-year period including the creation of a Neighbourhood Board made up of key stakeholders;
- Accrington Town Square regeneration
- Construction continued on the circa £13 million new leisure centre at Wilson Sports Village. Funded by Hyndburn Borough Council as part of the borough's leisure transformation plans and developed in partnership with Sport England. When complete, facilities will include a four-lane 25 metre swimming pool, a fitness suite, sauna and steam room, group exercise studio, café, large changing village and dedicated changing facilities to service teams making use of the various outdoor sports facilities. This facility is expected to be open and operational in late 2025.
- The council secured nearly £30 million of government grant to pave the way for Huncoat Garden Village- one of the biggest-ever housing developments in East Lancashire, that will provide an additional 1,816 new homes along with infrastructure including a relief road and motorway junction improvements.
- The Brookside Restoration Project was officially launched following the purchase of the 87-acre Brookside industrial site in Stanhill Village

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- Exciting progress for Mercer Hall was announced after £370,000 was secured for next phase of development
- The independent Great Harwood High Street Accelerator Panel, in partnership with Hyndburn Borough Council, was launched with a vision for the future of Great Harwood's High Street.

The Council's Corporate Strategy 2023-2028

Hyndburn Borough Council launched the Corporate Strategy in 2023, setting out the Council's priorities for the 5 year period 2023-2028. With the aim of achieving an ambitious and sustainable future for Hyndburn.

The strategy, approved by Full Council defines the Council's vision and key strategic objectives, outlining emerging priorities and major projects, whilst incorporating sustainable growth, climate change and community objectives. The Corporate Strategy upholds the council's aspirations for the borough's ambitious future. The strategy articulates a vision to progress a number of key priorities including the Levelling Up funded projects, the Huncoat Garden Village proposal, UK Shared Prosperity Fund initiatives and the Council's Climate Pledge to be Net Zero by 2030.

The strategy is structured around three main themes:

Sustainable Growth:

To support employment & business growth, revitalise Accrington Town Centre and deliver housing growth while balancing growth with sustainability.

Environment & Climate Change:

To make the Council's activities and operations net zero by 2030, develop and implement an access for all environment with open green spaces and work towards reducing fuel poverty by encouraging the reduction in domestic home energy usage.

Community & Collaborative Working:

Work collaboratively with our partners supporting the local communities addressing health inequalities and celebrating our culture and heritage.

By setting out what we want to achieve, the Corporate Strategy informs other key plans and strategies as well as the Council's decision-making to help ensure delivery of the objectives set out in the strategy.

The corporate strategy document can be found on the Council website. It states the vision of the Council and enshrines the values that we as a Council wish to promote.

These values are:

Customer Focus – We will make best use of our resources to support the delivery of excellent services to our customers. We will treat each customer as a valued individual and show sensitivity to their needs and differences.

Positive Attitude – We will be proactive and optimistic in finding solutions to challenges, open to improved ways of working and to updating our knowledge and skills to meet these changes.

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Integrity – We will always try to do the right thing. We will act and communicate honestly and openly, honour our commitments and be accountable for our actions.

Teamwork – We will promote a friendly and supportive working environment, and we will work together across teams, services and with partners to achieve the objectives of the Council and the best outcomes for our customers.

As part of the CPC review actions it was agreed that the Council would conduct a planned review of the corporate strategy and align the organisational structure accordingly, with this process currently being agreed by the Administration.

Performance Management

After discussions with elected members (Scrutiny Committee September 2022), Service Managers and the Council's Management Team, the Policy Team carried out a review of the prevailing performance mechanism to help identify and understand 'what does good performance management look like?' The review was presented to Scrutiny Committee on the 16th July 2024, with the new corporate performance monitoring procedure being approved by Cabinet on the 18th September 2024.

As part of the latest review, the Council had tried to understand how it used data to inform and make better decisions (for example, through service improvement, funding bids, identifying key priorities for the Borough), considering a variety of audiences and looking at what made good performance. As a result, the following recommendations were put forward comprising three different types of performance information (Tiers 1 to 3):

- **Tier 1** – Council headline key performance indicators (KPIs)
- **Tier 2** – Hyndburn wide indicators
- **Tier 3** – Corporate Strategy Outcomes

To assist with accountability and transparency, all 3 Tiers of information will be published on the Council's website and compiled into an Annual Report (including the Council's key achievements) and presented to Scrutiny Committee on an annual basis.

The Council follows the Performance Management Framework described below, that helps the Council to communicate, track progress against its objectives and priorities. The aim is for the key performance indicators to cascade down to service delivery, allowing the Council to report its performance to help individuals understand their contribution to higher-level objectives.

Performance Management Framework

The Performance Management Framework sets out how the Council delivers key outcomes and commitments for Hyndburn customers, providing a clear vision and a cycle of continuous planning, monitoring, scrutiny, learning and improvement. The Framework exists to help officers, elected members

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and partners to understand how the Council monitors performance and their individual role in achieving our priorities and commitments.

The Framework:

- Helps the Council to be clear about its vision, values, objectives and priorities;
- Helps us cascade these higher level objectives and priorities into our service delivery and plans;
- Allows the Council to manage and report its performance;
- Helps individuals to understand their contribution to higher level objectives;
- The Performance Management Framework emphasis the direct link between an individual's objectives and the corporate aims and priorities.

The Process:

- The strategic plan sets out the Council's vision, priorities and long-term outcomes over a period of time.
- The Council operates a Leader and Cabinet Executive model. The Leader allocates portfolios to each cabinet member and they are then responsible for delivery and providing direction in that area.
- At the corporate level, the Corporate Management Team manages issues relating to performance management and translates the priorities and aims into measurable actions at the point of service delivery.
- At service level, heads of service implement direction of portfolio holders and undertake day to day monitoring of performance, evaluate and report outcomes.
- At the operational level, Performance Development reviews for staff ensures employees' work task objectives are linked into the corporate strategy and they are monitored by line managers.

Financial Performance of the Council 2024/25

Revenue Outturn

At the Full Council meeting on 27th February 2024, Council agreed a General Fund revenue budget for 2024/25 of £16.122m, intended to provide day to day services for the local community. This was in line with the medium-term financial strategy and required the achievement of £0.106m savings to balance the budget.

The Council achieved an overall revenue underspend of £0.433M, which is detailed in the table below:

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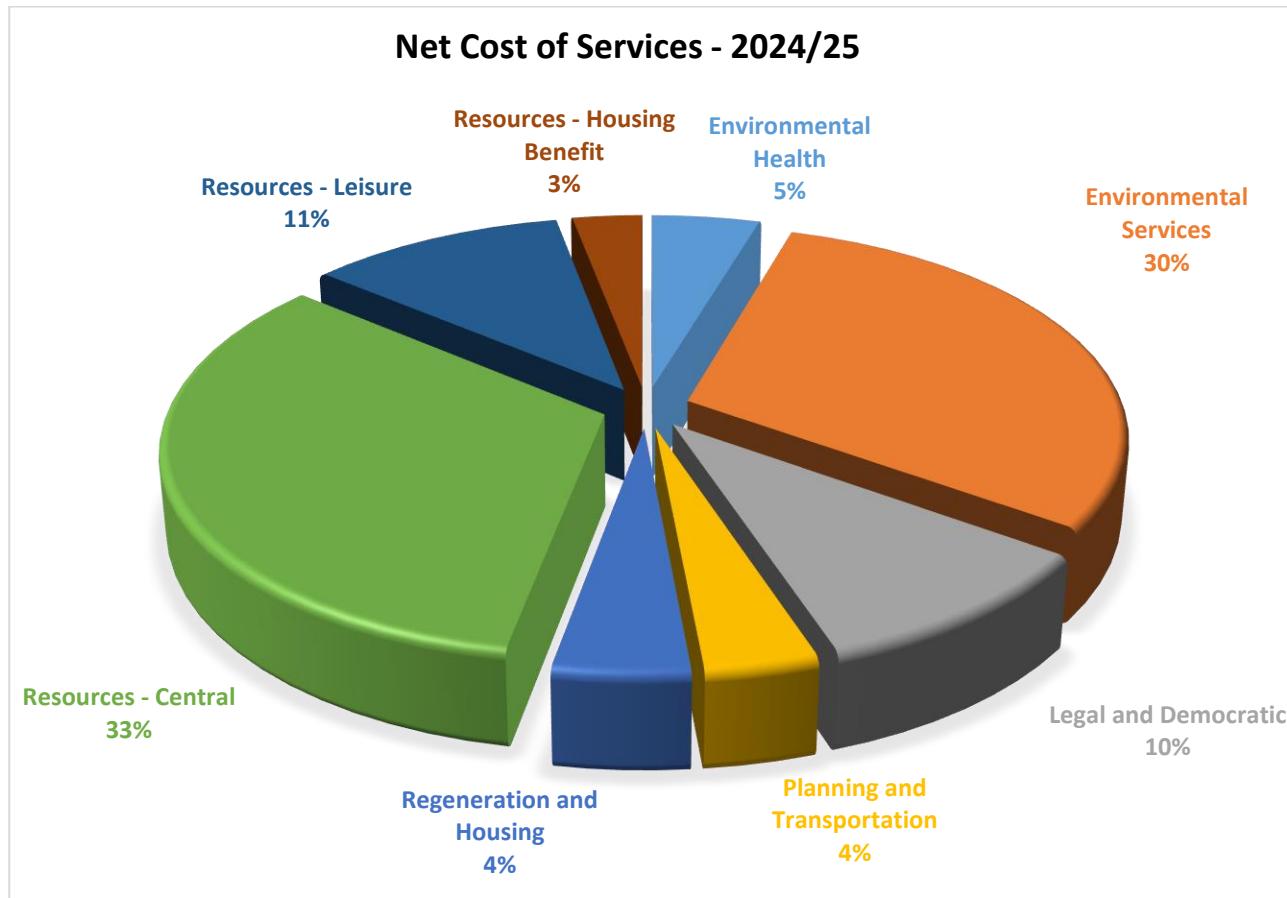
	Original Budget £000	Working Budget £000	Actual Outturn £000	Variation to Working Budget £000
Net Expenditure				
Environmental Health	793	790	831	41
Environmental Services	5,492	5,627	5,442	(185)
Legal and Democratic	1,834	1,832	1,793	(39)
Planning and Transportation	725	714	656	(58)
Regeneration and Housing	1,497	1,231	787	(444)
Resources	4,544	4,595	5,964	1,369
Net Cost of Services	14,885	14,789	15,472	684
Non-Service	1,238	1,334	275	(1,059)
Total Net Expenditure	16,123	16,123	15,747	(375)
Financed by:				
Non-Ringfenced Government Grants	(5,395)	(5,395)	(5,616)	(221)
Retained Business Rates	(4,796)	(4,796)	(4,633)	163
Council Tax Income	(5,931)	(5,931)	(5,931)	-
Total Financing	(16,122)	(16,122)	(16,180)	(58)
(Under) / Overspend	-	-	(433)	(433)

Overspends in the Resources directorate mainly relates to the provision of subsidy for providing leisure services and additional non recoverable housing benefit incurred through increases in supported accommodation costs. These overspends were offset by larger underspends in Environmental Health, Legal and Democratic and Planning and Transportation and Non-Service budgets. The underspends were mainly in relation to additional interest received on investments and a saving on lease interest payable due to the Council's removal of the need to borrow.

The above table differs from the figures in the Expenditure and Funding Analysis note (Note 1), as for the Council's management reporting transfers to and from reserves are contained within the individual lines but are required to be shown separately for the Statement of Accounts.

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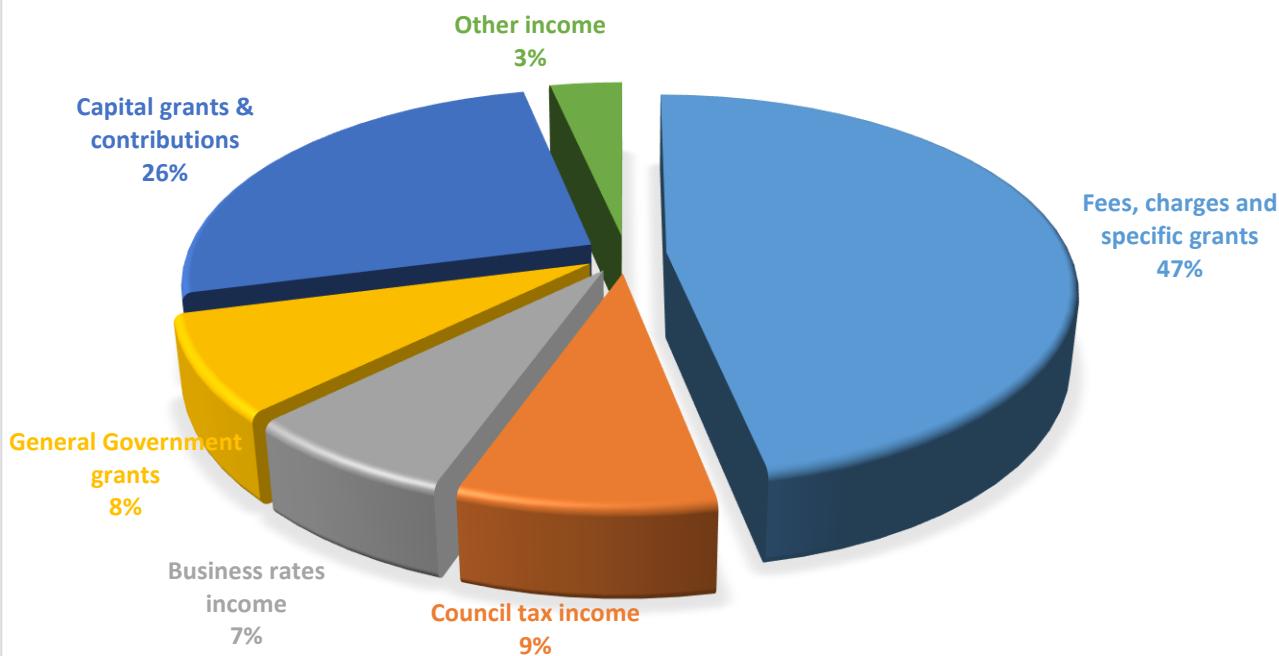
The net cost of services by portfolio for 2024/25 is shown in the chart below:



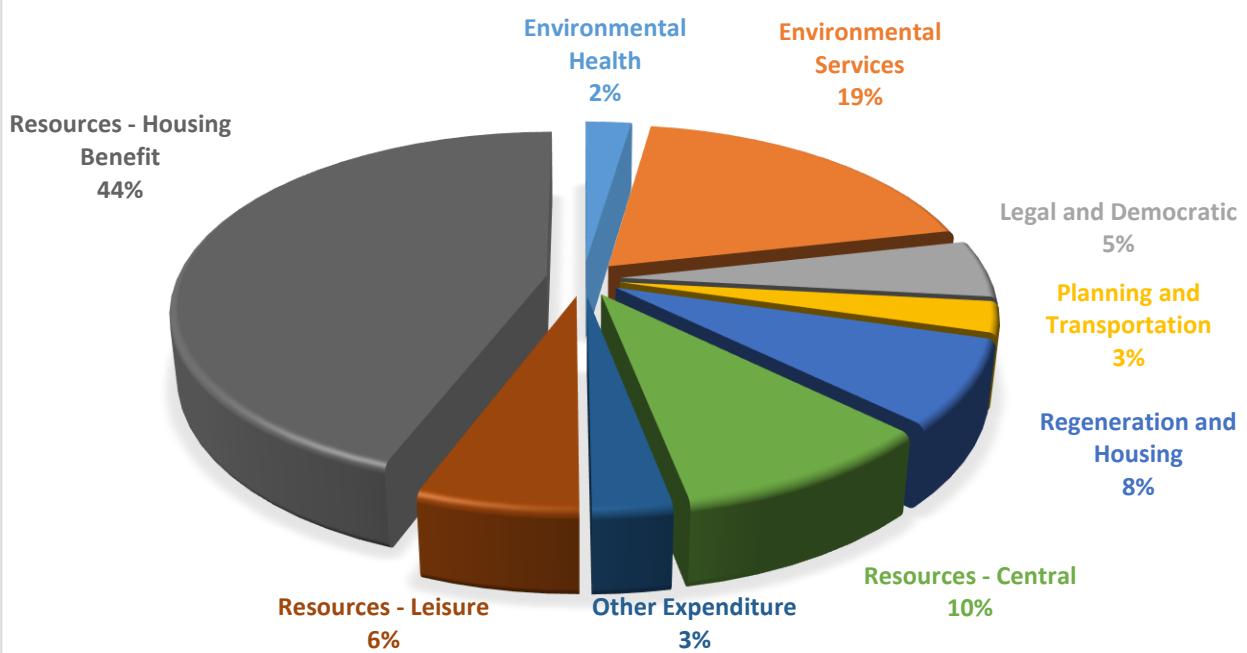
Analysis of income and expenditure by service in the Comprehensive Income and Expenditure Statement is presented on the basis of how the Council is structured and how it monitors and manages its financial performance i.e. by reference to portfolios. The Expenditure and Funding Analysis (Note 1) explains the differences between the revenue outturn figures and the financial performance reporting on the basis of proper accounting practices within the Comprehensive Income and Expenditure Statement.

The charts below derive from the Comprehensive Income and Expenditure Statement and show where the funding came from and how it was spent:

Where the Money Came From - 2024/25



Gross Expenditure by Service - 2024/25



Collection Fund Performance

In 2024/25 Hyndburn Council collected £51.360M in council tax and paid out in precepts and demands £48.700M. An allowance of £1.943M was made for bad debts which gave a net deficit of £0.384M for the year. This deficit is shared with the other preceptors and included in future funding streams to support Hyndburn's expenditure.

In 2024/25 Hyndburn Council collected £25.285M in business rates and paid out in precepts and demands

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£25.234M, along with changes to the allowance for non-collection and provision for appeals this resulted in a year end surplus of £1.830M. As with the council tax deficit, this is shared with the other preceptors.

The authority is a member of the Lancashire Business Rates Pool. The pool's aim is to reduce the amount of levy paid to central government. In 2024/25, Hyndburn BC retained £1.389M growth (90%) in receipts as a result, and paid Lancashire County Council £0.154M (10%) of the growth and made no levy payment.

Capital Programme Outturn

Each year the Council invests money to provide new services to the public or update existing facilities, buy new infrastructure, buildings and equipment and to pay for long term improvements to existing assets. The spending is needed to maintain and develop the services provided by the Council.

The Council's Capital Programme for 2024/25 was agreed at Full Council on 27th February 2024. The approved capital programme additions in 2024/25 were £4.404M although additional approvals and re-profiling of capital schemes in year resulted in a revised capital programme of £16.036m. Actual expenditure was £15.591m which is 97.22% of the revised programme.

