



STATEMENT OF ACCOUNTS

for the year ended
31st March 2026

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Introduction

This Statement of Accounts for the year ended 31st March 2026 has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2025/26, issued by the Chartered Institute of Public Finance and Accountancy and the Accounts and Audit Regulations 2015.

The accounting policies adopted by the Council comply with the relevant recommended accounting practices and the latest revisions to these from 1 April 2025. There have been no major changes in the Council's statutory functions during the year.

The Key Accounting Statements

The Statement of Accounts comprises Core Financial Statements and related notes along with Supplementary Financial Statements. The Core Financial Statements are as follows:-

- **Movement in Reserves Statement** – This shows the movement from the beginning to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and '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 for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.
- **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 funded from Council Tax. Councils raise Council Tax to cover expenditure incurred 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 the Movement in Reserves Statement.
- **Balance Sheet** – This 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. Reserves are reported in two categories; usable and unusable. Usable reserves are those reserves that the Council may use to provide services. Unusable reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), and 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 shows 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, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the 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.

In addition to the core statements outlined above is the **Expenditure and Funding Analysis (EFA)**. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, Council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service departments.

Supplementary Statement

The Collection Fund is an agent's statement required by law. It shows transactions that have arisen because Pendle Borough Council is a billing authority responsible for the collection and distribution of Council Tax and Business Rates on behalf of Central Government and presenting authorities. In addition to Pendle, the major precepting authorities for Council Tax are Lancashire County Council, the Police and Crime Commissioner for Lancashire and the Lancashire Fire and Rescue Service. The Collection Fund records the income we receive from local taxpayers and the money that is paid out as precepts.

The Government introduced the Business Rates Retention scheme in 2013/14 as part of its reform of the local government finance regime under which a key objective is to provide an incentive for Councils to generate business growth in their locality. There are also financial risks associated with the scheme arising from potential losses due to non-collection and changes in the business rate base as a result of appeals by businesses against their rating assessment. During 2025/26 under this scheme the Council retains 40% of total business rate income. The remainder is apportioned to the Government (50%), the County Council (9%) and the Fire Authority (1%) in accordance with regulations governing the scheme.

Our accounting policies are outlined in this document on page 20 and have been fairly and consistently applied. We keep proper and up-to-date accounting records and take all reasonable steps to prevent and detect fraud and irregularities which might undermine the figures provided in these accounts.

The Director of Resources (DoR) is the statutory officer responsible for the proper administration of the Council's financial affairs. The DoR is required by law to confirm that the Council's system of internal controls and related governance arrangements can be relied upon to produce an accurate Statement of Accounts. The DoR's statement of responsibilities appears on page 38 of this document.

Narrative Report for 2025/26 by the Director of Resources

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that members of the public, including electors and residents of Pendle, Councillors, partners, stakeholders and other interested parties can:

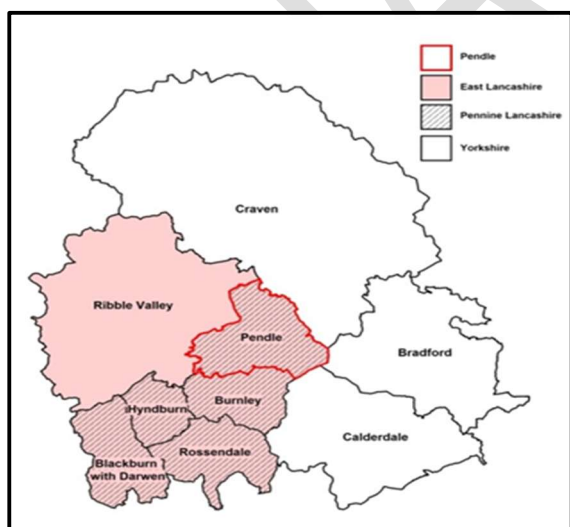
- Understand the overall financial position of the Council and the outturn for 2025/26.
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner, and
- Be assured that the financial position of the Council is sound and secure.

The Council continues to review the content of the accounts as recommended by CIPFA and our External Auditor.