	Approved Programme Additions £000	Revised Programme (Qtr 4) £000	Slippage into 2025/26 £000	Programme After Slippage £000	Actual £000	Total Variation £000
Capital Expenditure						
Operational Buildings	871	1,163	(849)	314	306	8
Parks and Open Spaces	465	1,495	(971)	524	522	2
IT Projects	85	282	(78)	204	204	-
Vehicles and Equipment	736	766	(666)	100	31	69
Community Projects	45	528	(471)	57	54	3
Planned Asset Improvement Programme	65	207	(167)	40	40	-
Leisure Estate Investment Programme	541	11,866	(6,793)	5,073	5,073	-
Public Sector Decarbonisation Scheme	-	-	-	-	(3)	3
Levelling Up Fund Schemes	500	19,689	(12,577)	7,112	7,112	-
UK Shared Prosperity Fund	-	389	(255)	134	134	-
Huncoat Garden Village	-	711	-	711	711	-
Housing Improvement Programme	1,096	2,176	(409)	1,767	1,767	-
Total capital expenditure	4,404	39,272	(23,236)	16,036	15,951	85
Financing						
Unsupported borrowing	-	-	-	-	-	-
Contributions from revenue	-	10,280	(6,206)	4,074	4,074	-
Government grants	2,543	25,163	(14,056)	11,107	11,107	-
Capital Receipts	1,861	3,829	(2,974)	855	770	85
Total resources	4,404	39,272	(23,236)	16,036	15,951	85

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The council relies on securing external sources of funding, using capital receipts and contributions from the revenue budget.

Major projects undertaken during the year by the Council include:

Capital Expenditure	£000
Operation Buildings	
Accrington Cemetery Welfare and Depot Facilities	141
Air Heating & Cooling Units Replacement Programme	67
QE Room Roof	36
Parks and Open Spaces	
Memorial Parks	140
Mercer Park Play Area CLM	94
Milton Close Play Area	146
Foxhill Bank Boundary Enhancement	32
Jackhouse Nature Reserve Footbridge Replacement	24
IT Projects	
Tech. Refresh Annual Replacement	42
New Financial Package	10
CRM Digital Services	67
ICT Remote Working Upgrade	50
Community Projects	
Car Park Amenity Paving Improvements	41
Leisure Estate Investment Project	
Wilson Playing Fields Development	5,072
Levelling Up Fund	
Market Hall	2,791
Market Chambers	1,996
Burton Chambers	2,275
Huncoat Garden Village	
Huncoat Garden Village	711
Housing Improvement Programme	
Disabled Facilities Grant	1,417
DFG Affordable Warmth Grant	200
Emergency Works Grant	53
Affordable Warmth Intervention	94
Other schemes	452
Total	15,951

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Treasury Management

During 2024/25 the investment balances continued to be high, predominantly due to funds received from central government. These funds included capital grants in respect of the Council's large regeneration projects, including the Levelling Up Fund, which will be spent in future financial years as the projects progress.

Investment balances averaged around £31M, ranging between £22M and £37M. Investments were generally kept either on call, or for relatively short durations. The Bank of England Bank Rate started the year at 5.25% and steadily reduced during the year ending at 4.50% at the end of March. Interest rates on investments largely followed the movements on the Bank of England Bank Rate, meaning the Council saw slightly lower returns than those experienced in the previous year. Interest earned for the year was around £1.7M.

The Council's long-term debt remained at £9.6M throughout the year, with no short-term loans required during the year. Interest on financing this debt cost the Council approximately £0.44M (£0.46M in 2023/24).

The Council's Capital Financing Requirement (CFR), the long-term borrowing need to cover capital spending not financed from other sources, increased from £8.1M at 31 March 2024 to £9M at 31 March 2025.

Financial Position

At the end of the financial year the Council had net assets of £75.645M, up from a restated £56.591M at the previous year end. This increase is mainly as a result of an increase in short term investments and increases in the value of property, plant and equipment held on the balance sheet.

	31-Mar-2024 £000	31-Mar-2025 £000
Long Term Assets	46,490	60,603
Current Assets	35,306	39,656
Current Liabilities	(8,074)	(7,579)
Long Term Liabilities	(17,131)	(17,449)
Net Assets	56,591	75,231
Usable Reserves	(26,699)	(30,224)
Unusable Reserves	(29,892)	(45,007)
Net Reserves	(56,591)	(75,231)

The Council has maintained a healthy balance of short term cash and other liquid assets, sufficient to meet its day to day requirements:

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	31-Mar-2024 £000	31-Mar-2025 £000
Cash and Cash Equivalents	3,255	3,106
Short Term Investments	24,517	33,548
Other Liquid Assets and Liabilities	(540)	(4,577)
Total Net Current Assets	27,232	32,077

The main factors affecting future cash flows will be surpluses or deficits on revenue spending, asset disposals and spend being incurred through the capital programme.

Pensions & Provisions

Hyndburn BC participates, as an employing authority in the Lancashire County Pension Fund administered by Lancashire County Council. The scheme is a defined benefit scheme i.e. retirement benefits are determined independently of scheme investments. A pensions reserve and pensions asset/liability are incorporated within the Council's accounts reflecting the amount by which the Hyndburn element of the Lancashire Fund is underfunded/overfunded compared with the assessed payment liabilities to pensioners. At 31st March 2025 the overall asset of the Council was £48.4770M, which has been limited within these accounts to the Asset Ceiling value of a liability of £5.220M (£34.495M as at 31st March 2024 limited within these accounts to an Asset Ceiling value of £5.966M). Note 37 shows the position in detail and contains additional information on the Asset Ceiling adjustment. The Council has an agreed long-term strategy with the Pension Fund's Actuary for meeting the cost of these liabilities and they are contained within the current financing plans of the Council.

The Council has set aside a provision for business rate appeals against rateable valuations. The number of "Check, Challenge and Appeals" outstanding for the 2017 and 2023 listings at 31st March 2025 was 52 and the provision is valued at £1.188 M. In total Hyndburn's share is £0.475M, which is 40% of the total.

Explanation of Accounting Statements

Content of the Statement of Accounts

This publication contains the Council's Statement of Accounts for the year ended 31st March 2024. They provide details of the money the Council spent on delivering services and where this money came from. The accounts also show the Council's financial position at the year end, being the assets and liabilities.

The accounts have been prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and are based on International Financial Reporting Standards (IFRS). The Council's Internal and External Auditors verify the regulations are being followed and the Council's accounts are subject to scrutiny by its elected Councillors and External Auditors.

The different parts of the accounts and their purposes are set out below:

Narrative Report

Annual Governance Statement

This sets out key elements of the Council's governance framework, provides a review of its effectiveness and sets out plans for future development. There have been no significant changes in, or issues around governance arrangements during the year. The statement found later in the accounts explains how Hyndburn Council complied with the Code and also meets the requirements of regulation 6(1)(a) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

Independent Auditor's Report

The report sets out the External Auditor's opinion on whether the accounts present a true and fair view of the financial performance and position of the authority and whether the authority has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Statement of Responsibilities

This sets out the responsibilities of the Council and its Chief Financial Officer in relation to the Statement of Accounts.

Core Financial Statements

The accounts consist of the following core financial statements supported by the accounting policies applied by the Council in preparing and presenting the financial statements and explanatory notes. An explanation of the purpose of each of the statements is given below:

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with statutory requirement, this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis (Note 1).

The statement has two sections:

- Surplus or Deficit on the Provision of Services – the net cost or income of the Council's service provision.
- Other Comprehensive Income and Expenditure – shows any changes income or expenditure which have not been reflected in the Surplus or Deficit on the Provision of Services. Examples include the gains or losses as a result of movements in the fair value of its assets and actuarial gains or losses on pension's assets and liabilities.

Narrative Report

Movement in Reserves Statement

The Movement in Reserves Statement is a summary of the changes that have taken place on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “unusable reserves”. It also shows how the movements in year of the Council’s reserves are broken own between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The *Net (Increase) / Decrease* line shows the true statutory General Fund Balance movements in the year following those adjustments.

Balance Sheet

This Balance Sheet sets out the financial position of the assets and liabilities recognised by the Council at 31 March. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

- **Usable Reserves** – Those reserves that the Council 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 that may only be used to fund capital expenditure or repay debt).
- **Unusable Reserves** – these are not able to be used to provide services and include 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. They also include reserves that hold timing differences shown in the Movement in Reserves Statement line *Adjustments between accounting basis and funding basis under regulations*.

Cash Flow Statement

The Cash Flow Statement summarises the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investment and financing activities.

- The amount of net cash flows arising from **operating activities** is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.
- **Investing activities** represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council’s future service delivery.
- Cash flows arising from **financing activities** are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Accounting Policies

Accounting policies are the specific principles, conventions, rule and practices applied by the Council in preparing and presenting its financial statements. Accounting policies should focus on recognition, measurement and presentation in line with the requirements of the Code, as follows:

Narrative Report

- Recognition – the process for recording a transaction in the Balance Sheet or the Comprehensive Income and Expenditure Statement.
- Measurement – the quantification in monetary terms of the amounts at which assets, liabilities, income, expenditure and reserves are reported.
- Presentation – the process for effectively communicating information on assets, liabilities, income, expenditure and reserves in the financial statements and the disclosures.

Where a change in accounting policy 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 applied. Where this is the case, explanations are provided in respect of any changes being made to the figures presented in the previous year's financial statements.

Collection Fund

This reflects the statutory requirement for billing authorities, such as Hyndburn Borough Council, to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet. Instead, Collection Fund balances are distributed across the balance sheets of the billing authority, the government and precepting authorities according to the provisions of the Code.

Further information

The Statement of Accounts inevitably uses technical terms and language. A comprehensive Glossary of Accounting Terminology is on the Council's website www.hyndburnbc.gov.uk.

The availability of the accounts for inspection is advertised by the Council on its website.

The Statement of Accounts, initially before audit completion and subsequently afterwards, is also placed on the Council's website.

If required, further information about the 2024/25 accounts is available from the Head of Finance, Hyndburn Borough Council, Scaitcliffe House, Ormerod Street, Accrington, BB5 0PF.



Martin Dyson, FCPFA
Executive Director (Resources) / Section 151 Officer

Annual Governance Statement

Scope of Responsibility

As a local authority, the Council has a statutory responsibility to review its governance arrangements at least once a year. The preparation and publication of the Annual Governance Statement, in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016), fulfils this requirement.

Hyndburn Borough Council is responsible for ensuring that its business is:

- conducted in accordance with the law and proper standards; and
- that public money is safeguarded and properly accounted for.

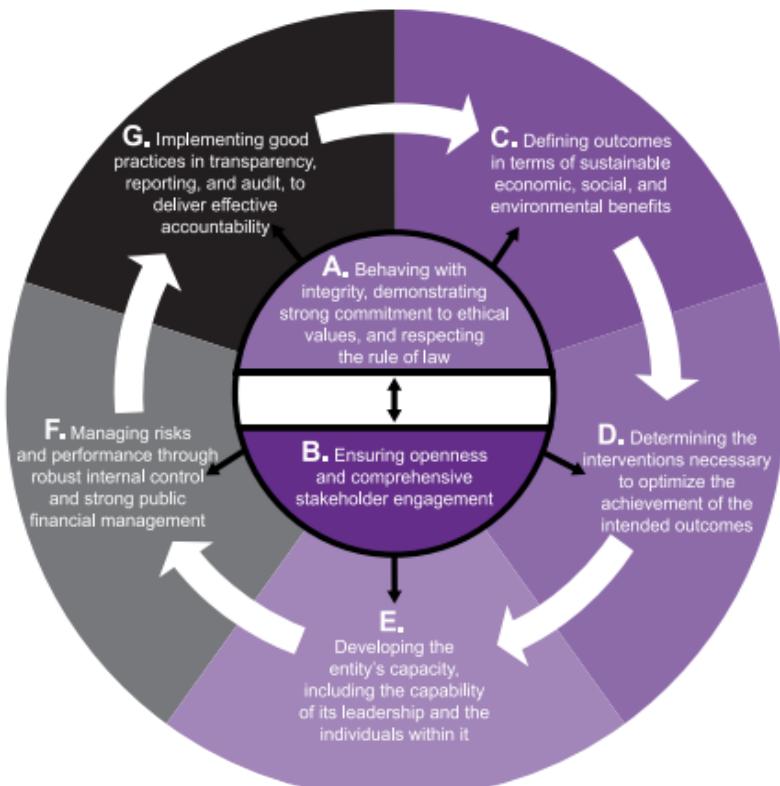
The Council also has a duty, under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

To discharge this overall responsibility, the Council must have proper arrangements in place for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Hyndburn Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE framework 'Delivering Good Governance' (and any subsequent guidance issued).

This statement explains how the Council has complied with the seven principles set out in the CIPFA/SOLACE Framework during 2024/25. The preparation of this statement also fulfils the requirement under Regulation 6(1b) of the Accounts and Audit Regulations 2015 to produce and publish an Annual Governance Statement.

CIPFA's framework for Good Governance in the Public Sector defines the principles against which the Annual Governance Statement reports:



The Purpose of the Governance Framework

Annual Governance Statement

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate value for money services.

The system of internal control is a significant part of the Council framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The Governance Framework has been in place at Hyndburn Borough Council for the year ended 31st March 2025 and up to the date of the production of the statement of accounts.

The Governance Framework

Key elements of the systems and processes that comprise the authority's governance include arrangements for:

Principle A: Behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council has a formal constitution which is reviewed at least annually, amended as required and made publicly available on our website at www.hyndburnbc.gov.uk. The Constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some processes are required by law, while others are a matter for us to choose.

The Constitution includes the following documents which provide guidance for officers and members on the standards of behaviour expected to ensure integrity:

- Members Code of Conduct;
- Code of Conduct for Employees; and
- Responsibility and Functions of Members.

The Council's Monitoring Officer maintains the Codes of Conduct and appoints an investigating officer to investigate any suspected breaches. Alleged breaches of the Members Code of Conduct are conducted in accordance with an agreed protocol with some matters considered by a Standards Sub-Committee. Councillors sign a formal declaration agreeing to abide by the Code of Conduct.

For staff, the Employee Handbook sets out the requirements and standards expected and this forms part of the staff induction process.

The Council also has established a set of corporate values which are intended to underpin all that we do. These are published as part of our Corporate Strategy and include the following:

Annual Governance Statement

Customer Focus	<ul style="list-style-type: none">• We will make best use of our resources to support the delivery of excellent services to our customers• We will treat each customer as a valued individual and show sensitivity to their needs and differences
Integrity	<ul style="list-style-type: none">• We will always try and do the right thing• We will act and communicate honestly and openly, honour our commitments and be accountable for our actions
Positive Attitude	<ul style="list-style-type: none">• We will be proactive and optimistic in finding solutions to challenges, open to improved ways of working and to updating our knowledge and skills to meet these changes
Teamwork	<ul style="list-style-type: none">• We will promote a friendly and supportive working environment and we will work together across teams, services and with partners to achieve the objectives of the Council and the best outcomes for our customers



Staff and Councillors are also made aware of other policies relevant to this principle of the framework including the Council's Anti-Fraud & Corruption and Bribery and Whistleblowing Policies. These arrangements are reviewed and reported on via the Council's Standards Committee, this being the Committee charged with oversight of the governance arrangements at the Council. At the heart of these policies is the requirement for all relevant parties to act with integrity.

All Councillors must register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. The register of interests is available on our website at www.hyndburnbc.gov.uk. Councillors must declare such interest at meetings which they attend. There are also procedures laid down for staff and Councillors relating to the receipt of gifts and hospitality.

All Council decisions must consider legal implications. These are set out in reports to Councillors which are published on the Council's website. The Council's Constitution sets out the responsibility for decision making. Certain decisions are reserves to the full Council with others delegated to the Cabinet or other Committees each acting in accordance with parameters set out in the Constitution.

Several areas are delegated to officers for the purposes of decision-making: however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers within the Constitution. The Council's legal team will advise on the legal implications of proposed decisions and where necessary will engage external legal advisors. The Council's Monitoring Officer and Section 151 Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to Councillors.

Principle B: Ensure Openness and comprehensive stakeholder engagement

Annual Governance Statement

Our Corporate Strategy identifies and reiterates the Council's commitment to working with partners, volunteers and our residents. Our Corporate Values promote a culture of communicating openly and working together with partners to achieve the best outcomes for our customers.

All decisions of the Council are made in accordance with principles laid down in the Constitution and include the following:

- A presumption in favour of openness;
- With due explanation as to what options were considered and giving clear reasons for the decision.

All Council meetings, Cabinet and other Committee meetings are open to the public. Agenda papers and reports together with minutes of all Council and committee meetings are publicly available on the Council's website, unless they are exempt from publication.

The Council's "Members Code of Conduct" contains the following which reinforces the importance of openness requiring Councillors to:

- *You must be as open as possible about your decisions and actions and the decisions and actions of the Council and should be prepared to give reasons for those decisions and actions.*

The Council's "Members Code of Conduct" also outlines the following requirements:

- *You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.*
- *You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.*
- *You must always treat people with respect, including the organisations and public you engage with and those you work alongside.*

The Council undertakes consultation on specific topics as and when it is considered necessary to do so. The Council also makes use of social media via Facebook and Twitter.

The Council is committed to publishing information freely and to develop further our culture of openness and transparency and publishes information in accordance with the Local Government Transparency Code. The Council's Freedom of Information Publication Scheme provides a general guide for the public in terms of what information should routinely be available to them by either accessing our website or upon request.

Partnership working is important, and the Council has in place a wide range of arrangements, ranging from small scale groups to larger and more formal partnerships (e.g. Hyndburn Leisure).

Principles C & D: Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining the interventions necessary to achieve them

The Council's strategic vision for the Borough is set out in our Corporate Strategy. Our priorities are:

- **Sustainable Growth:** *To support employment and business growth, revitalise Accrington Town Centre and deliver housing growth while balancing growth with sustainability.*

Annual Governance Statement

- **Environment and Climate Change:** To make the Council's activities and operations net zero by 2030, develop and implement an access for all environment with open green spaces and work towards reducing fuel poverty by encouraging the reduction in domestic home energy usage.
- **Community and Collaborative Working:** Work collaboratively with our partners supporting the local communities addressing health inequalities and celebrating our culture and heritage.

Underpinning the Council's Corporate Strategy are several other strategic plans and documents that outline their contributions to achieving the Council's vision and objectives.

The Council's existing Local Plan was adopted in November 1996. The Local Plan provides a framework for future development in the Borough by way of guidance, incentive and control. It gives policy background for future development decisions and takes account of the need to protect the natural and built environment.

The Council is currently in the process of developing a new Local Plan which will provide updated policies and identify new development allocations, including those for residential and employment uses.

Service areas are required to set, monitor and manage agreed targets for performance. Performance against and achievement of expected outcomes is monitored regularly via the Council's corporate performance management system. Where expected performance is not being achieved intervention measures are considered and implemented where appropriate.

In relation to the buying of goods and services, staff must comply with the Council's Contract Procedure Rules. These set out relevant considerations when reaching decisions on award of contracts and include relevant environmental and sustainability aspects including the achievement of "social value" as well as cost.

Decisions on the overall level of resources allocated are taken by the Council following recommendations from the Cabinet. Resources and spending plans are critically reviewed to optimise their use and level of fit with the Council's objectives. Financial planning arrangements are well established and underpinned by a three year forward projection as part of the Council's Medium Term Financial Strategy. This include both capital and revenue budgets.

Principle E: Developing the Council's capacity including the capability of Council leadership and staff

The Council's Corporate Values of "Positive Attitude" and "Teamwork" are central to our principles. These values promote better ways of working, continuous learning, and skill development to adapt to changes. They also emphasise collaboration both within the Council and with our partners to achieve our objectives and deliver the best outcomes for our customers.

Our goal is to ensure that we are well-equipped to meet the priorities set for Hyndburn and its residents. To achieve this, we will hire the right people with the right skills for the right roles. We will also maintain strong financial processes, standards, and systems, leveraging available technology and resources to enhance our efficiency and effectiveness.

Annual Governance Statement

The Council has developed a People Strategy, which has three key themes:

- **Leadership and Culture:** *Compassionate value-based leadership that guides, empowers, motivates and drives engagement.*
- **Talent and Skills:** *Skilled staff who are able to respond to what's needed and work with partners to deliver results.*
- **Wellbeing and Inclusion:** *A workplace where people are supported to be authentic and have a sense of belonging, where we actively value diversity.*

In recent years the Council has invested in training programmes to enhance organisational development, develop leadership skills and promote a coaching culture with staff at all levels encouraged to be innovative and challenge the normal way of doing things. All staff take part in annual personal development reviews which include consideration of their individual training and development needs. A range of training methods and resources are applied and feedback is actively encouraged to assess the benefit of investment in training. Training is available for Councillors including induction and topic specific matters in addition to what is available from organisations such as the Local Government Association.

Capacity is enhanced via a range of partnerships and collaborative arrangements, as well as our commissioning and procurement processes through which the Council operates a mixed economy approach to delivering services in the most effective and efficient way. Service delivery models include, in-house and transfers to external partners (Hyndburn Leisure). On a regional and sub-regional basis the Council works closely with the Lancashire Enterprise Partnership and Pennine Lancashire bodies notably in areas such as economic development, regeneration and skills/training. It also works closely with local colleges on training provision.

Leadership roles are well defined at the Council for staff and Councillors, distinguishing for example the role of Council Leader and the officer being the Head of Paid Service (i.e. the Chief Executive). A protocol is included in the Council's Constitution which reflects the principles underlying the respective Codes of Conduct which apply to Members and Employees. The shared objective of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.

The Council is committed to a culture of continuous improvement and has a focus on service delivery and effective performance management.

The Council's People Strategy acknowledges the essential role staff play in the Council's ability to deliver effective services; thus, wanting to ensure that every employee fulfils their potential and takes advantage of development opportunity available to them.

Sustaining organisational resilience is increasingly challenging at a time when recruitment is challenging both nationally and locally. Set against this, the importance of supporting staff health and well-being is acknowledged and a suite of policies and procedures are in place to help staff maintain their own physical and mental well-being. Examples include the Working Parents Policy, Flexible Working Policy and Employee Health & Wellbeing Strategy. In addition, the Council has invested in an Employee Assistance Programme to provide staff with access to a variety of support and guidance to aid their wellbeing.

Annual Governance Statement

Principle F: Managing risks and performance through robust internal control and strong public financial management

The maintenance of systems and processes to identify and manage the key strategic and operational risks is integral to the achievement of the Council's objectives. The Council's risk management framework continues to evolve and presently includes the following arrangements:

- Risk Management Strategy and Strategic Risks Policy;
- Arrangements for the Strategic Risk Register comprising corporate risks assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
- Frequent review of risks in-year with reports to the Council's Management Team, Cabinet and the Audit Committee;
- the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan;
- the requirement for Officers of the Council to consider risk management issues when submitting reports to Committee for consideration by Councillors;
- a suite of policies and procedures in relation to Whistleblowing, Anti-Fraud and Corruption, and Anti-Money Laundering Policy;
- a suite of Business Continuity Plans are in place, i.e. Emergency Response Plan, Crisis Management Plan, Service Area Business Plans and a Business Recovery Plan for critical services.

Councillors and officers have previously been trained in risk management and the Leader of the Council is briefed on the strategic risks faced by the Council. Managers have the responsibility for the effective control of risk.

Corporate Governance including risk management, incorporating the key strategic risks for the Council, are the subject of periodic reports to Cabinet and Audit Committee.

The Management Team review the Corporate Risk Register to ensure that risks are being actively monitored and managed and risk scores are included for all identified strategic risks as a means of providing much greater focus on those areas where risk management can be effective. Details of changes are reported to the Audit Committee.

The Chief Executive, as the Council's Head of Paid Service, is responsible for the corporate management of the Council, taking an active role in the corporate governance arrangements, including the organisation of the Council's staff and ensuring that appropriate internal control mechanisms are in place to achieve the Council's objectives in the most economical, efficient and effective way.

The Executive Director (Legal & Democratic) is appointed the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities under the Council's Ethical Framework relating to the Members' Code of Conduct and the Standards Regime.

Annual Governance Statement

The Executive Director (Resources) is designated as the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with Section 151 of the Local Government Act 1972 (the Chief Finance Officer).

The three statutory officers referred to above have unfettered access to information and to Councillors on the Council so that they can discharge their responsibilities effectively. The functions of these Officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Executive Director (Resources) at the Council accords with the principles set out in CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

An established **Financial Management Framework** comprising the following:

- Financial and Contract Procedure Rules as part of the Constitution;
- Medium term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
- Service and financial planning integrated within the corporate performance management cycle;
- Annual budget process involving scrutiny, challenge and consultation;
- Annual review of the adequacy of the level of financial reserves;
- Regular monitoring by management of revenue and capital budgets with reports to Management Team and Cabinet;
- Annual reports to Councillors on both the final revenue and capital out-turns compared to the approved budget;
- Continuous challenge of the scope for securing efficiencies and service improvements;
- Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice;
- Compliance with the requirements established by CIPFA, the public sector accountancy body;
- A regular review of the Council's Financial Management arrangements.

A **Performance Management Framework** which provides an explicit link between the corporate priorities and personal objectives of staff and their training and development needs. Performance is reported to Councillors and the Management Team on a systematic basis with areas of poor performance investigated proactively. Key features of the Performance Management Framework include:

- An annual review of the Corporate Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
- Service Plans produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
- The Council's staff appraisal system – Annual Personal Development Reviews link personal objectives directly to Service Plans;
- Regular reports on the performance of key indicators which are presented to Councillors and Officers.

An **Information Governance Framework** which sets out the way we handle and process information, in particular, the personal and sensitive data relating to residents, suppliers and employees. Key features of the information governance framework include:

- A suite of policies and procedures on the Council's Information Security which are available on the Intranet for all staff to review;
- Arrangements for document management and retention;

Annual Governance Statement

- A Data Protection Policy and Procedure with nominated staff responsible for providing advice and guidance on Data Protection matters;
- Compliance with the Local Government Transparency Code and provision of Open Data on Council website;
- A system for dealing with requests for information submitted to the Council under the Freedom of Information Act 2000 (including a regular review of the Council's Publication Scheme);
- Regular reviews of the Council's Information Governance and Security arrangements by Internal Audit and external assessors.

The Internal Audit function operates in accordance with the statements, standards and guidelines published by the Auditing Practices Board, CIPFA (particularly the Public Sector Internal Audit Standards) and the Institute of Internal Auditors. The Internal Audit function examines and evaluates the adequacy of the Council's system of internal control.

Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit. This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. The Internal Audit plan is agreed and monitored by the Audit Committee. The Head of the Internal Audit Service is required to give an opinion on the adequacy of the Council's system of internal control each year and ensure the assurance arrangements conform to the governance requirements of the CIPFA Statement of the Role of the Head of Internal Audit (2010).

Each member of Corporate Management Team is required to sign a Management Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance from Senior Managers that, other than those identified during the course of their normal work or by Internal Audit, they are not aware of any weaknesses in the Council's systems of internal control.

Principle G: Implementing good practice in transparency, reporting and audit to deliver effective accountability

Reports to meetings of Council, Cabinet and other committees are publicly available on our website with the Minutes also published showing what decisions have been taken and the reason(s) why. Other forms of public accountability reporting include the annual Statement of Accounts, the Council's Annual Report and in year financial and performance monitoring reports. Reports from external audit are also published online including their annual report setting out the findings resulting from their audit of the accounts.

The Council reports performance against targets and financial targets on a regular basis. The Internal Audit service complies with the requirements of the Public Sector Internal Audit Standards and has direct access to Councillors and all staff in order to discharge its responsibilities.

The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Access to Information, which is about being transparent, sharing our information with the wider community, and giving them the opportunity to use that data to build useful applications.

Annual Governance Statement

The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate.

How the Council Gains Assurance/Review of Effectiveness

The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. This review of effectiveness is informed by the work of the Council's Management Team who have a responsibility for the development and maintenance of the governance environment, the Audit Manager's Annual Report on Internal Audit also reports from the external auditor and any other review agencies and inspectorates.

The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.

During 2024/25 work undertaken to maintain and review the effectiveness of the Council's Governance Framework included the following:

- The Council's Monitoring Officer and the Council in general oversee the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution was most recently reviewed by full Council in May 2025.
- The Council's decision-making arrangements operated according to the Constitution, either through the Council, Committees or the Scheme of Delegation. Decisions arising from these arrangements have been published on the Council's website as required. Where decisions were taken under the Exercise of Urgent Business Protocol these were documented as appropriate.
- The arrangements for scrutiny operate via the Overview and Scrutiny Committee as required, allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business.
- Further scrutiny of Cabinet decisions is also provided by the Council's Call-In procedures. However, where possible Overview and Scrutiny Committee are given the opportunity to input into policies and procedures prior to presentation to Cabinet.
- The Council has operated a Standards regime consistent with the requirements of the Localism Act 2011 during the year.
- The Audit Committee met throughout the year and received various reports on the progress by External and Internal Audit against their respective work plans. The Internal Audit annual report was presented to the Committee in June 2025, in which the Council received Substantial Assurance overall on the adequacy of design and effectiveness in the operation of the council's framework of governance, risk management and control. The equivalent report was submitted to the Audit Committee in June 2024, also receiving Substantial Assurance.

There have been no formal reports during the year from either the Council's Monitoring Officer or Section 151 Officer on matters of legality or financial related concerns. There were also no objections from local electors in respect of the financial statements for the previous financial year.

Annual Governance Statement

Key Areas for Further Improvement

During the 2024/25 financial year, significant progress was made in addressing the recommendations from the 2023/24 Annual Governance Statement (AGS). The Statement of Accounts for 2021/22 and 2022/23 were completed and signed off by external audit by the backstop date deadline, and additional evidence was provided to support the Council's Value for Money arrangements.

The delays in publishing previous years' accounts were resolved in the 2023/24 financial year, with the accounts for that year being published on time by the deadline of 28th June 2024. The Council is on track to meet the statutory backstop deadline of 30th June 2025 for the 2024/25 accounts and aims to achieve the statutory deadline of 31st May in future years.

In response to the audit recommendation regarding financial authorisation levels, significant process improvements have been implemented as part of the new financial system, even though the Financial Procedure Rules have yet to be updated. The previous system relied on an outdated and illegible register of authorised signatories, which has now been replaced by a fully electronic system. Under the new system, management level dictates the authorisation amount for Creditors and Purchasing, and authorisation levels have been introduced for Debtors invoices. Additionally, the purchasing module uses a 'complex authorisation' process based on the cost centre hierarchy, incorporating a stepladder of approvers to ensure that requisitions are directed appropriately based on their amounts. This prevents unauthorised use of other teams' budgets and enhances overall financial control.

The Medium-Term Financial Strategy (MTFS) for Hyndburn Borough Council for 2025/26 to 2027/28 addresses potential funding shortfalls through key measures such as reallocating reserves, implementing efficiency savings, and pursuing additional revenue streams like grants and partnerships. The strategy emphasizes continuous monitoring and adjustment of financial plans to respond to changing economic conditions and funding landscapes. By adopting a proactive approach to financial management, the Council aims to maintain financial stability and ensure the sustainable delivery of services to the community. In concluding this year's review of the Council's governance arrangements, we have identified further improvements to strengthen our governance framework. These improvements are listed below. An action plan will be developed to address these matters, with regular monitoring to ensure progress. Our goal is to resolve these issues during the 2025/26 financial year.

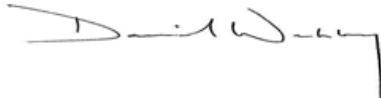
1. Financial Procedure Rules – to continue the progress made in reviewing policies and procedures that constitute the Financial Procedure rules and provide a revised document to be approved by Members.
2. Corporate Peer Review – to implement the agreed actions as set out in the Local Government Association corporate peer challenge review.
3. Financial Planning - ensure the Medium-Term Financial Strategy addresses the potential shortfall in funding identified in future years, continuing to ensure the financial stability of the Council.
4. Contract Procedure Rules – ensuring the Council and its employees meet the new requirements of the Procurement Act 2023.

Annual Governance Statement

Certification

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will strengthen the Council's governance arrangements and ongoing monitoring will ensure that the Governance Framework is effective and continues to be fit for purpose.

Dave Welsby
Chief Executive



Date: 26th June 2025

Munsif Dad
Leader of the Council



Date: 30th June 2025

Auditor's Report

Independent auditor's report to the members of Hyndburn Borough Council

This report will appear in the following pages upon completion of the Audit of the Financial Statements.

Statement of Responsibilities

The following responsibilities are placed upon the Authority and the Chief Financial Officer in relation to the Authority's financial affairs.

The Authority's Responsibilities

The Authority is required to:

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

The Chief Financial Officer's Responsibilities

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

In preparing the Statement of Accounts, the Chief Financial Officer 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 Chief Financial Officer has also:

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

Certification of the Accounts

The Statement of Accounts presents a true and fair view of the financial position of the authority as at 31st March 2025 and its income and expenditure for the financial year 2024/25.



Martin Dyson, FCPFA
Executive Director (Resources) / Section 151 Officer
30th June 2025

Financial Statements

Comprehensive Income and Expenditure Statement

The statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and Movement in Reserves Statement. The 2023/24 CIES has been restated to reflect the treatment of expenditure relating to the Huncoat Garden Village project. More detail is provided at Note 39.

2023/24				Note	2024/25		
Gross Expenditure (Restated) £000	Gross Income (Restated) £000	Net Expenditure (Restated) £000			Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,212	(142)	1,070	Environmental Health		1,244	(277)	967
9,556	(3,262)	6,294	Environmental Services		10,033	(4,223)	5,810
2,387	(375)	2,012	Legal and Democratic		2,780	(737)	2,043
1,623	(299)	1,324	Planning and Transportation		1,486	(654)	832
4,423	(1,513)	2,910	Regeneration and Housing		4,078	(1,325)	2,753
29,517	(23,905)	5,612	Resources		31,425	(24,828)	6,597
48,718	(29,496)	19,222	Cost of Services		51,046	(32,044)	19,002
		(118)	Other Operating Expenditure	9			419
		(1,693)	Financing and Investment Income and Expenditure	10			(1,218)
		(23,225)	Taxation and Non-Specific Grant Income	11			(33,962)
		(5,814)	(Surplus)/deficit on provision of services				(15,759)
		(705)	(Surplus)/Deficit on Revaluation of Non-Current Assets	27			(801)
		8,629	Re-Measurement of the Net Defined Benefit Pension Liability	37			(2,080)
		7,924	Other comprehensive income and expenditure				(2,881)
		2,110	Total comprehensive income and expenditure				(18,640)

Financial Statements

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year.

The Net Increase / Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund (b) £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves (Note 26) £000	Unusable Reserves (Note 27) £000	Total Reserves £000
Balance at 31 March 2023	(17,150)	(4,870)	(1,359)	(23,379)	(35,322)	(58,701)
Total comprehensive income and expenditure (a)	(5,814)	-	-	(5,814)	7,924	2,110
Adjustments between accounting basis and funding basis under regulations (Note 3)	1,463	2,124	(1,093)	2,494	(2,494)	-
Net (increase)/decrease in year	(4,351)	2,124	(1,093)	(3,320)	5,430	2,110
Balance at 31 March 2024	(21,501)	(2,746)	(2,452)	(26,699)	(29,892)	(56,591)
Total comprehensive income and expenditure (a)	(15,759)	-	-	(15,759)	(2,881)	(18,640)
Adjustments between accounting basis and funding basis under regulations (Note 3)	19,113	324	(7,203)	12,234	(12,234)	-
Net (increase)/decrease in year	3,354	324	(7,203)	(3,525)	(15,115)	(18,640)
Balance at 31 March 2025	(18,147)	(2,422)	(9,655)	(30,224)	(45,007)	(75,231)

- a) Total Comprehensive Income and Expenditure from the Comprehensive Income and Expenditure Statement.
- b) The General Fund column amalgamates the Council's Earmarked and Unallocated reserves (Note 26).

Financial Statements

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The 2023/24 balance sheet has been restated to reflect the treatment of expenditure relating to the Huncoat Garden Village project. More detail is provided at Note 39.

31-Mar-2024 (Restated) £000		Note	31-Mar-2025 £000
33,144	Property, Plant and Equipment	13	47,223
4,798	Heritage Assets	14	4,798
6,362	Investment Properties	15	6,407
490	Intangible Assets	16	536
8	Long Term Investments	17	8
1,688	Long Term Debtors	18	1,631
46,490	Long Term Assets		60,603
1,052	Assets Held for Sale	19	761
24,517	Short Term Investments	17	33,548
29	Inventories		48
5,969	Short Term Debtors	20	2,193
3,739	Cash and Cash Equivalents	21	3,106
35,306	Current Assets		39,656
(484)	Bank Overdraft	21	-
(43)	Short Term Borrowing	17	(43)
(7,547)	Short Term Creditors	22	(7,536)
(8,074)	Current Liabilities		(7,579)
(1,038)	Provisions	23	(854)
(9,812)	Long Term Borrowing	17	(9,807)
(6,281)	Other Long Term Liabilities	24	(6,788)
(17,131)	Long Term Liabilities		(17,449)
56,591	Net Assets		75,231
(26,699)	Usable Reserves	26	(30,224)
(29,892)	Unusable Reserves	27	(45,007)
(56,591)	Total Reserves		(75,231)

These draft financial statements were authorised for issue by the S151 Officer on 30th June 2025.