This Narrative Report provides information about Pendle, including key issues affecting the Council and its accounts. It also provides a summary of the Council's financial position at 31st March 2026 and adopts the following structure:-

1. An introduction to Pendle
2. Key facts about Pendle
3. Information about the Council
4. The 2025/26 revenue budget process and medium term position
5. The capital programme for 2025/26 and over the medium term
6. Financial performance of the Council in 2025/26
7. Non-financial performance of the Council in 2025/26
8. Overview of strategic risks facing the Council
9. The financial outlook to 2028/29
10. Access to further information

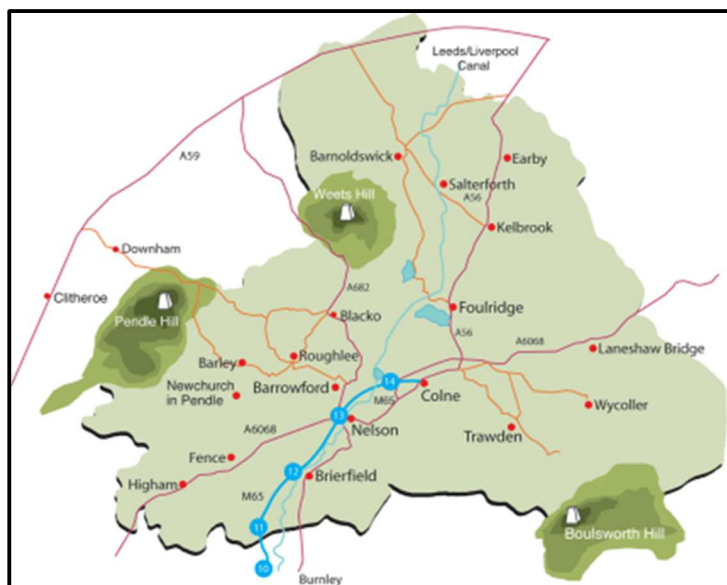
An introduction to Pendle



The Borough of Pendle is situated in north-west England on the border between Lancashire and Yorkshire. A product of local government reorganisation in 1974, it is one of twelve district Councils in the county of Lancashire. Together with Blackburn-with-Darwen, Burnley, Hyndburn and Rossendale it forms part of the Pennine Lancashire sub-region.

To the west and south, Pendle shares its border with the Lancashire districts of Ribble Valley and Burnley. To the southeast Calderdale and Bradford which are both part of West Yorkshire, whilst to the north and east lies Craven which is in North Yorkshire.

Key facts about Pendle



Geography

The Borough covers an area of 169.4 km², and takes its name from Pendle Hill which stands prominently at a height of 557m in the west of the Borough. Pendle Hill also forms part of the larger Forest of Bowland Area of Outstanding Natural Beauty, which extends into Ribble Valley and Lancaster.

The south of the Borough is comprised of an extensive broad valley which is highly urbanised. This extends into narrower rural steeply sided valleys with moorland tops to the north, south and east. The north of the borough,

West Craven is in stark contrast to this landscape with a predominantly rural character marked by distinct drumlin features.

The Lancashire Green Belt extends into the Borough from the west, occupying much of the undeveloped central part of the M65 urban corridor. The Green Belt fulfils an important function in maintaining separation between Nelson, Barrowford, and Colne. Within Pendle there are 329 Listed Buildings, 11 scheduled monuments, and 23 Conservation Areas. The built heritage of the Borough largely relates to traditional farming landscape and its industrial legacy.

Two-thirds of Pendle's population is concentrated in four adjoining settlements - Nelson, Colne, Brierfield and Barrowford – situated in the south of the Borough. This densely populated urban area extends 8km north-east from the boundary with neighbouring Burnley. To the north, Barnoldswick and Earby are the largest settlements in West Craven. The latest overall population estimate for the area is 99,777 (ONS 2024 mid-year population estimate).

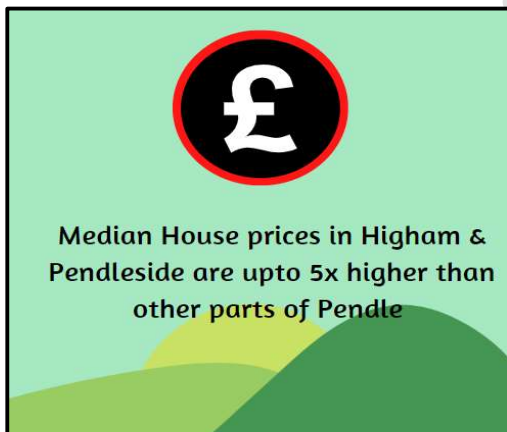
Towns and Villages

- **Nelson** (pop. 32,837) is the largest town in Pendle and its administrative centre. It grew from a series of small hamlets during the 18th and 19th Century with industrialisation associated with the textile industry. The Nelson Town Centre Masterplan, approved in December 2021, seeks to reverse the declining fortunes of the town centre. The Council received £25m Town Deal funding to help regenerate the town centre. In 2025 the Council was also allocated Pride in Place funding of £20m to be drawn down over 10 years to be spent on community related projects in Nelson.
- **Colne and surrounding villages and hamlets** (pop. 23,832) is an attractive market town with medieval origins which sits prominently on a ridge. The town centre retains a high proportion of independent retailers such as Boundary Mill which can be found at the end of the M65, along with cafes and restaurants lining the high street and a number of well used theatres which make it a popular night-time destination. In January 2023 the Council was granted c£6.5m levelling up Funding for town centre projects, which included improving the theatres and Colne market hall.
- **Barrowford and surrounding villages and hamlets** (pop. 10,169) Barrowford is a large linear settlement sitting astride the busy A682 and retains strong links with the industrial towns to the south and the rural villages Pendle side to the north.

- **Brierfield** (pop. 15,617) is home to former textile mills along the banks of the Leeds and Liverpool Canal which have been converted to residential, commercial and retail uses.
- **Barnoldswick** (pop. 9,248) is the home of the jet engine, with Rolls-Royce making a significant contribution to its economy and is a large employer. Silentnight, a manufacturer of beds, is also based in the town and is a major employer.
- **Earby** (pop. 8,074) lies just 3km east of Barnoldswick. The West Craven Business Park has attracted new investment and a significant number of jobs into the area.

Housing

Pendle has deep-seated and challenging housing problems. It was formerly within the Pennine Lancashire Housing Market Renewal (HMR) pathfinder, one of just nine in the country that ended in 2010. In 2024, Pendle had 41,640 dwellings - a major part of this infrastructure (54%) built before 1919, more than twice the national average. Of all the Lancashire districts, Pendle has the highest proportion of its housing stock (60.5%) in the lowest Council tax band (Band A); with 89% of the stock in private ownership. However, there is a significant need for affordable housing in Pendle with needs assessed at between 187 and 257 dwellings per year. The Council does not own any housing stock, and is reliant on registered providers to meet these needs.



Average property prices within Pendle are less than half the national average at £148K (February 2026). This remains substantially below the UK average of £268k and the NW average of £216k. Detached properties, given their limited supply, sell for a significant premium in contrast to the average position at £335K. House prices also vary substantially within the Borough with properties at their cheapest within the urban M65 corridor. The affordability ratio for Pendle is 3.44 which is significantly below the national average of 7.7. With affordability declining at one of the fastest rates in Lancashire, driven by high demand in rural areas, limited new stock, low

wages and the type of housing available for purchase.

Viability is a significant challenge in the urban areas of Pendle. The Council has well established joint venture companies, PEARL, with local construction company Barnfield as a means to encourage regeneration in the Borough. Homes England funding has been secured for the development of affordable housing schemes on a number of major sites within Nelson and Colne. The Council has also been successful in bids for government funding to support the regeneration of Colne and Nelson Town Centres attracting investment of £6.5m (Levelling Up), £25m (Town Deal) and more recently £20m Pride in Place funding.

There has been a significant reduction in empty properties in Pendle over the last few years. As of October 2025, there were 1,158 empty properties which equates to 2.8% of all dwellings. As a comparison, the average for the districts of Lancashire was 3.2%. Of much greater concern is the number of properties which have been long-term empty. Of the 770 properties considered long-term empty in October 2025, there were 54 empty for over five years and 21 empty for over 10 years. All empty properties are considered a wasted resource and may contribute towards problematic issues such as blight.