Martin Dyson – Executive Director (Resources) (Section 151 Officer)
30th June 2025

Cash Flow Statement

This statement shows the changes in cash and cash equivalents for the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, financing and investing activities.

- The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council
- Investing cash flows represent the extent to which cash outflows have been made to contribute to the Council's future service delivery
- Financing cash flows are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council

2023/24 £000		Note	2024/25 £000
5,814	Net surplus/(deficit) on the provision of services		15,759
(14,373)	Adjustments to net surplus/deficit on the provision of services for non-cash movements	28	7,207
(8,255)	Adjustments for items included in the net surplus/deficit on the provision of services that are investing and financing activities	29	(17,894)
(16,814)	Net cash flows from operating activities		5,072
14,578	Investing activities	30	(4,643)
(398)	Financing activities	31	(578)
(2,634)	Net increase/(decrease) in cash or cash equivalents		(149)
5,889	Cash and cash equivalents at the beginning of the reporting period		3,255
3,255	Cash and cash equivalents at the end of the reporting period		3,106

Notes to the Financial Statements

Notes to the Financial Statements

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the accounts which shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to the General Fund (Restated) £000	Adjustments between the Funding and Accounting Basis (Analysis below) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (Restated) £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis (Analysis below) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
1,041	29	1,070	Environmental Health	950	17	967
4,895	1,399	6,294	Environmental Services	4,811	999	5,810
1,950	62	2,012	Legal and Democratic	2,010	33	2,043
1,189	135	1,324	Planning and Transportation	790	42	832
368	2,542	2,910	Regeneration and Housing	395	2,358	2,753
5,420	192	5,612	Resources	6,242	355	6,597
14,863	4,359	19,222	Cost of Services	15,198	3,804	19,002
(19,214)	(5,822)	(25,036)	Other Income and Expenditure	(11,844)	(22,917)	(34,761)
(4,351)	(1,463)	(5,814)	(Surplus)/Deficit	3,354	(19,113)	(15,759)

(17,150)			Opening General Fund Balance at 1 April	(21,501)		
(4,351)			(Surplus)/Deficit	3,354		
(21,501)			Closing General Fund Balance at 31 March	(18,147)		

Notes to the Financial Statements

2. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2024/25

2024/25	Adjustments for Capital Purposes (Note 1 a) £000	Net change for the Pensions adjustments (Note 1 b) £000	Other statutory adjustments (Note 1 c) £000	Total Adjustments £000
Adjustments between the Funding and Accounting Basis				
Environmental Health	-	16	1	17
Environmental Services	884	97	18	999
Legal and Democratic	1	32	-	33
Planning and Transportation	18	14	10	42
Regeneration and Housing	1,915	22	421	2,358
Resources	834	(469)	(10)	355
Net Cost of Services	3,652	(288)	440	3,804
Other Expenditure and Income from the Expenditure and Funding Analysis	(22,671)	330	(576)	(22,917)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(19,019)	42	(136)	(19,113)

Adjustments between Funding and Accounting Basis 2023/24

2023/24	Adjustments for Capital Purposes (Restated) (Note 1 a) £000	Net change for the Pensions adjustments (Restated) (Note 1 b) £000	Other statutory adjustments (Restated) (Note 1 c) £000	Total Adjustments (Restated) £000
Adjustments between the Funding and Accounting Basis				
Environmental Health	-	26	3	29
Environmental Services	1,213	176	10	1,399
Legal and Democratic	1	58	3	62
Planning and Transportation	84	28	23	135
Regeneration and Housing	2,192	44	306	2,542
Resources	501	(308)	(1)	192
Net Cost of Services	3,991	24	344	4,359
Other Expenditure and Income from the Expenditure and Funding Analysis	(8,890)	(138)	3,206	(5,822)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,899)	(114)	3,550	(1,463)

Notes to the Financial Statements

1 a Adjustments for Capital Purposes

Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

1 b Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

- For services represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

1 c Other Statutory Adjustments

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

- For financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Financial Statements

Expenditure and Income Analysed by Nature

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

2023/24			Expenditure/Income	2024/25		
Net Cost of Services (Restated) £000	Other Expenditure and Income (Restated) £000	Total £000		Net Cost of Services £000	Other Expenditure and Income £000	Total £000
Expenditure						
12,719	-	12,719	Employee Benefits Expenses	12,686	-	12,686
13,985	91	14,076	Other Services Expenses	13,596	549	14,145
20,316	-	20,316	Transfer Payments	22,988	-	22,988
1,698	32	1,730	Depreciation, Amortisation and Impairment	1,776	(295)	1,481
-	321	321	Interest Payments and Other Similar Charges	-	846	846
-	13	13	Precepts and levies	-	14	14
-	(131)	(131)	(Gain)/Loss on Disposal of Non-Current Assets	-	405	405
48,718	326	49,044	Total Expenditure	51,046	1,519	52,565
Income						
(5,396)	(413)	(5,809)	Fees, Charges and Other Service Income	(5,379)	(505)	(5,884)
(5)	(1,724)	(1,729)	Interest and Investment Income	(5)	(1,813)	(1,818)
-	(11,166)	(11,166)	Income from Council Tax and Non-Domestic Rates	-	(10,799)	(10,799)
(24,095)	(12,059)	(36,154)	Government Grants and Other Contributions	(26,660)	(23,163)	(49,823)
(29,496)	(25,362)	(54,858)	Total Income	(32,044)	(36,280)	(68,324)
19,222	(25,036)	(5,814)	Surplus or Deficit on the Provision of Services	19,002	(34,761)	(15,759)

Notes to the Financial Statements

Segmental Income

Income received on a segmental basis, excluding grant income, is analysed below:

Income from Services		
2023/24 £000	Service Area	2024/25 £000
(117)	Environmental Health	(111)
(2,543)	Environmental Services	(2,444)
(290)	Legal and Democratic	(573)
(186)	Planning and Transportation	(583)
(293)	Regeneration and Housing	(402)
(1,972)	Resources	(1,272)
(5,401)	Total Income	(5,385)

3. Accounting Policies

1. General Principles

The Statement of Accounts summarises the Authority's transactions for 2024/25 financial year and its position at the year-end 31st March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations (2015), which those Regulations require to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), supported by the International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Amounts in the statements have been rounded to the nearest £'000 unless otherwise indicated.

2. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations of the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest 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 has 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

Notes to the Financial Statements

be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4. 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 Council's financial performance.

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable 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.

6. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (the Minimum Revenue Provision) calculated on a prudent basis by the Council in accordance with statutory guidance. This is achieved through

Notes to the Financial Statements

an adjusting transaction between the General Fund Balance and the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

8. Employee Benefits

Benefits Payable During Employment

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement (CIES). An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that 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 to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Notes to the Financial Statements

applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at year-end.

Post-Employment Benefits

Employees of the Council are eligible to join the Local Government Pension Scheme administered by Lancashire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Council.

The Local Government Pension Scheme

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

The liabilities of the Lancashire County Pension Scheme attributable to Hyndburn Borough Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.

Liabilities are discounted to their value at current prices, the discount rate for 2024/25 will be confirmed in the Council's IAS 19 report, (4.9% at 31st March 2024) based on the indicative rate of return on high quality (AA rated) corporate bonds.

The assets of the Lancashire County Council Pension Fund attributable to Hyndburn Borough Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Utilised securities – current bid price
- Property – market value

The change in the Net Pensions Liability is analysed into the following components:

1. 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 employee worked.
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of

Notes to the Financial Statements

Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

- Net Interest on The Net Defined Benefit Liability (Asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – that 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.

2. 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 Pension Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Lancashire County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means 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 year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

9. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event 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.

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- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are 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.

10. Financial Instruments

Financial Liabilities

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

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

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 Cashflow characteristics there are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit and loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

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

Financial Assets Measured at Amortised Cost

These are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Loans and receivables are recognised in the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure (FII) 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 loans the Council has made, this means that the amount presented in the Balance Sheet is the outstanding

Notes to the Financial Statements

principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council may also make loans to an organisation at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (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 CIES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit and Loss

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

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- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

The Council used Lea Hough Chartered Surveyors to provide a valuation of its property assets and liabilities in line with the highest and best use definition within the accounting standard; and MUFG Corporate Markets (previously Link Asset Services) to value its investments and borrowings. The highest and best use of the asset being valued is considered from the perspective of a market participant. The Council's surplus assets are judged to be Level 2.

11. 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 Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

12. Heritage Assets

The Council's heritage assets are held in the Haworth Art Gallery. The Gallery has four collections of heritage assets which are held in support of the primary objective of the museum i.e. maximise the recognition, appreciation and use of Haworth Art Gallery and its unique Tiffany Glass collection as a historic and contemporary art, education, leisure and tourism asset of local, regional and national importance.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Notes to the Financial Statements

The Tiffany Glass Collection – Includes handmade blown glass vases, glass tiles, jewels and mosaics, as well as pottery, metalwork and enamel items. The items are reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuations are updated periodically.

The Art Collection – Includes paintings (both oil and watercolour) as well as etchings, book illustrations and chromolithographs. It is reported in the Balance Sheet at market value.

Numismatics Collection – Comprises coins, medals and tokens. The medals show portraits of famous people through history, while the trade tokens have a strong local connection. The items are reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuations are updated periodically.

Community Collection – The items are reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuations are updated periodically.

The date of the latest valuation of Heritage Assets undertaken by Eric Knowles Antiquarian Services in December 2021. Assets within all four collections are deemed to have indeterminate lives and, in the case of the glass and art collections, a high residual value; hence the Council does not consider it appropriate to charge depreciation.

All four collections are relatively static, and acquisitions and donations are rare. The Gallery is accredited by the Arts Council of Great Britain which means it has a statement of purpose, an acquisition and disposals policy, a guide to the documentation relating to the collections and a plan for the collections' care and conservation.

Civic Regalia – The Council also has a collection of civic regalia which is held at the Town Hall. It was last valued for insurance purposes by Precious Metals in November 2023.

13. Intangible Assets

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

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

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of an asset can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund

Notes to the Financial Statements

Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sales proceeds greater than £10,000) to the Capital Receipts Revenue Account.

14. Interests in Companies and Other Entities

The Council no longer has material interests in other entities that have the nature of associates; Hyndburn BC therefore no longer prepares group accounts.

15. Inventories

Inventories are held in the Balance Sheet at purchase price. The cost of inventories is assigned using the First-In-First-Out costing formula.

16. Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but revalued annually according to market conditions at year end. Gains and losses on revaluation are posted to the financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

17. Leases

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption. The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the authority's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

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Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

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.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in

Notes to the Financial Statements

the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

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

18. 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.

19. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on accruals basis, provided it is probable that the future economic benefits or service potential associated with the item will flow to the Council 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 (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and 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 the management.

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

- Community assets and assets under construction – depreciated historical cost
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective

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- All other assets – the current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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

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

- Where there is a balance for 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 April 1st 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e.

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assets under construction). The Council operates a straight-line method for depreciation over the useful economic life of the asset as follows:

Asset	Period (Years)
Operational Buildings	30 - 60*
Non-Operational Buildings	30 - 60*
Community Assets	5 - 50
Vehicles & Plant	2 - 20
Surplus Assets	15 - 35

*As part of the Council's five-year rolling revaluation programme, a revised estimated useful life of the asset (if applicable) may be applied, up to a maximum of 60 years.

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.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Component Accounting

Componentisation applies where an asset comprises two or more major components with substantially different useful economic lives. For the purpose of depreciation, each component is accounted for separately and depreciated over the course of its respective life.

The policy applied at Hyndburn Borough Council has a de minimis level of £500,000 asset value for the building element and a maximum number of components of five.

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.

Assets Held for Sale are assets where the:

- Asset is immediately available for sale
- Sale is highly probable
- Asset is actively marketed
- Sale is expected to be completed within twelve months

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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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 that date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

Disposals

When an asset is disposed of or decommissioned, 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 (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated on 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 Council's capital financing requirement. Receipts are appropriated to the Capital Receipts Reserve 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.

Infrastructure Assets

Infrastructure assets include footways and cycle tracks, street lighting, street furniture, sewers and culverts, and a small number of carriageways owned by the authority. Infrastructure assets are generally measured at depreciated historical cost.

Depreciation is provided by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is calculated on a straight-line basis. Annual depreciation is the depreciation amount allocated each year. Useful lives are determined as follows:

Type of Infrastructure Asset	Useful Life
Footways and cycle tracks	15 years
Street lighting	10 years
Street furniture	10 years
Sewers and culverts	10 years
Structures (Bridges)	40 years

In accordance with the temporary relief offered by the 'Update to the Code and Specifications for Future Codes for Infrastructure Assets' this note does not include disclosure of gross cost and accumulated

Notes to the Financial Statements

depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

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

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

20. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made when an event has taken place on or before the balance sheet date:

- that gives the Council a legal or constructive obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimation 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 Council 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 the provision is expected to be recovered from another party (e.g. from an insurance claim), it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent liabilities can also arise in circumstances where a provision would otherwise be made but either it is not sufficiently certain that the event will take place, or the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

21. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movements in Reserves

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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 transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

22. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

23. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. Vat receivable is excluded from income.

24. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer 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:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act 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 Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

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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.

4. Accounting Standards Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2024/25 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2025/26 Code are:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) IFRS 17 Insurance Contracts. This standard replaces IFRS 4 and sets out the principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

Work on the implementation of the Code changes is still ongoing and the full impact on the Council's accounts has not yet been fully assessed, however it is likely that items a) and b) will have a limited impact on the amounts to be reported in the Council's financial statements.

5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in note 3, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- **Funding**

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 yet sufficient to provide an indication that

Notes to the Financial Statements

the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- **Business Rates Appeal Provision**

The Council collected approximately £25M in business rates in 2024/25 compared to £26M in 2023/24. The assumptions around the outcome of appeals against the business rates valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from the experience with both the 2005 and 2010 lists as well as appeals determinations so far made against the 2017 and 2023 lists.

6. Assumptions made about the future and other major sources of estimation and uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from Assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that rely on assumptions about the level of repair and maintenance. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful life assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying value of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £25k for every year that useful lives had to be reduced.
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.	The fair values of surplus / investment assets and financial instruments are measured using Level 2 inputs, namely using quoted prices for similar assets or liabilities in active markets at the balance sheet date. All valuations are undertaken by expert valuers in accordance with the methodologies and bases for estimation set out in the professional standards. As most estimates are based on current market information material changes to the carrying values are therefore not expected. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for these assets.

Notes to the Financial Statements

Provisions	<p>The Council has made a provision of £0.5M for its share of potential appeals in respect of Non-Domestic Rates. This has been based on:</p> <ul style="list-style-type: none"> • appeals in the system at the year end • average numbers of successful appeals • average changes in rateable value for successful appeals. 	<p>A significant increase in successful appeals would mean that the Council's NDR income would reduce.</p> <p>This could be up to £500,000 for a 10% increase in the number/value of successful appeals.</p>
Pensions liability	<p>Estimation of the net liability to pay pension depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured and some sensitivity analysis is included in Note 37. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £6.2 million.</p> <p>However, the assumptions interact in complex ways. Note 37 provides details on actuarial gains and losses in recent years.</p>

7. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director (Resources) / S151 officer on 30th June 2025. Events taking place after this date have not been reflected in the financial statement or notes. Where events taking place before this date provide information about conditions existing at 31st March 2025, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

8. Adjustments between Accounting Basis and Funding Basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council 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 the 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 the Council is statutorily empowered to spend

Notes to the Financial Statements

on its services or on capital investment (or the deficit of resources the Council is required to recover) at the end of the financial year.

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 which have yet to be applied for these purposes at 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 / or the financial year in which it can take place.