The most recent Pendle House Condition Survey revealed that 36.3% failed the Decent Homes Standard and according to the Housing Health and Safety Rating System, 20% contain a Category 1 hazard. This hazard is excess cold due to the stone construction.



Older homes—particularly those in the private rented sector—continue to have lower energy-efficiency ratings, making households on lower incomes more vulnerable to fuel poverty because they must spend a greater share of their income on heating and energy. According to the latest data 20.4% of all households in Pendle are considered to be in fuel poverty, tackling this issue remains a key priority for Pendle, particularly in parts of Brierfield and Nelson, where more than one-quarter of all households are estimated to be in fuel poverty. The main factors that determine this are the energy efficiency status of the property, the cost of energy and low household income. The profile of the rented stock differs markedly from the national profile with private rented housing (18.1%) significantly higher than the national average (11.0%) and the overall proportion of social rented housing is significantly lower at 11.9% compared to 18.0%.

Deprivation

The 2025 Indices of Deprivation show that Pendle continues to experience high levels of deprivation. Under the updated rankings, Pendle is now placed 38th most deprived out of 317 local authorities in England when measured by the rank of average Lower Layer Supkey [per Output Area (LSOA), maintaining its position within the top 12% most deprived areas nationally. Pendle also remains among the most deprived districts for the Living Environment domain, continuing to rank within the top 10 most deprived areas in England on this measure.

A significant proportion of neighbourhoods in the borough continue to experience acute deprivation: 17 of Pendle's 57 LSOAs fall within the 10% most deprived nationally, only a marginal change from the 2019 position. Overall, Pendle remains firmly within the most deprived 20% of lower-tier authorities in England on the IMD average-rank measure.

In contrast, the neighbouring authority of Ribbles Valley continues to sit within the least deprived 20% of areas nationally, highlighting the stark deprivation gradient within this part of Lancashire.

Income and Employment

There are around 33,500 jobs within Pendle and 3,145 employers. Only 10 employers based within the Borough employ more than 250 people with the majority employing less than five. Around 30% of residents in Pendle are employed in the manufacturing industry, with 1 in 10 Pendle businesses in the manufacturing sector. This is significantly higher than the regional and national averages and is the second highest in England. Pendle forms part of one of the largest aerospace manufacturing clusters in Europe which stretches west across Lancashire to the Fylde. Rolls-Royce in Barnoldswick is a core part of this cluster. Operations at Rolls-Royce are currently being rationalised following the effects of the pandemic on the aerospace industry with significant job losses feared. This is likely to have a knock-on effect to suppliers also based within the Borough.

The relatively narrow industrial base of Pendle and its reliance on the manufacturing industry means it is especially at risk of economic decline. The Borough took significantly longer than the wider region to

recover from the 2008 economic recession and early data suggests that residents and businesses have been hit particularly hard by the economic effects of the pandemic with recovery slower than the regional and national average. The industrial base of Pendle also affects wages. Weekly wages (£528.90) are lower than the regional (£627.40) and national averages (£766.60). This disparity is even more significant for residents of the Borough with inward commuters tending to take higher paid jobs. The lowest wages are concentrated in Brierfield, Nelson and Colne.

The major employment site within the Borough is Lomeshaye which is a relatively modern industrial estate built following the development of the M65 motorway. Retail, health and education also make an important contribution to the economy of Pendle and are major employers. The largest employer in the Borough is Boundary Mill Stores which is based in Colne. Retail presence within the town centres is largely made up of small independent outlets – a strength in towns like Colne and Barnoldswick.

Moreover, tourism has become increasingly important to Pendle with visitors attracted by the high quality landscape, industrial legacy, and cultural history. The Council has had success in marketing the Borough as a destination for cyclists. Pendle is also an important centre for manufacturing bicycles and fitness/sports.

Tourism & Recreation



Almost 62% of the borough (16,660 hectares) is officially designated as open countryside, with the three peaks of Pendle (557m, as displayed in the image), Weets (397m) and Bouldsworth (517m) overlooking a gently rolling landscape containing some of the most interesting and attractive villages in Lancashire.

The Leeds and Liverpool Canal is a major feature and attraction within both the urban and rural areas. Tourism provides an increasingly important contribution to the local economy. There are currently 77 attractions and 54 accommodation providers in the district.