Notes to the Financial Statements

Adjustments in 2024/25	Usable Reserves			Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Depreciation, impairment and revaluation losses of non-current assets (charged to the surplus or deficit on the provision of services)	(1,587)	-	-	1,587
Revaluation Losses on PPE Charges to CIES	(85)	-	-	85
Movements in the fair value of investment properties	295	-	-	(295)
Amortisation of intangible assets	(104)	-	-	104
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	17,547	-	(9,612)	(7,935)
Revenue expenditure funded from capital under statute (REFCUS)	(1,876)	-	-	1,876
Net gain or (loss) on sale or de-recognition of non-current assets / long-term investment	(405)	(347)	-	752
Statutory provision for repayment of debt	891	-	-	(891)
Capital expenditure charged to the General Fund balance	4,342	-	-	(4,342)
Use of the capital receipts to finance new capital expenditure	-	671	-	(671)
Use of grants and contributions received in prior year to finance new capital expenditure	-	-	2,409	(2,409)
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	4	-	-	(4)
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS19) are different from the contributions due under the pension scheme regulations	(42)	-	-	42
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	132	-	-	(132)
Amount by which officer remuneration calculated in accordance with the Code (i.e. including an accrual for holiday pay) is different from amounts payable in the year in accordance with relevant statutory provisions	1	-	-	(1)
Total Adjustments	19,113	324	(7,203)	(12,234)

Notes to the Financial Statements

Adjustments in 2023/24	Usable Reserves			Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Depreciation, impairment and revaluation losses of non-current assets (charged to the surplus or deficit on the provision of services)	(1,686)	-	-	1,686
Movements in the fair value of investment properties	(32)	-	-	32
Amortisation of intangible assets	(12)	-	-	12
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	7,766	-	(2,372)	(5,394)
Revenue expenditure funded from capital under statute (REFCUS)	(2,327)	-	-	2,327
Net gain or (loss) on sale or de-recognition of non-current assets / long-term investment	131	(489)	-	358
Statutory provision for repayment of debt	725	-	-	(725)
Capital expenditure charged to the General Fund balance	336	-	-	(336)
Use of the capital receipts to finance new capital expenditure	-	2,613	-	(2,613)
Use of grants and contributions received in prior year to finance new capital expenditure	-	-	1,279	(1,279)
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	4	-	-	(4)
Amount by which pension costs calculated in accordance with the Code (i.e. in accordance with IAS19) are different from the contributions due under the pension scheme regulations	114	-	-	(114)
Amount by which council tax income and non-domestic rate income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with regulation	(3,534)	-	-	3,534
Amount by which officer remuneration calculated in accordance with the Code (i.e. including an accrual for holiday pay) is different from amounts payable in the year in accordance with relevant statutory provisions	(22)	-	-	22
Total Adjustments	1,463	2,124	(1,093)	(2,494)

9. Other Operating Expenditure

2023/24 £000		2024/25 £000
13	Parish council funding	14
-	Unattached capital receipts	-
(131)	(Gains)/losses on the disposal of non-current assets	405
(118)	Total	419

Notes to the Financial Statements

10. Financing and Investment Income and Expenditure

2023/24 £000		2024/25 £000
459	Interest payable and other similar charges	516
(138)	Pensions net interest and administration costs	330
(1,724)	Interest receivable and similar income	(1,813)
(290)	Income and expenditure in relation to investment properties and changes in their fair value	(736)
-	Impairment loss on debtors	485
(1,693)	Total	(1,218)

11. Taxation and Non-Specific Grant Income and Expenditure

The council credited the following to the Comprehensive Income and Expenditure Statement:

2023/24 (Restated) £000		2024/25 £000
(4,293)	Non-ring fenced Government grants	(5,616)
(7,766)	Capital grants and contributions	(17,547)
(12,059)	Total non-specific grant income	(23,163)
(5,670)	Council tax income	(5,856)
(5,496)	Non-domestic rates income	(4,943)
(23,225)	Total	(33,962)

The non-ringfenced Government grants and capital grants and analysed further in the following tables:

Non-Ringfenced Government Grants

2023/24 £000		2024/25 £000
(1,891)	Revenue support grant	(2,018)
(1,635)	Compensation for loss of business rates income (s31 grant)	(3,198)
(147)	Services Grant	(25)
(201)	New Homes Bonus grant	(118)
(414)	Covid grants	-
-	Funding Guarantee	(227)
(5)	Other	(30)
(4,293)	Total	(5,616)

Notes to the Financial Statements

Capital Grants and Contributions

2023/24 (Restated) £000		2024/25 £000
(1,191)	Disabled Facilities Grant	(1,360)
(4,957)	Department for Levelling Up, Housing and Communities	(11,524)
(257)	Lancashire County Council	(315)
-	Green Spaces Fund	(450)
-	DEFRA	(669)
(49)	Lawn Tennis Association	-
(50)	Changing Places	-
(111)	Heritage Lottery	(98)
(27)	Lancashire Environment Fund	(54)
(274)	Sport England	(2,054)
(189)	UK Shared Prosperity Fund	(760)
(595)	Homes England	(116)
-	FCC Communities Foundation	(92)
(66)	Other contributions	(55)
(7,766)	Total	(17,547)

12. Grant Income and Contributions Credited to Cost of Services

In addition to the non-ringfenced grants, a number of service specific or ringfenced grants were credited to the cost of services:

2023/24 £000		2024/25 £000
(19,933)	Rent allowances / Rent rebate subsidy and Discretionary housing payments (DHP)	(22,031)
(475)	Housing Benefit administration grant	(345)
(73)	Other Housing Benefit grants	(95)
(48)	Energy Bill Alternative Fuel grant	-
(37)	Covid grants	-
(475)	Grants to support homelessness	(485)
(525)	UK Shared Prosperity Fund	(1,112)
(241)	Sport England grant	(75)
(720)	Household Support Fund	(810)
(76)	Homes for Ukraine grant	(148)
(494)	Asylum Seekers grant	(329)
(170)	Levelling Up Fund	(400)
(250)	Homes England grants	-
(101)	Energy Rebates New Burdens grant	-
(80)	Planning Skills and Delivery grant	(20)
-	DEFRA Food Waste Collection grant	(176)
-	Healthy Homes Initiative	(130)
(397)	Other government grants	(504)
(24,095)	Total	(26,660)

Notes to the Financial Statements

13. Property, Plant and Equipment

Movements in the property, plant and equipment valuations are detailed in the following tables, however, in accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets the tables do not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The movement in the net book value of infrastructure assets is detailed in a separate table.

As a result of previous accounting requirements for infrastructure assets, there are significant information deficits which mean that the gross cost and accumulated depreciation figures held for infrastructure assets may not be materially correct, due to being unable to identify and therefore derecognise components of these assets as they have been replaced. In line with the amendments to the 2003 Regulations, where a component of an infrastructure asset has been replaced, the Council has assumed that the carrying amount of the component to be derecognised is zero (new regulation 30M(3)).

Property, Plant and Equipment – Movements in 2024/25

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or valuation						
At 1 April 2024	24,861	7,353	2,191	1,804	3,439	39,648
Additions	2,369	1,922	682	-	10,188	15,161
Non-enhancing expenditure recognised in CIES	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(118)	-	-	300	-	182
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(176)	-	-	-	-	(176)
Derecognition / disposals	-	(907)	-	(137)	-	(1,044)
Assets reclassified	(3,229)	-	-	-	3,229	-
Other movements	-	-	-	-	-	-
At 31 March 2025	23,707	8,368	2,873	1,967	16,856	53,771
Accumulated depreciation						
At 1 April 2024	(1,193)	(5,217)	(115)	(7)	-	(6,532)
Depreciation charge	(645)	(866)	(72)	-	-	(1,583)
Depreciation written out to the Revaluation Reserve	620	-	-	-	-	620
Depreciation written out to the surplus/deficit on the provision of services	92	-	-	-	-	92
Derecognition / disposals	-	832	-	-	-	832
Assets reclassified	70	-	-	-	(70)	-
Other movements	-	-	-	-	-	-
At 31 March 2025	(1,056)	(5,251)	(187)	(7)	(70)	(6,571)
Net book value						
At 1 April 2024	23,668	2,136	2,076	1,797	3,439	33,116
At 31 March 2025	22,651	3,117	2,686	1,960	16,786	47,200

Notes to the Financial Statements

Property, Plant and Equipment – Movements in 2023/24 Restated

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Cost or valuation						
At 1 April 2023	21,941	7,312	1,479	1,470	601	32,803
Additions	3,975	348	795	-	1,988	7,106
Non-enhancing expenditure recognised in CIES	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	22	-	-	322	-	344
Revaluation increases/(decreases) recognised in the surplus/deficit on the provision of services	(227)	-	(83)	177	-	(133)
Derecognition / disposals	-	(307)	-	-	-	(307)
Assets reclassified	(850)	-	-	(165)	850	(165)
Other movements	-	-	-	-	-	-
At 31 March 2024	24,861	7,353	2,191	1,804	3,439	39,648
Accumulated depreciation						
At 1 April 2023	(643)	(4,832)	(93)	(9)	-	(5,577)
Depreciation charge	(611)	(695)	(22)	(7)	-	(1,335)
Depreciation written out to the Revaluation Reserve	40	-	-	9	-	49
Depreciation written out to the surplus/deficit on the provision of services	21	-	-	-	-	21
Derecognition / disposals	-	310	-	-	-	310
Assets reclassified	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
At 31 March 2024	(1,193)	(5,217)	(115)	(7)	-	(6,532)
Net book value						
At 1 April 2023	21,298	2,480	1,386	1,461	601	27,226
At 31 March 2024	23,668	2,136	2,076	1,797	3,439	33,116

Capital Commitments

At 31st March 2025 the Council had entered into the following significant contracts for £5,961,567 relating to the design, planning and costing relating to the creation of leisure facility at Wilsons Playing Fields.

Effects of Changes in Estimates

In 2024/25 the Council made no material changes to its accounting estimates for Property, Plant and Equipment.

Notes to the Financial Statements

Revaluations

The Council carries out a rolling programme of valuations that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations are carried out as recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. Valuations in 2024/25 were carried out and certified by a team from Lea Hough Chartered Surveyors.

The significant assumptions applied in estimating fair value are:

- Operational land and properties are valued on the basis of current value in existing use, unless they are of a specialist nature in which case they are valued on a Depreciated Replacement Cost basis, or Market Value as applicable.
- Vehicles, plant and equipment values are based on historical cost less depreciation.
- Infrastructure and Community assets are included at historical cost, less any applicable depreciation, other than where Community Assets are at current value.
- Non-operational properties in full commercial use are valued by reference to their Market Value on the basis of net realisable value. Investment properties are valued on the basis of market value.

The following statement shows the progress of the Council's programme for the revaluation of Property, Plant and Equipment.

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	3,544	8,368	141	-	16,856	28,909
Valued at current value (fair value for surplus assets) at:						
At 31 March 2025	12,574	-	2	163	-	12,739
At 31 March 2024	2,904		158	1,804	-	4,866
At 31 March 2023	4,685		938	-	-	5,623
At 31 March 2022	-		-	-	-	-
At 31 March 2021	-		1,634	-	-	1,634
Total cost or valuation	23,707	8,368	2,873	1,967	16,856	53,771

All the Council's surplus assets have been assessed as Level 2 for valuation purposes (see Note 3.24).

Infrastructure Assets – Movements on Balances

2023/24 £000		2024/25 £000
-	Net book value at 1 April	28
31	Additions	-
(3)	Depreciation charge	(5)
28	Net book value at 31 March	23

Notes to the Financial Statements

Property, plant and equipment assets as presented on the Council's Balance Sheet are made up of the following balances:

31-Mar-2024 £000		31-Mar-2025 £000
28	Infrastructure assets	23
33,116	Other Property, plant and equipment	47,200
33,144	Total Property, plant and equipment assets	47,223

14. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council:

	Art & Numismatics Collection £000	Numismatics Collection £000	Local & Community Collection £000	Glass Collection £000	Civic Regalia £000	Total £000
Cost or valuation						
At 1 April 2023	2,365	64	108	1,750	332	4,619
Additions	-	-	44	-	-	44
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	135	135
At 31 March 2024	2,365	64	152	1,750	467	4,798
 At 1 April 2024						
Additions	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-
At 31 March 2025	2,365	64	152	1,750	467	4,798

There have been no disposals or impairment losses in the 2024/25 or 2023/24. The civic regalia was last revalued in 2023/24 and the works of art were revalued during 2021/22 and their revalued amounts are included above.

15. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement.

Notes to the Financial Statements

2023/24 £000		2024/25 £000
(413)	Rental income from investment property	(505)
91	Direct operating expenses arising from investment property	64
32	Changes in the fair value of investment property	(295)
(290)	Net (gain)/loss	(736)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2023/24 £000		2024/25 £000
6,595	Balance at 1 April	6,362
(32)	Net gains/(losses) from fair value adjustments	295
(201)	Disposals	(250)
-	Transfer (to)/from Property, Plant and Equipment	-
-	Other changes	-
6,362	Balance at 31 March	6,407

Valuation Techniques Used to Determine Fair Values for Investment Property

The fair value hierarchy is explained in the Accounting Policies Note 3.24. Level 2 has been used for investment property which uses a market approach taking into account similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields and the covenant strength for existing tenants. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs are significant, leading to properties being categorised as level 2 on the fair value hierarchy.

16. Intangible Assets

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the authority. The carrying amount of intangible assets is amortised on a straight-line basis.

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

Notes to the Financial Statements

2023/24 £000		2024/25 £000
	Gross carrying amount	
709	Balance at 1 April	1,030
321	Purchases	150
-	Assets reclassified from assets under construction	-
-	Disposals	-
1,030	Balance at 31 March	1,180
	Accumulated amortisation	
(528)	Balance at 1 April	(540)
(12)	Amortisation	(104)
-	Disposals	-
-	Other movements in amortisation	-
(540)	Balance at 31 March	(644)
	Net carrying amount	
181	Balance at 1 April	490
490	Balance at 31 March	536

17. Financial Instruments

A financial instrument is a contract which gives rise to a financial asset of one entity and a financial liability or entity instrument of another entity. Non-exchange transactions such as those relating to taxes and government grants do not give rise to financial instruments.

Financial Assets – Balances

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications:

Amortised cost, comprising:

- Investments, including loans to banks, building societies and other local authorities
- cash in hand and bank current and deposit accounts
- trade receivables for goods and services provided (including leases)

Fair value through profit and loss (FVPL), comprising:

- investments in Money Market Funds, which are shown at fair value as investments with a quoted market price.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Notes to the Financial Statements

31-Mar-2024 (Restated) £000			31-Mar-2025 £000		
Long term	Short term	Total	Category	Long term	Short term
8	24,000	24,008	Investments - principal	8	33,110
-	517	517	Accrued interest on the above	-	438
8	24,517	24,525	Total investments	8	33,548
-	1,707	1,707	Cash and cash equivalents - principal	-	1,099
-	23	23	Accrued interest on the above	-	-
-	2,000	2,000	Cash and cash equivalents at fair value through profit and loss (FVPL)	-	2,000
-	9	9	Accrued interest on the above	-	8
-	3,739	3,739	Total cash and cash equivalents	-	3,107
1,688	5,919	7,607	Other trade receivables	1,631	3,256
-	(2,127)	(2,127)	Loss allowance against trade receivables	-	(2,568)
1,688	3,792	5,480	Total trade receivables	1,631	688
1,696	32,048	33,744	Total financial assets	1,639	37,343
					38,982

Financial Liabilities – Balances

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost, and comprise:

- long-term loans
- short-term loans from other local authorities
- bank overdraft
- lease payables, detailed in Note 25
- trade payables for goods and services received

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

31-Mar-2024 £000			31-Mar-2025 £000		
Long term	Short term	Total	Category	Long term	Short term
(9,595)	-	(9,595)	Principal sum borrowed	(9,595)	-
(35)	(43)	(78)	Accrued interest	(34)	(43)
(182)	-	(182)	Effective interest rate (EIR) adjustments **	(178)	-
(9,812)	(43)	(9,855)	Total borrowing	(9,807)	(43)
-	(484)	(484)	Bank overdraft	-	-
-	(2,381)	(2,381)	Trade payables	-	(2,542)
(9,812)	(2,908)	(12,720)	Total financial liabilities	(9,807)	(2,585)

** EIR adjustments to market loans with "stepped" interest rates, to average out their cost over the life of the loans. The adjustments made to the carrying values each year impact on the Financial Instruments Adjustments Account (Note 27)

Notes to the Financial Statements

Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

2023/24					2024/25			
Financial Liabilities at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at fair value through profit & loss £000	Total £000		Financial Liabilities at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets at fair value through profit & loss £000	Total £000
459	-	-	459	Interest on loans	477	-	-	477
459	-	-	459	Total expense	477	-	-	477
-	(1,624)	(100)	(1,724)	Other interest	-	(1,813)	-	(1,813)
-	(1,624)	(100)	(1,724)	Total income	-	(1,813)	-	(1,813)
459	(1,624)	(100)	(1,265)	Net impact on surplus/ deficit on provision of services	477	(1,813)	-	(1,336)

Fair Value of Financial Instruments

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For Money Market Fund holdings, included in financial assets, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at of the instrument at 31 March 2025, using the following methods and assumptions:

- The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options. Lenders’ options to propose an increase to the interest rate on the loan have been valued according to a standard commercial model. Borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments were estimated using market rates for similar instruments with similar remaining terms to maturity.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.
- No early repayment or impairment is recognised for any financial instrument.

Fair values are shown in the table below, split by their level in the **fair value hierarchy**:

- Level 1** – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices.
- Level 2** – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3** – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Notes to the Financial Statements

Fair values were prepared by the Council's treasury advisors. Where no fair values are shown, any differences were immaterial.

2023/24			Fair Value Level	Financial Assets	2024/25		
Carrying Value £000	Fair Value £000	Difference £000			Carrying Value £000	Fair Value £000	Difference £000
(9,780)	(8,675)	1,105	2	Market loans (some with call options)	(9,780)	(7,745)	2,035
(75)	(75)	-	2	Other borrowings (with individuals)	(75)	(75)	-
(9,855)	(8,750)	1,105		Total Borrowing	(9,855)	(7,820)	2,035

The overall fair value of the Council's financial liabilities is lower than the carrying amount because, predominantly, the interest rates payable on them are lower than the rates that were available for comparable debt at the balance sheet date. This decreases the amount that the Council would have to pay to settle the liabilities early.

Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, and these are recognised in the Risk Register. Treasury risks are additionally monitored by Audit and Governance Committee and by a central Treasury Management Group, working within a framework set for each year by the Treasury Management Strategy. Treasury Management Practices specify practical operational arrangements.

The main risks are:

- Credit risk – other parties may fail to pay amounts due to the Council
- Liquidity risk – the Council may not have funds available to make payments on time
- Market risk – financial loss may arise as a result of changes in financial markets, e.g. movements in interest rates

Credit Risk

Investments

The Council has not suffered any loss due to default by financial institutions and has controls in place to minimise the risk of default.

Limits are set as to the duration of loans and amounts invested, based on independently monitored credit ratings for financial institutions. This lending list is reviewed frequently in line with the latest information from the Council's treasury advisors. The categories of investment made and key limits applied to them were:

- high rated money market funds – instant access (upper limit £2 million per fund)
- credit rated banks and building societies – upper limit of £2million per bank or building society for periods ranging from 100 days to 1 year dependent on credit rating
- the Council's current bank - upper limit £3million
- deposits with other local authorities (limits £2 million and 364 days)
- deposits with the Government's Debt Management Office (no limit)

Notes to the Financial Statements

Limits were also applied to investments in foreign-domiciled banks and to overall balances in the building society sector. Separate criteria applied to longer term investments (over one year), but no long-term investments were made during the year.

At the end of the year the Council's investments portfolio was placed as follows:

31-Mar-2024 £000	Investment Portfolio	31-Mar-2025 £000
	Short term investments	
2,000	Debt Management Office	3,110
23,620	Other local authorities	30,000
-	A rated banks/building societies	-
-	Low rated building societies	-
25,620	Total short term investments	33,110
	Short term deposits with banks and building societies	
2,000	AAA rated Money Market Funds	2,000
-	AA- rated bank	-
-	A+ rated bank	-
-	A rated bank	-
89	Council's current account	80
2,089	Total short term deposits	2,080

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed in a general way because the risk of any institution failing to repay funds owed will be specific for individual institutions. Recent experience shows that it is rare for such entities to fail to meet their commitments. There is a risk of non-recovery for all of the Council's deposits, but no evidence that this risk is likely to be realised, therefore, no separate provision for loss has been made in the accounts.

The Council has continued to limit the amount of borrowing undertaken, thereby reducing the potential credit risk arising from placing deposits.