The latest figures available indicate there are almost 3million visitors to Pendle annually. Visitor spend is around £130million per year with 28% of this from staying visitors. The Tourism and hospitality industry supports around 1,700 full time jobs locally.

The Pendle area hosts a number of significant events throughout the year including the Colne Cycling Grand Prix, Pendle Walking Festival (one of the UK's largest free walking festivals) as well as the multi-award winning Great British Rhythm and Blues Festival attracting thousands of people to the area each year.

Did you know?

Pendle is most famous for its links to the now notorious witch trials of 1612. Villages like Barley and Roughlee have become a tourist attraction and base from which people climb Pendle Hill, or visit the home of one of the most famous of the Pendle Witches, Alice Nutter, who has a sculpture built of her in the village

Information about the Council

Our Corporate Plan 2023 - 2027

As a Council we have signed up to the vision and we are committed to working with our partners to ensure we achieve our vision:

“Pendle: A richly characterful place with ambition, opportunities and strong connections.”

Pendle Borough Council: Working to deliver an approachable, responsive and efficient Council that aims to foster happy communities thriving in an economically ambitious and sustainable way.

The Corporate Plan sets out our ambitions and priorities for the years ahead. It outlines what we want to achieve and how we intend to do it.

Our Financial Strategy is informed by the key priorities. How we intend to achieve our priority outcomes, can be found in our individual service plans and target delivery plans/ policies and strategies.

The Council's four strategic priorities are as follows;

<p><u>Providing High Quality Services:</u></p> <p>Our Ambitions:</p> <ul style="list-style-type: none">• <i>develop a Council that is as effective and efficient as it can be</i>• <i>Listen to people and drive a customer-focused ethos</i>• <i>Become digital by default, moving with the technology and bringing our customers on a journey with us</i>• <i>Ensure that, as a borough Council, we are fit for purpose and deliver value for money in the services we provide</i>	<p><u>Proud & Connected Communities & Places:</u></p> <p>Our Ambitions:</p> <ul style="list-style-type: none">• <i>Engage with and support our communities, working with key partners, including Lancashire County Council and our Town and Parish Councils, particularly in these challenging times</i>• <i>Encourage and foster community pride for a safer, cleaner and greener environment</i>• <i>Continue to work with our local Community Safety Partnerships and communities to tackle any issues to keep us safe and feeling safe</i>• <i>Protect our parks and local environment by taking pride in our green spaces and surroundings</i>• <i>Continue to develop our digital connections and seek to increase community confidence in accessing services online</i>
<p><u>Good Growth:</u></p> <p>Our Ambitions:</p> <ul style="list-style-type: none">• <i>Engage with and support our communities, working with key partners, including Lancashire County Council and our Town and Parish Councils, particularly in these challenging times</i>• <i>Encourage and foster community pride for a safer, cleaner and greener environment</i>• <i>Continue to work with our local Community Safety Partnerships and communities to tackle any issues to keep us safe and feeling safe</i>• <i>Protect our parks and local environment by taking pride in our green spaces and surroundings</i>• <i>Continue to develop our digital connections and seek to increase community confidence in accessing services online</i>	<p><u>Healthy Communities:</u></p> <p>Our Ambitions:</p> <ul style="list-style-type: none">• <i>Improve existing housing stock across the borough, by working with our private landlords</i>• <i>Develop a wider sustainable leisure offer, to enhance health and wellbeing for those who live, work and study in Pendle</i>• <i>Work with our local health and wellbeing providers to tackle health inequalities and improve outcomes for all</i>

Our Leadership

In 2019, the Council's Political Make-Up and leadership underwent a review of its electoral arrangements by the Local Government Boundary Commission. This reduced the number of Councillors from 49 to 33 and the number of wards from 20 to 12. These are a mix of three, two and one single member ward. The Council continues to have elections by thirds i.e. a third of the councillors are elected every year for 3 years, with no elections in the 4th year. The political make-up as at 31st March 2026 was:

Party	Elected Members
Conservative	11
Independent	10
Liberal Democrat	9
Pendle's True Independents	2
Reform UK	1
Total	33

The May 2026 elections resulted in the political makeup of the Council changing to – Pendle Community Independents 11, Conservative 8, Liberal Democrat 7, Pendle & Clitheroe Reform 5 and Pendle True Independents 2.