Trade receivables

Credit risk for trade receivables is managed in various ways. Risk on lease income is mitigated by legal ownership of the assets leased, with the option to repossess in the event of debtor default. Arrears are managed by encouraging payment by direct debit and taking recovery action in respect of arrears that do arise. The Council nonetheless recognises the risk of exposure to non-payment and makes provision accordingly, as shown in the following table:

31-Mar-2024 (Restated) £000			31-Mar-2025 £000	
Value of debt	Provision		Value of debt	Provision
5,919	(2,127)	Trade receivables	3,256	(2,568)

Included in the previous table were debts past their due date for payment, broken down by age as follows:

Notes to the Financial Statements

31-Mar-2024 (Restated) £000	Age of Debt	31-Mar-2025 £000
4,070	Less than 30 days	2,067
220	30 days to 59 days	224
370	60 days to 89 days	218
336	90 days to 119 days	264
923	120 days +	483
5,919	Total	3,256

Liquidity risk

The Council's day to day cash flows are monitored closely and projections continually updated. The Council's Investment Strategy, whilst prioritising the security of investments and seeking to optimise net interest earned, also ensures that sufficient funds are maintained on call or for short durations to allow payments to be made when necessary. The good standing of all local authorities as credit risks and the prudent management of the Council's budget as a whole ensures that the Council is in a position to borrow short term to meet day to day expenses when and if necessary.

The Council has ready access to borrowing from the PWLB and other local authorities. As a result, there is no significant risk that the Council will be unable to raise funds to meet its long-term financial commitments. The main longer-term risk is that the Council may find itself having to replenish a significant part of its borrowings at a time of unfavourable interest rates. This risk is managed by maintaining a spread of fixed rate loans and limiting the amount of debt maturing in any one year.

The maturity analysis of principal sums borrowed is as follows:

31-Mar-2024 £000		31-Mar-2025 £000
(43)	Under 1 year	(43)
(43)	Total short term borrowing	(43)
-	Maturing in 1 to 2 years	-
-	Maturing in 3 to 5 years	-
-	Maturing in 6 to 10 years	-
(9,812)	Maturing in more than 10 years	(9,807)
(9,812)	Total long term borrowing	(9,807)
(9,855)	Total borrowing	(9,850)

The Council has £9.5 million of "Lender's Option, Borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council would then have the option to accept the new rate or repay the loan without penalty. It is likely that these options will not be taken up, therefore, the above table assumes they will not be repaid until their final maturity dates.

Notes to the Financial Statements

Market risk

The main market risk facing the Council is of adverse movement in interest rates. The Council has a number of strategies to manage interest rate risk, including limiting the total level of net borrowing (borrowing less investment) at variable rates and setting an upper limit for net borrowing at fixed interest rates. The Council also employs treasury advisors to assist with taking investment and borrowing decisions including on such matters as options for debt restructuring (repaying debt early and taking out replacement debt on current terms). The impact of potential changes in interest rates is considered in the setting of the annual budget and is monitored across the year to allow any adverse movements to be accommodated.

The potential impact of any changes in interest rates on the Council is complex. For example, an increase in interest rates would have the following effects:

- Borrowing at variable rates – higher interest costs charged
- Borrowing at fixed rates – the fair value of borrowing liabilities would fall
- Investment at variable rates – higher interest earned
- Investment at fixed rates – the fair value of investment assets would fall

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

2023/24 £000		2024/25 £000
(400)	Interest gained on investments	(372)
-	Increased cost of borrowing	-
(400)	Impact on Comprehensive Income and Expenditure Statement	(372)

A 1% change in interest rates would also impact on the fair value of fixed rate investments and borrowings, which can be considered by varying the discount rates used in their estimation. In the case of the fair values of investments this would remain relatively immaterial. It would be more significant for the fair value of borrowings where a 1% increase in rates would decrease the fair value by over £1.1 million. A decrease in rates would correspondingly increase the fair value of borrowings. This would not impact on either surplus or deficit on the provision of services or the Movement in Reserves Statement.

18. Long Term Debtors

31-Mar-2024 £000		31-Mar-2025 £000
992	Loan to Leisure in Hyndburn	958
165	Equipment loan to Leisure in Hyndburn	132
-	Loan to Hyndburn Arts	-
11	Car loans to employees	6
520	Property Charges	535
1,688	Total	1,631

Notes to the Financial Statements

a) Employees Car Loans

The Council makes loans for car purchase to 3 employees in the authority who are in posts that require them to drive regularly on the authority's business.

Interest is charged at different rates depending upon the emissions of the vehicle: < 1400cc 8.75%, 1400-1600cc 9.25% and > 1600cc 9.75%.

b) Equity Share Loans (ESL) and Purchase Assistance Loans (PAL)

Hyndburn BC has made both ESL and PAL loans. Neither type of loan has a definite repayment or maturity date and is not included in the Balance Sheet. Details are in the table below.

Equity Share Loans (ESL)

31-Mar-2024		Year	31-Mar-2025	
No of Loans	Value (£000)		No of Loans	Value (£000)
15	476	2006/07	15	475
12	361	2007/08	12	361
9	269	2008/09	9	262
36	1,106	Total	36	1,098

Purchase Assistance Loans (PAL)

31-Mar-2024		Year	31-Mar-2025	
No of Loans	Value (£000)		No of Loans	Value (£000)
2	29	2009/10	2	29
2	56	2010/11	2	56
1	30	2011/12	1	30
5	115	Total	5	115

19. Assets Held for Sale

31-Mar-2024 £000		31-Mar-2025 £000
1,105	Balance at 1 April	1,052
165	Assets newly classified as held for sale: Property, plant and equipment	-
-	Assets declassified as held for sale: Property, plant and equipment	-
1	Capital expenditure	-
-	Write out non-enhancing expenditure to CIES	-
-	Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
(59)	Revaluation losses recognised in the CIES	(1)
(160)	Assets sold	(290)
-	Impairment losses	-
1,052	Balance at 31 March	761

Notes to the Financial Statements

20. Short Term Debtors

31-Mar-2024 £000		31-Mar-2025 £000
	Debtors classed as Financial Instruments	
5,919	Trade receivables	3,256
(2,127)	Impairment allowance	(2,568)
3,792		688
	Debtors not classed as Financial Instruments	
2,967	Council tax	3,201
903	Non-domestic rates	745
260	Payments in advance	385
2,247	Other receivables	1,436
	Impairment allowance:	
(2,774)	Council tax	(2,933)
(778)	Non-domestic rates	(676)
(648)	Overpaid housing benefit	(653)
5,969	Total	2,193

21. Cash and Cash Equivalents

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

31-Mar-2024 £000		31-Mar-2025 £000
2	Cash held by the Council	2
-	Bank current accounts	1,021
3,741	Short term deposits with banks and building societies	2,088
(4)	Bequests	(5)
3,739		3,106
(484)	Bank overdraft	-
3,255	Total	3,106

22. Short Term Creditors

31-Mar-2024 £000		31-Mar-2025 £000
	Creditors classed as Financial Instruments	
(2,381)	Trade payables	(2,542)
(2,381)		(2,542)
	Creditors not classed as Financial Instruments	
(94)	Council tax	(106)
(621)	Non-domestic rates	(579)
(349)	Receipts in advance	(678)
(4,102)	Other payables	(3,631)
(7,547)	Total	(7,536)

Notes to the Financial Statements

23. Provisions

	Balance at 31 March 2024 £000	Additional Provisions Made £000	Amounts Used £000	Unused Amounts Reversed £000	Balance at 31 March 2025 £000
Industrial units and market bond deposits for leases	(10)	-	-	-	(10)
Insurance excess provision for potential claims	(113)	(178)	-	113	(178)
Provision for potential claims not able to be paid by Municipal Mutual Insurance Ltd following their financial difficulties	(31)	-	-	-	(31)
Provision for appeals of Non Domestic Rates	(724)	(126)	255	120	(475)
Valuation of collection	(4)	-	-	-	(4)
Other	(156)	-	-	-	(156)
Balance at 31 March 2025	(1,038)	(304)	255	233	(854)

These are all considered to be long-term provisions.

24. Other Long-Term Liabilities

31-Mar-2024 £000		31-Mar-2025 £000
(5,966)	Pension scheme liability	(5,220)
(315)	Lease liabilities (Note 25)	(1,568)
(6,281)	Total	(6,788)

25. Leases

Authority as Lessee: Finance Leases

As a Lessee, the Authority has previously classified leases as Operating or Finance leases, based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset, to the Authority. The Authority has adopted IFRS16 (Leases) with effect from 1 April 2024. The adoption of the new standard would have resulted in the balance sheet recognition of a right-of-use asset and related lease liability in relation to all former operating leases, however as at 1 April all existing leases were classified as finance leases and were therefore already recognised on the balance sheet. The Authority has elected to apply recognition exemptions to low value assets (below £10,000 when new as per the Authority's Fixed Asset deminimus) A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The transition to IFRS 16 has not resulted in an adjustment to the Financial Statements.

The Council has acquired a number of vehicles and items of equipment under finance leases. They have a net value of £1.568M in 2024/25 and £0.315M in 2023/24.

Notes to the Financial Statements

Right-of-use assets

The table shows the change in the value of right-of-use assets held by the Council. All the Council's right-of-use-assets are held within the Vehicles, plant and equipment category.

31-Mar-2024 £000		31-Mar-2025 £000
521	Balance at 1 April 2024	346
223	Additions	1,831
-	Revaluations	-
(398)	Depreciation	(613)
-	Disposals	-
346	Balance at 31 March 2025	1,564

Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

2023/24 £000		2024/25 £000
Comprehensive Income and Expenditure Statement		
20	Interest expense on lease liability	78
-	Expenses relating to short-term leases	-
-	Gains or losses arising from sale and leaseback transactions	-
20	Total	78
Cashflow Statement		
398	Minimum lease payment	578

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

31-Mar-2024 £000		31-Mar-2025 £000
236	Less than one year	537
79	One to five years	1,031
-	More than five years	-
315	Total	1,568

Authority as lessor

The authority has not issued any finance leases.

26. Usable Reserves

The Council sets aside specific amounts as reserves for future policy purposes (earmarked reserves) or to cover contingencies (unallocated balances). 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 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 charge against council tax for the expenditure. This note sets out the amounts set aside from the General Fund in its usable reserves to provide financing for future spending plans and the amounts posted back from usable reserves to meet general fund expenditure in 2023/24 and 2024/25.

Earmarked Reserves

Amounts set aside in earmarked reserves by the Council in 2023/24 and 2024/25 are detailed below:

Description of Reserves

- **Balance set aside for invest to save initiatives** – This reserve contains revenue underspends from previous years which have been set aside to fund future service delivery.
- **Balances set aside to fund specific expenditure** – This reserve contains balances in relation to specific income or grants received which will be used in future years to fund specific expenditure for which they were given.
- **Business Rates Volatility Reserve** – The Council's element of surpluses from the Collection Fund (Council Tax and Non-Domestic Rates Income) are set aside in this reserve to be used to smooth any future years deficits from the Collection Fund. It may also be used to help mitigate any possible risks around business rates funding following the proposed implementation of the fair funding review. An element of this reserve has been transferred to the Leisure Investment reserve in 2023/24 to support the Council's Leisure Investment capital programme.
- **Climate Change Reserve** – This reserve was first set aside in 2021/22 to be used in future years to fund costs associated with reducing the impact of climate change.
- **Communities For Health Funding** – This balance was set aside to support leisure related expenditure.
- **Dilapidations Reserve** – This reserve is to be used to fund asset remedial work.
- **Huncoat Garden Village Housing Zone Reserve** – This reserve was set aside to assist with the costs of Master Planning for a potential development in Huncoat.
- **Leisure Investment Reserve** – This reserve has been set aside to fund the leisure investment schemes in the capital programme.
- **Levelling Up Reserve** – This amount has been set aside as the Council's contribution to the Levelling Up capital schemes.
- **Planning s106 Fund** – This reserve contains amounts received for planning obligations to be spent on capital / revenue projects in line with respective agreements.
- **Revenue Funding of Capital Schemes Reserve** – Surplus revenue income has been set aside in previous years to fund future capital projects.
- **Section 31 Grant set aside for future years liability** – This reserve was set aside using grant received in 2020/21 to fund future business rates liabilities arising in 2020/21 due to increased business rates reliefs

Notes to the Financial Statements

awarded by the Government during the Covid-19 pandemic and resulting lockdowns. These liabilities have now been settled, and the reserve has been transferred into other reserves.

- **Waste Services Reserve** – This amount was set aside in 2018/19 to offset the loss in 2019/20 of approximately £800k from the Lancashire County Council cost sharing agreement and funding towards the cost of wheeled bins and replacements purchased in 2019/20 and future years.

Notes to the Financial Statements

	Balance at 31 March 2023 £000	Transfers out 2023/24 £000	Transfers in 2023/24 £000	Balance at 31 March 2024 £000	Transfers out 2024/25 £000	Transfers in 2024/25 £000	Balance at 31 March 2025 £000
Earmarked reserves							
Reserves held for discretionary use by the Council							
Balance set aside for invest to save initiatives	(1,351)	879	(144)	(616)	352	(433)	(697)
Balances set aside to fund specific future expenditure	(2,492)	916	(1,974)	(3,550)	925	(1,668)	(4,293)
Business Rates Volatility Reserve	-	7,953	(8,408)	(455)	177	(267)	(545)
Climate Change Reserve	(806)	156	(100)	(750)	202	-	(548)
Communities For Health Funding	(54)	-	-	(54)	1	-	(53)
Dilapidations Reserve	(18)	14	-	(4)	-	(22)	(26)
Huncoat Garden Village	(12)	12	-	-	-	-	-
Leisure Investment	(3,065)	133	(5,676)	(8,608)	3,961	-	(4,647)
Levelling Up	(2,000)	-	-	(2,000)	55	-	(1,945)
Planning s106 Fund	(859)	529	(34)	(364)	99	(28)	(293)
Revenue Funding for Capital Schemes	(1,127)	-	(1,511)	(2,638)	-	-	(2,638)
S31 grant set-aside for future years deficit liability	(2,996)	2,996	-	-	-	-	-
Waste Services	(19)	19	-	-	-	-	-
Total earmarked reserves	(14,799)	13,607	(17,847)	(19,039)	5,772	(2,418)	(15,685)
Unallocated reserves	(2,351)	33	(144)	(2,462)	-	-	(2,462)
Capital receipts reserve	(4,870)	2,613	(489)	(2,746)	671	(347)	(2,422)
Capital grants unapplied	(1,359)	6,673	(7,766)	(2,452)	10,344	(17,547)	(9,655)
Total Council Usable Reserves	(23,379)	22,926	(26,246)	(26,699)	16,787	(20,312)	(30,224)

Notes to the Financial Statements

27. Unusable Reserves

Certain reserves are held to manage the accounting processes for non-current assets, for example the Revaluation Reserve and the Capital Adjustment Account. These and other reserves in relation to financial instruments, retirement and employment benefits do not represent usable resources for the Council.

Summary

31-Mar-2024 Restated £000		31-Mar-2025 £000
(12,323)	Revaluation Reserve	(12,820)
(25,856)	Capital Adjustment Account	(38,299)
181	Financial Instruments Adjustment Account	177
8,515	Pensions Reserve	6,477
(554)	Collection Fund Adjustment Account	(686)
145	Accumulated Absences Adjustment Account	144
(29,892)	Total	(45,007)

Revaluation Reserve

This reserve contains the gains made by the Council arising from increases in the value of the Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued 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 realised

This reserve contains only revaluation gains accumulated since 1st April 2007, the date the reserve was created. Accumulated gains arising before that date are consolidated into the balance of the Capital Adjustment Account.

2023/24 Restated £000		2024/25 £000
(11,897)	Balance at 1 April	(12,323)
(739)	Upward revaluation of assets	(882)
221	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	81
(518)	(Surplus) or deficit on the revaluation of non-current assets not posted to the surplus or deficit on the provision of services	(801)
92	Difference between fair value depreciation and historical cost depreciation	147
-	Accumulated gains on assets sold or scrapped	157
92	Amount written off to the capital adjustment account	304
(12,323)	Balance at 31 March	(12,820)

Notes to the Financial Statements

Capital Adjustment Account

The 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 these 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 as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment properties. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date the Revaluation Reserve was created to hold such gains. Note 8 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24 Restated £000		2024/25 £000
(19,645)	Balance at 1 April	(25,856)
	Reversal of items relating to capital expenditure charged to the Comprehensive Income and Expenditure Statement	
1,338	Charges for depreciation and impairment of non-current assets	1,587
161	Revaluation losses / (gains) on property, plant and equipment	85
12	Amortisation of intangible assets	104
2,327	Revenue expenditure funded from capital under statute	1,876
358	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal calculation	752
(92)	Adjusting amount written out of the Revaluation Reserve	(304)
4,104	Net written out amount of the cost of non-current assets consumed in the year	4,100
	Capital financing applied in the year	
(2,613)	Use of the capital receipts reserve to finance new capital expenditure or set aside to reduce the net indebtedness of the Council	(671)
(5,394)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(7,935)
(1,279)	Application of grants to capital financing from the Capital Grants Unapplied Account	(2,409)
(725)	Statutory provision for the financing of capital investment charged against the General Fund	(891)
(336)	Capital expenditure charged against the General Fund	(4,342)
32	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(295)
(25,856)	Balance at 31 March	(38,299)

Movements in the market value of Investment Properties have been removed from revaluation losses and reported separately.

Notes to the Financial Statements

Financial Instruments Adjustment Account

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

2023/24 £000		2024/25 £000
185	Balance at 1 April	181
-	Proportion of premiums incurred in previous financial years to be charged against the General Fund balance in accordance with statutory requirements	-
	Effective interest rate adjustments in respect of:	
-	Soft loans	-
(4)	Stepped loan rates	(4)
(4)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance cost chargeable in the year in accordance with statutory requirements	(4)
181	Balance at 31 March	177

Pensions Reserve

The 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 Council 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 incorporate inflation, changing assumptions and investment returns on any resources set aside to meet costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds. A debit balance on the Pensions Reserve therefore shows a substantial shortfall in benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Since the 2022/23 financial year the pension fund has been in a surplus position. Under International Accounting Standard (IAS 19) the Council must disclose the lower of the actuarial valuation or the Asset Ceiling calculation. The pension fund was in a surplus position again at 31 March 2025. The asset ceiling calculation resulted in a lower valuation and has therefore been included within the accounts for both 2023/24 and 2024/25.