The Executive is comprised of a Leader and six Councillors, exercising responsibility for strategic decision making, implementation of agreed policies, providing political leadership and recommending proposals for approval by full Council on the budget, Council Tax levels and the Council's policy framework.

Senior Management Team

Supporting the work of Elected Members is the organisational structure of the Council headed by the Chief Executive. The Chief Executive leads the management of the Council through the Corporate Management Team comprising of Directors, Assistant Directors and Heads of Service.

The Chief Executive and the members of the Management Team provide managerial leadership of the Council and support Elected Members in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans;
- Reviewing the Authority's effectiveness with the overall objective of delivering the strategic plan where everyone does their bit to foster happy communities thriving in an economically ambitious and sustainable way;
- Delivering effective services for the borough's diverse communities; and
- Ensuring that Pendle plays a full part in national, regional and sub-regional activities.

The Chief Executive is the Head of Paid Service and Returning Officer, the Head of Legal Services is the Monitoring Officer, and the Director of Resources is the s151 Officer.

The officer leadership structure as at 31st March 2026 is shown overleaf. The Council had an interim Chief Executive (Lawrence Conway) from April to September 2025, with the permanent Chief Executive, Dean Langton commencing in October 2025.

Pendle Borough Council Structure

CHIEF EXECUTIVE
(Head of Paid Service and Returning Officer)



Dean Langton

- Overall responsibility for running the Council on a day-to-day basis
- Responsible for staff and performance
- Main link between Councillors & Officers
- Principal policy adviser to the Council and Executive
- Develops corporate policy and strategy to reflect political priorities
- Represents the Council's interests externally, including Lancashire 2050
- Lead on the development of effective partnerships

DIRECTOR OF PLACE



Phillip Spurr

- Economic development, regeneration and inward investment
- Climate change
- JV companies director role
- Major service transformation
- Leisure client
- Client of assets

DIRECTOR OF RESOURCES
(s.151)



Karen Spencer

- Strategic finance
- Corporate Planning & Performance
- Governance
- Liberata contract management



Asst. Director OPERATIONAL SERVICES
David Walker

- Waste Management
- Street Cleansing
- Refuse Collection & Recycling
- Landscape Maintenance
- Bereavement Services
- Fleet Street Administration Support
- Environmental Crime
- Parks, Sports & Green Spaces
- Countryside Access
- Emergency Planning
- Health and Safety

Head of ECONOMIC GROWTH
Iftikhar Bokhari

- Economic Development
- Regeneration
- Climate Change
- Corporate Property
- Leisure

Head of HOUSING & ENVIRONMENTAL HEALTH
Sarah Whitwell

- Housing Strategy
- Housing Needs
- Environmental Health (Housing)
- Environmental Health (Commercial)
- Town Hall Service Support
- Health

Asst. Director PLANNING, BUILDING CONTROL & REGULATORY SERVICES
Neil Watson

- Planning Policy
- Development Management
- Building Control
- Conservation
- Tree Preservation
- Planning Enforcement
- Licensing (Taxi and Legal)

Head of PROPERTY & ENGINEERING
Phil Kirby

- Facilities Management
- Office Cleaning
- Estates & Asset Management
- Markets

Head of FINANCE
Gemma-Louise Wells

- Financial Services
- Procurement
- Revenues & Benefits Lead

Head of LEGAL & DEMOCRATIC SERVICES
(Monitoring Officer)
Howard Culshaw

- Legal Services
- Land Charges
- Democratic Services
- Caretaking
- Mayoralty
- Elections

Head of POLICY & COMMISSIONING
Sarah Astin-Wood

- Policy
- Communications
- Contract Management (Liberata client)
- Governance
- Performance
- Community Safety
- Programme Support



Council's staffing establishment at the end of March 2026 comprised 229 full time equivalent staff.

The 2025/26 Revenue Budget Process and Medium-Term Position

The Council's budget process for the year was shaped by the on-going requirement to make reductions in net expenditure whilst trying to minimise the impact on front-line services for the people of Pendle.

Council agreed a net revenue budget of £17.369m for 2025/26. This included a number of savings across services and a contribution from reserves of £0.498m.

Council Tax

Council agreed to increase its share of Council tax by £8.93 (2.99%). The Council set a Band D Council tax for the year of £298.59. The total Band D Council tax for the year was £2,410.44 (exc parish precepts), an increase of 3.91% on the previous year made up as follows

£	2024/25	2025/26
Pendle Borough Council	298.59	307.52
Lancashire County Council	1,653.29	1,735.79
Police & Crime Commissioner	263.40	277.40
Fire & Rescue Authority	84.73	89.73
Average Parish	115.06	115.76
Total Council Tax at Band D	2,415.07	2,526.20

The Council set a Council tax base (expressed as the number of Band D equivalent properties) of 25,117.7 which represented an increase of 0.65% on the previous year of 24,956.

Medium Term Financial Plan 2025/26 to 2027/28

The Council's financial strategy is linked to the corporate objectives outlined above and is based around the following 4 themes:-

- **Growing** – promoting housing and employment growth
- **Charging** – where permissible to recover full costs and develop income streams
- **Saving** – reducing net expenditure by means of savings or service efficiencies
- **Stop** – stop spending on areas that are lesser priorities or which are no longer priorities

An update of the Council's medium term financial plan was considered by the Executive in February 2025 covering the plan period to 2027/28.

Medium Term Financial Plan	2025/26	2026/27	2027/28
Net Expenditure	17,369	18,032	19,752
Funded By:			
Council Tax (at 2.99%)	(7,724)	(7,995)	(8,275)
Retained Business Rates	(6,958)	(6,905)	(6,562)
Revenue Support Grant and Core Government Grant	(2,189)	(2,096)	(2,132)
Funding (-) Surplus/Deficit	498	1,036	2,783
Level of Reserves	6,361	5,325	2,542

The scale of savings/efficiencies required over the next three years represents a significant challenge to the Council and work is already underway to develop options for savings and income generation.

The Capital Programme

The Council is reliant on diminishing receipts from asset disposals, government grant, contributions it can make from its revenue budget and what it can afford to borrow.

The Capital Programme for 2025/26 was approved by the Council in February 2025, the overall programme (2025/26 – 2027/28) was £37.622m (including prior year slippage). The final outturn spend for 2025/26 was £13.677 against a revised budget of £29.886m.

Capital Expenditure and Income 2025/26

Our Capital Account is used to record expenditure on the acquisition, improvement and enhancement of our assets including, for example, buildings, playing fields and parks. It is also used to account for income received by us for capital projects.

In 2025/26, we spent £13.677m on a range of capital projects. This is summarised in the table below which indicates the expenditure on those projects compared to the Approved Programme.

Capital Outturn 2025/26	Revised Budget £000	Outturn 2025/26 £000	Var 2025/26 £000
Housing	3,073	1,790	(1,282)
Regeneration	17,481	8,587	(8,894)
Engineering Schemes	1,022	690	(332)
Council Assets	3,823	543	(3,280)
Resources	147	158	11
Environmental Services	3,955	1,653	(2,302)
Planning	385	256	(129)
TOTAL	29,886	13,677	(16,209)

The variance shown above will be assessed to determine carried forward amounts to support capital expenditure in 2026/27. The table below shows the sources of capital income used to meet the cost of capital expenditure in the year:

Capital Financing 2025/26	Actual £000
Capital Grants and Contributions (including S106 contributions)	10,050
Revenue Contributions	1,661
Capital Receipts	2,175
Prudential Borrowing	(209)
TOTAL	13,677

Service Financial Performance

The table below provides details of financial performance of individual services for 2025/26.