2023/24 £000		2024/25 £000
-	Balance at 1 April	8,515
(7,447)	Remeasurement of the net defined benefit liability	(12,577)
(114)	Amount by which pension costs calculated in accordance with IAS19 are different from the contributions due under the pension scheme regulations	42
16,076	Asset Ceiling adjustment	10,497
8,515	Balance at 31 March	6,477

Notes to the Financial Statements

Collection Fund Adjustment Account

The 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 the council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023/24 £000		2024/25 £000
(4,088)	Balance at 1 April	(554)
3,534	Amount by which the council tax income and non-domestic rate income credited to the Comprehensive Income and Expenditure Statement differs to the amount calculated in accordance with statutory requirements	(132)
(554)	Balance at 31 March	(686)

Accumulated Absences Account

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

2023/24 £000		2024/25 £000
123	Balance at 1 April	145
(123)	Settlement of cancellation of accrual made at the end of the preceding year	(145)
145	Amounts accrued at the end of the current year	144
22	Amount by which remuneration charge to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1)
145	Balance at 31 March	144

Notes to the Financial Statements

28. Cash Flow Statement – Adjustment for Non-Cash Movements

Adjustments to net surplus or deficit on the provision of services for non-cash movements:

31-Mar-2024 (Restated) £000		31-Mar-2025 £000
1,338	Depreciation	1,587
348	Impairment and downward valuations	85
12	Amortisation	104
(9,830)	Increase/(decrease) in creditors	(12)
(3,186)	(Increase)/decrease in debtors	3,860
18	(Increase)/decrease in inventories	(19)
(2,663)	Movement in pension liability	1,334
358	Carrying amount of non-current assets, non-current assets held for sale, sold or derecognised	752
(768)	Other non-cash items charged to the surplus or deficit on the provision of services	(484)
(14,373)	Total	7,207

29. Cash Flow Statement – Operating Activities

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

31-Mar-2024 (Restated) £000		31-Mar-2025 £000
-	Proceeds from short-term and long-term investments	-
(489)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(347)
(7,766)	Any other items for which the cash effects are investing or financing cash flows	(17,547)
(8,255)	Total	(17,894)

The cash flows for operating activities include the following items:

31-Mar-2024 £000		31-Mar-2025 £000
1,605	Interest received	1,892
(462)	Interest paid	(482)

Notes to the Financial Statements

30. Cash Flow Statement – Investing Activities

31-Mar-2024 (Restated) £000		31-Mar-2025 £000
(7,294)	Purchase of property, plant and equipment, investment property and intangible assets	(13,479)
(24,000)	Purchase of short term and long term investments	(33,110)
(520)	Other payments for investing activities	(534)
489	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	347
38,000	Proceeds from short term and long term investments	24,000
7,903	Other receipts from investing activities	18,133
14,578	Net cash flows from investing activities	(4,643)

31. Cash Flow Statement – Financing Activities

31-Mar-2024 £000		31-Mar-2025 £000
-	Cash receipts of short term and long term borrowing	-
-	Other receipts from financing activities	-
(398)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	(578)
-	Repayment of short term and long term borrowing	-
-	Other payments for financing activities	-
(398)	Net cash flows from financing activities	(578)

Reconciliation of Liabilities Arising from Financing Activities

	1-Apr-2024 £000	Financing cash flows		Non-cash changes £000	31-Mar-2025 £000
		Acquisitions £000	Repayments £000		
Long term borrowing	9,595	-	-	-	9,595
Short term borrowing	-	-	-	-	-
Other Long Term Liabilities	315	-	(578)	1,831	1,568
Total	9,910	-	(578)	1,831	11,163

	1-Apr-2023 £000	Financing cash flows		Non-cash changes £000	31-Mar-2024 £000
		Acquisitions £000	Repayments £000		
Long term borrowing	9,595	-	-	-	9,595
Short term borrowing	-	-	-	-	-
Other Long Term Liabilities	504	209	(398)	-	315
Total	10,099	209	(398)	-	9,910

Notes to the Financial Statements

32. Members' Allowances

2023/24 £000		2024/25 £000
293	Allowances payable to Members	299
-	Expenses payable to Members	-
293	Total	299

33. Officers' Remuneration

Senior Officers Remuneration

The remuneration paid to the Council's senior officers is shown in the table below. This includes the post title and shows the remuneration paid to those officers and includes a small amount of non-taxable expenses that have been reimbursed.

2024/25

Post holder	Note	Salary, Fees and Allowances £000	Expense Allowance £000	Benefits in Kind £000	Total Remuneration excluding Pension Contributions £000	Pension Contribution £000	Total Remuneration including Pension Contribution £000
Chief Executive		126	-	-	126	16	142
Executive Director (Environment)		90	-	1	91	11	102
Executive Director (Legal & Democratic)		103	-	-	103	11	114
Executive Director (Resources)		93	-	-	93	12	105
Head of Accountancy		68	-	-	68	8	76
Head of Benefits, Revenues & Customer Contact		63	-	-	63	8	71
Head of Environmental Health		64	-	-	64	-	64
Deputy Head of Environmental Services		69	-	4	73	9	82
Head of Housing & Regeneration		55	-	2	57	-	57
Head of Planning & Transportation	A	58	-	-	58	7	65
Head of Planning & Transportation	B	16	-	-	16	2	18
Head of Policy & Organisational Development		70	-	-	70	9	79

Notes:

- A) The Head of Planning and Transportation left the authority on 31st January 2025.
- B) The post of Head of Planning and Transportation was appointed to on 1st January 2025.

Notes to the Financial Statements

2023/24

Post holder	Note	Salary, Fees and Allowances £000	Expense Allowance £000	Benefits in Kind £000	Total Remuneration excluding Pension Contributions £000	Pension Contribution £000	Total Remuneration including Pension Contribution £000
Chief Executive		136	-	1	137	27	164
Executive Director (Environment)		88	-	-	88	11	99
Executive Director (Legal & Democratic)		88	1	1	90	11	101
Executive Director (Resources)		90	-	-	90	16	106
Head of Accountancy Services	A	19	-	-	19	2	21
Head of Finance	B	24	-	-	24	3	27
Head of Benefits, Revenues & Customer		60	-	-	60	7	67
Head of Environmental Health		61	-	-	61	-	61
Head of Environmental Services		62	5	4	71	8	79
Head of Housing & Regeneration		61	-	2	63	5	68
Head of Planning & Transportation		68	-	-	68	8	76
Head of Policy & Organisational Development		63	5	-	68	10	78

Notes:

- A) The Head of Accountancy left the authority on 30th July 2023. The post was subsequently replaced by the Head of Finance.
- B) The Head of Finance started at the Council on 30th October 2023.

All Employees Remuneration

The table below shows the number of employees whose remuneration, excluding employer pension contributions, was £50,000 or more. It includes the senior officers in the previous tables.

No of Employees 2023/24	Remuneration Banding	No of Employees 2024/25
3	50,000 to 54,999	7
2	55,000 to 59,999	3
3	60,000 to 64,999	3
2	65,000 to 69,999	1
1	70,000 to 74,999	2
-	75,000 to 79,999	-
-	80,000 to 84,999	-
2	85,000 to 89,999	-
1	90,000 to 94,999	2
-	95,000 to 99,999	-
-	100,000 to 104,999	1
-	105,000 to 109,999	-
-	110,000 to 114,999	-
-	115,000 to 119,999	-
-	120,000 to 124,999	-
-	125,000 to 129,999	1
-	130,000 to 134,999	-
1	135,000 to 139,999	-
15	Total	20

Notes to the Financial Statements

Exit Packages

There were no exit packages charged to the authority's Comprehensive Income and Expenditure Statement in the current year or in 2023/24.

34. External Audit Costs

The Council has incurred the following fees in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors:

2023/24 £000		2024/25 £000
136	Fees payable with regard to external audit services carried out by the appointed auditor for the year undertaken by Mazars	180
-	Fees payable for the certification of grant claims and returns in respect of 2022/23 undertaken by Mazars	-
-	Fees payable for the certification of grant claims and returns in respect of 2021/22 undertaken by Mazars	-
-	Difference between estimated fees payable for additional work relating to the audit 2020/21 and accrued amounts, including b/f accruals	-
4	Difference between estimated fees payable for additional work relating to prior year audits and accrued amount	42
140	Total Cost	222
(18)	Redmond Review Local Audit Fees grant	-
122	Net Cost	222

35. Related Parties

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

Central Government

Central government is responsible for providing the statutory framework within which the Council operates. It provides the majority of the Council's funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of grant income are shown in notes 11 and 12.

Other Public Bodies

Precept payments to Lancashire County Council, Lancashire Fire Authority and Lancashire Police and Crime Commissioner are shown in the Collection Fund, while the precept paid to Altham Parish Council was £13,688 (and the amount paid in 2023/24 was £13,019). Details of payments to the Pension Fund are shown in note 37.

Notes to the Financial Statements

Members & Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of member allowances paid in 2024-25 is shown in note 32.

Some council members act in a number of capacities for related parties. This may include being employed by other local authorities, acting as a trustee or serving on the management board of companies and voluntary organisations. Members' interests in related parties have been included, where applicable, in the Register of Members Interests which is open to public inspection. There are no related party issues.

Under the Authority's Code of Conduct for Employees officers must declare any interests, financial and non-financial which could conflict with the authority's interests. No material declarations were made during the year.

Entities Influenced by the Council

Leisure in Hyndburn is a trust set up to manage Hyndburn Borough Council's sport and leisure facilities. It also looks after the Council's arts and entertainment facilities and community buildings. In 2024/25 the total value of expenditure to the Trust was £1,256,668 (£1,810,427 in 2023/24). The total value of income from the Trust was £1,798,765 (£843,540 in 2023/24) for services provided by the Council and other recharges. The Council gave subsidy to Hyndburn Leisure in 2024/25 of £1M compared to £0.49M in 2023/24 which was largely to compensate for significant increases in energy costs.

At 31 March 2025 the Council was owed £2,810,562 (£3,031,152 in 2023/24). This includes two loans to the Trust at 31 March 2025 reported in long-term debtors totalling £1,090,655 as detailed in note 18 Long Term Debtors. The Trust is deemed to be influenced by the Council through its representation (one member) on the Trust Board.

36. Capital Expenditure and Financing

The total amount of capital expenditure is shown in the table below (including the value of assets acquired under finance leases and long-term contracts), together with the resources used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement, which is a measure of the capital expenditure incurred by the Council that has yet to be financed.

Notes to the Financial Statements

31-Mar-2024 £000		31-Mar-2025 £000
8,668	Opening capital financing requirement	8,106
	Capital investment	
7,137	Property, plant and equipment	15,161
321	Intangible assets	150
2,327	Revenue expenditure funded from capital under statute	1,876
-	Capital investments / loans	-
9,785	Total capital investment	17,187
	Sources of finance	
(2,613)	Capital receipts – set aside to reduce net indebtedness	(671)
(6,673)	Government grants and other contributions	(10,344)
	Sums set aside from revenue:	
(336)	Direct revenue contributions	(4,342)
(725)	Minimum revenue provision (MRP) for debt repayment	(891)
8,106	Closing capital financing requirement	9,045
	Explanation of movement in year	
(562)	Increase / (reduction) in underlying need to borrow (unsupported by Government financial assistance)	939
(562)	Total movement	939

37. Defined Benefit Pension Schemes

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

The Council participates in the Local Government Pension Scheme (LGPS) which is administered by Lancashire County Council. This is a funded defined benefit final salary scheme for service up to 31st March 2014 and on a revalued average salary (a “career average” scheme) for service from 1st April 2014 onwards. A funded scheme means that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with the investment assets, and is governed by statute (principally now the LGPS Regulations 2013).

Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge we are 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 Movement in Reserves Statement in relation to the Local Government Pension Scheme:

Notes to the Financial Statements

	2023/24 £000	2024/25 £000
Comprehensive Income and Expenditure Statement		
Cost of services		
Current service cost	1,606	1,598
Past service cost	-	-
(Gain)/loss from settlements and curtailments	99	-
Financing and Investment Income and Expenditure		
Net Interest expense and administration costs	(1,301)	(1,702)
Interest on surplus above asset ceiling	1,163	2,032
Total post-employment benefit charged to the surplus or deficit on the provision of services	1,567	1,928
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Remeasurement - assets	(5,123)	2,365
Remeasurement - liabilities		
- Experience (gain) / loss	972	(143)
- (Gains)/losses on financial assumptions	(1,619)	(14,425)
- (Gains)/losses on demographic assumptions	(1,677)	(374)
Total re-measurement recognised in Other Comprehensive Income	(7,447)	(12,577)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(5,880)	(10,649)
Movement in Reserves Statement		
Reversal of net charges made to the surplus/deficit on the provision of services for post-employment benefits in accordance with the Code	(1,041)	(1,334)
Actual amount charged against the General Fund balance for pensions in the year		
Employers' contributions payable to the scheme	1,155	1,292
Retirement benefits payable to pensioners	526	594

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	2023/24 £000	2024/25 £000
Present value of the defined benefit obligation	(120,613)	(106,569)
Fair value of plan assets	156,108	155,339
Net (liability)/asset arising from defined benefit obligation	35,495	48,770
Asset ceiling adjustment:		
Asset ceiling impact at beginning of period	(24,222)	(41,461)
Interest on surplus above asset ceiling	(1,163)	(2,032)
Change in asset ceiling (net of interest)	(16,076)	(10,497)
Asset ceiling impact at end of period	(41,461)	(53,990)
Net (liability)/asset after asset ceiling adjustment	(5,966)	(5,220)

Notes to the Financial Statements

Asset Ceiling

Following the pensions valuation by the Council's actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations 31 March 2025, resulting in a pension plan asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

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

The Council has unfunded pension benefits which were £5.220M in deficit at 31 March 2025. The outstanding pension liability represents this unfunded element. The asset ceiling for the funded element of the scheme was assessed to be £nil.

The Council has therefore limited the pension asset recognised in its balance sheet to the asset ceiling. As shown in the table above the "interest on the surplus above the asset ceiling" has been recognised in financing and investment income and expenditure within the CIES. The "change in the asset ceiling" has been recognised within other comprehensive income and expenditure in the CIES.

Reconciliation of the Movements in the Fair Value of Plan Assets

	2023/24 £000	2024/25 £000
Opening balance at 1 April	145,309	156,108
Interest income	7,030	7,506
Remeasurement (gains) / losses - assets	5,123	(2,365)
Settlements	-	-
Contributions from employer	4,230	594
Contributions from employees into the scheme	549	568
Benefits paid	(6,083)	(7,019)
Other	(50)	(53)
Closing balance at 31 March	156,108	155,339

Notes to the Financial Statements

Reconciliation of Present Value of Plan Liabilities (Defined Benefit Obligation)

	2023/24 £000	2024/25 £000
Opening balance at 1 April	(121,087)	(120,613)
Current service cost	(1,606)	(1,598)
Interest cost	(5,679)	(5,751)
Contributions by scheme participants	(549)	(568)
Remeasurement - liabilities		
- Experience (gain) / loss	(972)	143
- (Gains)/losses on financial assumptions	1,619	14,425
- (Gains)/losses on demographic assumptions	1,677	374
Past service (cost)/gain	-	-
(Losses)/gains on curtailment	(99)	-
Liabilities extinguished on settlements	-	-
Benefits paid	6,083	7,019
Closing balance at 31 March	(120,613)	(106,569)

Local Government Pension Scheme assets comprised

31-Mar-2024 £000	Asset category	Quoted in active markets (Y/N)	31-Mar-2025 £000
2,886	Cash and cash equivalents etc.	N	2,304
172	Equities - Financials	Y	155
	Bonds (by sector):		
-	UK Corporate	Y	-
124	Overseas Corporate	N	155
124	Sub-total bonds		155
	Property (by type):		
523	Retail	N	311
1,483	Commercial	N	1,553
2,006	Sub-total property		1,864
	Private equity:		
2,528	UK	N	-
9,228	Overseas	N	9,547
11,756	Sub-total private equity		9,547
	Other investment funds:		
23,608	Infrastructure	N	20,642
12,414	Indirect Property Funds	N	10,613
23,086	Credit Funds	N	24,955
6,029	Pooled Fixed Income	N	8,380
472	UK Pooled Equity Funds	N	2
73,555	Overseas Pooled Equity Funds	N	76,722
139,164	Sub-total other investment funds		141,314
156,108	TOTAL ASSETS		155,339

Notes to the Financial Statements

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 levels etc.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries, estimates for the County Council Fund are based on the latest full valuation of the scheme as at 31st March 2025. The significant assumptions used by the actuary have been:

2023/24		2024/25
Mortality assumptions		
Longevity at 65 for current pensioners		
22.4	Male	22.3
25.3	Female	25.4
Longevity at 65 for future pensioners		
21.1	Male	21.1
23.5	Female	23.6
Financial assumptions		
2.7%	Rate of CPI inflation	2.6%
4.2%	Rate of increase in salaries	4.1%
2.8%	Rate of increase in pensions (payment / deferment)	2.7%
4.9%	Rate for discounting scheme liabilities	5.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The following sensitivity analysis is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous period.

Notes to the Financial Statements

Change in assumptions at 31 March 2025	Impact on the net Defined Benefit Liability £000	Impact on the projected Service Cost for next year £000	Impact on the projected Net Interest Cost for next year £000
	£000	£000	£000
Longevity - 1 year increase in member life expectancy	-2,305	-29	-151
Rate of inflation - increase by 0.25%	-3,218	-81	-204
Rate of increase in salaries – increase by 0.25%	-558	-	-49
Rate for discounting scheme liabilities – increase by 0.5%	+6,156	+149	+633
Change in 2024/25 investment returns:			
- increase by 1%	+1,524	-	+88
- decrease by 1%	-1,524	-	-89

Impact on the Council's cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible, whilst meeting the requirement of Regulations governing the Fund which require the contributions to be set with a view to targeting the Fund's solvency. The detailed provisions are set out in the Fund's Funding Strategy Statement (FSS).

The Regulations also require actuarial valuations to be carried out every 3 years. The most recent valuation, at 31 March 2022, showed a surplus of £1,395 million against the Fund's solvency funding target. An alternative way of expressing the position is that the Fund's assets were sufficient to cover 115% of its liabilities – this percentage is known as the solvency funding level of the Fund. The previous valuation at 31 March 2019 showed a surplus of £12 million, equivalent to a solvency funding level of just over 100%.

The LGPS Regulations require the next 3 years' contributions to be set so as to secure the Fund's solvency and long-term cost efficiency. The "Primary rate" of the employers' contribution is the contribution rate required to meet the cost of the future accrual of benefits including ancillary, death in service and ill health benefits together with administration costs. The "Secondary rate" of an individual employer's contribution is an adjustment to the primary contribution rate to reflect any past service deficit or surplus, based on an average recovery period of 25 years. Funding levels are monitored on an annual basis, with the next triennial valuation due to be completed on 31 March 2025.

The weighted average duration of the authority's defined benefit obligation is 15 years, measured on the actuarial assumptions used for IAS19 purposes.

Early payment of 3 years LGPS employers' pension contributions and deficit lump sum

Every three years the pension scheme undertakes a valuation process which establishes each employer's surplus/deficit in respect of previous years and the period over which this is to be repaid. As the full amount is due at the point of the triennial valuation each employer pays the Pension Fund a rate of "interest" for allowing payment over a longer period to compensate the Fund for investment opportunities which it has forgone. Paying in advance of this schedule enables a gross saving due to the avoidance of these "interest" payments. This is then netted off against the interest that could have been earned by the Council placing this money on deposit.

Notes to the Financial Statements

For the three-year period, commencing 1st April 2023, the Council has taken advantage of a discount offered for early payment of both the three-year surplus/deficit amount and the (monthly) employer contributions in relation to current staff who are members of the LGPS. A payment of £3.608 million was made in April 2023, which will result in a net saving, after accounting for interest foregone on investments, across the 3-year period.

As a consequence of this early payment of pension contributions there was an initial reduction of the pension liability by £3.608 million, which will “unwind” over the three-year triennial period. Due to the regulatory provisions which specify the amount chargeable to the Council’s General Fund, there was an adjustment to the pension reserve which resulted in a variance between the reserve and the pension liability, which would normally be equal and opposite. The 31 March 2025 is the end of the second year of the up front payment period and a total of £1.292M was credited to the reserve as part of the 2nd year of unwinding.

Areas of uncertainty

Guaranteed Minimum Pension (GMP) equalisation:

A High Court on 26 October 2018 clarified that an obligation exists to adjust benefits for the effect of inequalities caused by any GMP earned in the defined benefit pension plan between 17 May 1990 and 5 April 1997.

For public sector schemes, HM Treasury had already launched a consultation on GMP equality and increases, and have stated since the judgment that “public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why we will not have to change our method as a result of this judgment”. The clear implication is that the Government (who have overall power to determine benefits provision) believe the judgment will not affect benefits. Therefore, the actuary has not made an allowance for GMP equalisation, consistent with previous years and the most recent valuation.

However, in due course there may be a further cost to the LGPS and its employers in connection with equalisation/indexation, when the Government confirms the overall approach which it wishes to adopt in this area.

Guaranteed Minimum Pension (GMP) equalisation – Historic Transfers:

In December 2020 a further High Court ruling extended GMP equalisation to historic transfers. However, it is unclear how this ruling may (or may not) be relevant in the LGPS where the member has transferred out of the LGPS completely or transferred between LGPS funds. Strictly this is a legal question currently being considered by HM Treasury.

Given the uncertainty around whether this applies to public sector schemes, which transfer would be in scope if it does, the difficulty in obtaining the necessary historic data and the low likelihood of a material impact for employers, the actuary has not made any adjustment for this in their standard approach.

Post-Retirement Increases on Guaranteed Minimum Pensions (GMPs) from April 2021:

The actuary’s figures allow for full GMP indexation for all members reaching SPA after 2021.

Notes to the Financial Statements

Court of Appeal ruling for Firefighters/Judges (the Sergeant and McCloud cases):

The remedy for McCloud became law from October 2023. The key feature of the remedy is to extend the final salary scheme underpin to all members who were in a public sector scheme on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer has a benefit entitlement from the Fund).

The actuary's figures include an allowance for McCloud that is substantially in line with the remedy. There are some minor areas where our approach differs (principally in respect of members who left service after 1 April 2014), but other that in exceptional circumstances we would not expect the impact of these minor proposed changes to be significant. Even where there would be minimal impact, an accurate assessment would be extremely difficult (if not impossible) due to lack of availability of data. Therefore, the actuary's view is that no further adjustments are required in relation to McCloud.

Goodwin, Brewster and Langford judgements:

There are other recent rulings relating to dependents benefits that can in theory impact the LGPS. In each case the actuary expects the impact to be very small (if anything). For example, the Actuary's sample analysis on the most significant of the rulings (Goodwin) suggests a potential cost well under 0.1% of liabilities on average. In addition, there will be significant difficulties in getting relevant data. Therefore, no adjustments have been made in respect of these judgements.

Climate Change:

In line with the thematic review carried out by the FRC (Financial Reporting Council), employers may wish to consider the risk and impact of climate change in relation to the pension disclosures.

In terms of assumption setting, as the economic assumptions are set on a market related basis consistent with the principles of the accounting standards, they allow implicitly for climate change to the extent that the market allows for it.

The impact of climate change on demographic assumptions would primarily be expected to impact the mortality assumptions, particularly future mortality improvements. What that impact would be is sufficiently uncertain not to materially change the actuary's current view on long term mortality improvements and overall climate change is not considered to be any more material than many of the other uncertainties linked to future mortality expectations. This will be kept under review, along with other factors which affect longevity risk.

Virgin Media Court Case:

In June 2023, a High Court judgment in the case of Virgin Media vs NTL Pension Trustees II Limited provided a ruling related to Section 37 of the Pension Scheme Act 1993 and changes to scheme rules. However, the actuary understands (from the Government Actuary's Department) that all requirements were met and so public sector schemes are unaffected by this issue.

38. Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. At 31st March 2025 the Council had the following material contingent liabilities:

Large Scale Voluntary Transfers Environmental Warranties

There may be potential liabilities arising to Hyndburn BC from the Large Scale Voluntary Transfer (LSVT) of the Council's housing stock on 30th March 2006 and the terms of the housing stock transfer related agreement of the same date, subject to the respective limitations and obligations in the agreement. Initially the agreement was with Hyndburn Homes Ltd of Contour Housing Group, subsequently Contour Housing amalgamated with Vicinity Housing Group to form Onward Housing Group (previously Symphony Housing Group).

To mitigate the potential costs of the agreement the Council has taken out Environmental Site Liability Insurance up to £20m, via a single premium, from the period 25th July 2007, which was renewed in 2017/18 to the 24th July 2027.

39. Prior Period Adjustments

The Council is undertaking a scheme, with the support of Homes England, to facilitate the building of 1,800 homes in Huncoat. This involves land acquisition, land remediation, working with LCC on access roads and working with National Highways on improvements to junctions on the M65. The costs incurred in 2024/25 have been included in the capital programme and financed by the Homes England grant. In 2023/24 the costs incurred were incorrectly included in revenue.

To correct this the expenditure has now been capitalised and financed by the Homes is England grant. The net impact on the balance sheet in 2023/24 is as follows:

	31 March 2024 £000	Adjustment £000	Restated 2023/24 £000
Short-term debtors	5,374	595	5,969
Usable Reserves	(26,104)	(595)	(26,699)

The amendment to the capital grant income and reduction in revenue expenditure has been reflect throughout the CIES, Cash Flow statement and related notes.

In addition, during 2024/25 the Council identified an error with the prior year treatment of revaluation gains which reverse previous losses charged to the CIES. Where a revaluation loss is recognised, and no revaluation reserve balance is held, the loss is charged to the CIES, subsequent gains should then be credited to the CIES up to the value of losses, before a revaluation reserve is established. The Council has previously omitted this step, creating a revaluation reserve for assets at the full amount of the upwards valuation. The Council has reviewed revaluation gains on an asset-by-asset basis and has deemed that the effect on capital adjustment account and revaluation reserve closing 2023/24 balance is as follows:

Notes to the Financial Statements

	31/03/2024 £000	Restatement £000	Restated 31/03/2024 £000
Revaluation Reserve	(17,398)	5,075	(12,323)
Capital Adjustment Account	(20,781)	(5,075)	(25,856)

As both the revaluation reserve and the capital adjustment account are held with the unusable reserves line of the balance sheet there is a nil net effect on the face of the balance sheet.

Collection Fund Income and Expenditure Statement

2023/24				2024/25		
Non-domestic rates	Council tax	Total		Non-domestic rates	Council tax	Total
£000	£000	£000	£000	£000	£000	£000
			Income			
-	(48,624)	(48,624)	Council tax receivable (net of benefits, discounts for prompt payment and transitional relief)	-	(51,350)	(51,350)
-	(171)	(171)	Council tax discounts funded from billing authority general fund	-	(10)	(10)
(22,165)	-	(22,165)	Non-domestic rates receivable (net of discretionary and mandatory reliefs)	(24,558)	-	(24,558)
			Contribution towards previous year's Collection Fund surplus			
6,863	-	6,863	- Central Government	884	-	884
1,235	1,100	2,335	- Lancashire County Council	159	-	159
5,490	189	5,679	- Hyndburn Borough Council	708	-	708
-	172	172	- Police & Crime Commissioner for Lancashire	-	-	-
137	56	193	- Lancashire Combined Fire Authority	18	-	18
13,725	1,517	15,242	Total contribution to previous year's Collection Fund deficit	1,769	-	1,769
(8,440)	(47,278)	(55,718)	Total income	(22,789)	(51,360)	(74,149)
			Expenditure			
			Precepts and demands from major preceptors and the Council (Council tax)			
-	34,557	34,557	- Lancashire County Council	-	36,530	36,530
-	5,733	5,733	- Hyndburn Borough Council	-	5,945	5,945
-	5,518	5,518	- Lancashire Police Authority	-	5,819	5,819
-	1,805	1,805	- Lancashire Combined Fire Authority	-	1,872	1,872
-	47,613	47,613	Total council tax precepts	-	50,166	50,166
			Shares of non-domestic rating income to major preceptors and the Council (billing authority)			
1,870	-	1,870	- Lancashire County Council	2,112	-	2,112
8,312	-	8,312	- Hyndburn Borough Council	9,386	-	9,386
208	-	208	- Lancashire Combined Fire Authority	235	-	235
10,390	-	10,390	Total non-domestic rates precepts	11,733	-	11,733

Collection Fund Income and Expenditure Statement

2023/24				2024/25		
Non-domestic rates	Council tax	Total		Non-domestic rates	Council tax	Total
£000	£000	£000		£000	£000	£000
10,390	-	10,390	Income			
(1,944)	-	(1,944)	Payment with respect to central share (including allowable deductions) of the non-domestic rating income to be paid to Central Government	11,732	-	11,732
(2,317)	1,694	(623)	Transitional Protection Payments payable/receivable	(727)	-	(727)
123	-	123	Impairment of debt/appeals	(183)	1,943	1,760
			Charge to General Fund for allowable collection costs	123	-	123
			Contribution towards previous year's Collection Fund deficit			
-	-	-	- Central Government	-	-	-
-	-	-	- Lancashire County Council	-	(1,064)	(1,064)
-	-	-	- Hyndburn Borough Council	-	(177)	(177)
-	-	-	- Police & Crime Commissioner for Lancashire	-	(169)	(169)
-	-	-	- Lancashire Combined Fire Authority	-	(56)	(56)
16,642	49,307	65,949	Total expenditure	22,678	50,643	73,321
8,202	2,029	10,231	Movement on fund balance	(111)	(717)	(828)
(9,921)	(928)	(10,849)	Fund balance brought forward	(1,719)	1,101	(618)
8,202	2,029	10,231	Movement on fund balance	(111)	(717)	(828)
(1,719)	1,101	(618)	Fund balance carried forward	(1,830)	384	(1,446)

Notes to the Collection Fund Statement

Collection Fund

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

Allocation of Collection Fund balance

31-Mar-2024			31-Mar-2025	
Non-domestic rates £000	Council tax £000	(Surplus)/deficit carried forward	Non-domestic rates £000	Council tax £000
		Allocated to:		
(688)	133	Hyndburn Borough Council	(732)	46
(155)	798	Lancashire County Council	(165)	279
-	128	Police & Crime Commissioner for Lancashire	-	45
(17)	42	Lancashire Combined Fire Authority	(18)	14
(859)	-	Central Government	(915)	-
(1,719)	1,101	Total	(1,830)	384

Non-Domestic Rates (NDR)

NDR is the business rate and is organised on a national basis. The government specifies an amount for standard businesses (54.6p in 2024/25 and 51.2p in 2023/24) and an amount for qualifying small businesses (49.9p in 2024/25 & 49.9p in 2023/24). These national multipliers are, subject to the effects of transitional arrangements, used to calculate local businesses pay rates by multiplying the amount by their rateable value.

With the introduction of the Business Rates Retention Scheme from 1st April 2013 Councils pass on to Central Government 50% of the collectable amount, retaining 40% themselves and passing 9% and 1% to the County Council and combined Fire and Rescue Authority respectively.

In 2024/25, Hyndburn is once again part of the Lancashire Business Rates Pool. In a Business Rate Pool, tariffs, top-ups, levies and safety nets can be combined. This can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

The Lancashire Business Rates Pool, which includes most but not all of the local authorities in Lancashire, has been designated by the Secretary of State for Housing, Communities and Local Government and the retained levy in Lancashire has been distributed as follows:

- Lancashire County Council is paid 10% of the overall retained levy
- Each district within the pool retains 90% of their levy

With regard to Hyndburn BC, the retained levy is £1,543,377 hence under pooling we have benefitted from extra income of £1,389,039. Lancashire County Council has received the remaining 10% of retained levy.

Notes to the Collection Fund Statement

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £1,818 is payable by each pool member to Ribble Valley BC in their role as lead.

The Council's total non-domestic rateable value at the end of the financial year 2024/25 was £67.36m and £59.14m for 2023/24.

Council Tax

Council tax is due from residential properties based on the statutory national valuation band in which the property has been placed. The council tax is calculated by estimating the amount of income required from the collection fund by the Council and the Precepting authorities for the forthcoming year. This is divided by the council tax base i.e. the total number of equivalent Band D properties, which is calculated as follows:

Council Tax Band	No of dwellings [P]	Discounts and Adjustments [Q]	Factor [R]	No of Band D Equivalent Properties (P+Q) X R/9
AA	-	37.47	5	20.8
A	21,958	(6,656.06)	6	10,201.3
B	5,809	(948.13)	7	3,780.7
C	5,837	(732.31)	8	4,537.5
D	2,829	(280.97)	9	2,548.0
E	864	(77.74)	11	961.0
F	277	(34.28)	13	350.6
G	172	(21.02)	15	251.6
H	14	(9.00)	18	10.0
Total	37,760	(8,722.04)		22,661.5
		Assumed Collection Rate %		97.5%
			Tax Base	22,095.0

Surpluses and Deficits

The actual surplus or deficit on the council tax collected at the financial year end is apportioned and distributed between the billing and the precepting authorities in proportion to the value of their respective precepts on the collection fund. Any surplus is used to reduce future years' council tax.

The amounts transferred in respect to each year's surplus or deficit are based on an estimate made mid-January and therefore do not relate directly to the balance shown in these accounts. Any difference between the estimate and the outturn is taken into account when estimating the surplus or deficit the following year.

Lancashire Business Rates Pooling Arrangements

Since 2016/17 this Council has been a member of the Lancashire Business Rates Pool.

In a Business Rates Pool, tariffs, top-ups, levies and safety nets are combined. This can result in a significantly lower levy rate or even a zero-levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government.

Notes to the Collection Fund Statement

The Lancashire Business Rates Pool, which included most but not all local authorities in Lancashire was designated by the Secretary of State for Housing, Communities and Local Government and originally operated with allocations on the basis of the 50% business rates retention scheme.

In 2019/20 we successfully submitted a bid along with 15 other authorities in Lancashire to become a 75% Business Rates Pilot Pool. This meant that 75% of collected rates were retained in Lancashire rather than 50%. This arrangement operated for one year only and then reverted to the 50% business rates retention scheme, and it has operated on this basis since.

Local authority membership of the pooling arrangement has varied over the years since 2016/17, but current membership has been the same since 2020/21.

The business rates income allocations in 2023/24 and 2024/25 are shown in the table below:

Lancashire Business Rates Pool - Income Allocations for 2023/24 and 2024/25	
District Authorities	40%
Lancashire County Council	9%
Lancashire Combined Fire Authority	1%
	50%
Central Government	50%
Total	100%

As part of the pool arrangements, one authority must be designated as lead authority, which in the case of the Lancashire Business Rates Pool is Ribble Valley Borough Council. As part of this arrangement a fee of £20,000 is payable, charged equally to all members of the pool by Ribble Valley Borough Council in their role as lead.

The retained levy in the Lancashire Business Rates Pool has been distributed as follows:

- Lancashire County Council is paid 10% of the overall retained levy;
- Each district within the pool retains 90% of their retained levy.

Notes to the Collection Fund Statement

Lancashire Business Rates Pool Members 2024/25	Authority Type	Tariffs and Top-Ups in Respect of 2024/25 £'000	Retained Levy on Growth 2024/25 £'000	10% Retained Levy Payable to/ Received by LCC £'000	Net Retained Levy 2024/25 £'000
Burnley BC	Tariff	6,905	(1,160)	116	(1,044)
Chorley BC	Tariff	7,863	(1,665)	167	(1,498)
Fylde BC	Tariff	8,851	(719)	72	(647)
Hyndburn BC	Tariff	5,041	(1,543)	154	(1,389)
Pendle BC	Tariff	4,284	(782)	78	(704)
Ribble Valley BC	Tariff	5,272	(980)	98	(882)
Rossendale BC	Tariff	3,459	(594)	59	(535)
South Ribble BC	Tariff	12,783	(2,104)	210	(1,894)
West Lancashire BC	Tariff	10,658	(1,227)	123	(1,104)
Wyre BC	Tariff	8,334	(922)	92	(830)
Lancashire CC	Top-Up	(169,453)	-	(1,169)	(1,169)
Central Government		96,003	-	-	-
		-	(11,696)	-	(11,696)

Lancashire Business Rates Pool Members 2023/24	Authority Type	Tariffs and Top-Ups in Respect of 2023/24 £'000	Retained Levy on Growth 2023/24 £'000	10% Retained Levy Payable to/ Received by LCC £'000	Net Retained Levy 2023/24 £'000
Burnley BC	Tariff	6,645	(1,182)	118	(1,064)
Chorley BC	Tariff	7,526	(1,188)	119	(1,069)
Fylde BC	Tariff	8,476	(553)	55	(498)
Hyndburn BC	Tariff	4,852	(1,865)	187	(1,678)
Pendle BC	Tariff	4,490	(702)	70	(632)
Ribble Valley BC	Tariff	5,116	(1,129)	113	(1,016)
Rossendale BC	Tariff	3,482	(554)	55	(499)
South Ribble BC	Tariff	12,433	(1,733)	173	(1,560)
West Lancashire BC	Tariff	10,139	(1,505)	151	(1,354)
Wyre BC	Tariff	8,048	(1,109)	111	(998)
Lancashire CC	Top-Up	(162,376)	-	(1,152)	(1,152)
Central Government		91,169	-	-	-
		-	(11,520)	-	(11,520)

The Net Retained Levy for this Council is shown within Business Rates Retention income on the Comprehensive Income and Expenditure Statement, along with the council's own share of growth achieved in the year.