Service Area – Revenue Outturn	Base Budget £000	Virements / Use of reserves (Inc slippage from 2024/25) £000	Revised Budget £000	Adjusted Expenditure £000	Over/ (Under) Spend £000	Slippage Requested £000	Final Over/ (Under) Spend £000
Directorate	(0)	-	(0)	(32)	(32)	-	(32)
Policy and Commissioning	261	(33)	227	134	(93)	33	(61)
Financial Services (inc Liberata)	7,084	108	7,192	8,034	842	-	842
Democratic & Legal Services	1,246	150	1,396	1,135	(261)	154	(107)
Planning, Building Control & Regulatory	941	(332)	609	604	(5)	9	4
Operational Services	5,910	241	6,151	5,300	(851)	70	(781)
Property Services	1,145	96	1,241	1,667	426	2	427
Economic Growth	685	(45)	640	683	43	5	48
Housing & Environmental Health	1,540	(306)	1,235	1,136	(98)	-	(98)
Net Cost of Services	18,812	(122)	18,691	18,662	(29)	272	244
Corporate Income & Expenditure							
Interest & Investment Income	(1,000)	-	(1,000)	(1,550)	(550)	-	(550)
Other	(443)	190	(253)	(325)	(71)	-	(71)
Net Revenue Expenditure	17,369	68	17,437	16,787	(650)	272	(378)

The above reflects spend within the Councils General Fund and does not include £119k of revenue expenditure under ongoing grant funded schemes.

The General Fund Working Balance

In view of the out-turn position outlined above on our General Fund Revenue Account for the year, it has not been necessary to draw on the General Fund Working Balance. At 31st March 2026 the Council retained a General Fund Working Balance of £1.0m. This is unchanged from the position reported for the previous year.

Treasury Management (Borrowings and Investments)

At 31st March 2026, the Council's long term borrowing was £16.859m. The overall cost of debt at 31st March 2026 was 2.82%.

The balance of investments at 31st March 2026 was £20.7m (compared to £33.1m at the beginning of the financial year). The investment return achieved for the year was 4.05%.

Pension Fund

The pension liabilities have been assessed on an actuarial basis using an estimate of the pensions that will be payable in future years, taking into account assumptions about inflation and mortality rates, salary levels, factors which can vary over time. The pension liabilities will not become due immediately or all at once as they relate to estimated pensions payable to current scheme members on their normal retirement date. The position reported simply represents a snapshot as at the Balance Sheet date based on prevailing market and other economic conditions and assumptions. As such it may fluctuate markedly from one year to the next.

Revenue Reserves

As at 31st March 2026 the balance of revenue reserves is £13.564m (including External Funding Receipts and Developers' Contributions). Of this amount, £1.0m represents the Council's General Fund Working Balance with £12.564m held in specific earmarked reserves. Included within specific reserves is the Budget Strategy Reserve (£3.529m at 31st March 2026) which is used to support future General Fund expenditure.

Non-Financial Performance of the Council in 2025/26

The Council has a robust performance management process to ensure that our plans and strategies have the desired effect and are delivering effective outcomes. Once the Council Plan has been agreed by the Council it is managed through a corporate performance management system and monitored by the Executive.

The methods by which we measure our progress in delivering our priorities and achieving our desired outcomes include monitoring our locally driven performance indicator set and our Life in Pendle Survey (which is our Resident Satisfaction survey). The performance indicator set is reviewed on an annual basis to ensure it remains relevant and meaningful and the Life in Pendle Survey is undertaken every two years.

Our Council Plan identifies our priorities and objectives and details on how we plan to deliver them. It is supported by the Service Plans. These are used by Service Managers of each service group (including Liberata) as part of the day-to-day management of our services and set out what the service aims to deliver over the coming year and the performance targets it strives to meet. In turn these are also linked to the individual personal development reviews (PDRs) for all staff.

The table below provides a summary highlighting our progress over the last financial year against our core strategic objectives.

<u>1 - Providing High Quality Services and Facilities</u>	<u>2 - Proud and Connected Communities and Places</u>
<ul style="list-style-type: none">• Implemented the next wave of Asset Transfers to Town & Parish Councils.• Began work on decarbonisation of West Craven Sports Centre and Pendle Wavelengths• The Council purchased empty properties to increase temporary accommodation for Pendle's homeless.• Worked with Burnley Council and as part of the Local Government Reorganisation submitted a bid to Government for 5 Unitary Authorities in Lancashire	<ul style="list-style-type: none">• Secured Pride in Place funding which brings a community led £20m investment in Nelson over 10 years• Secured planning consent for Halifax Road Cemetery• Delivered a campaign to encourage residents to dispose of litter properly• Secured Pride in Place Impact Funding aiming to deliver quick, visible improvements to Community spaces, high streets & public spaces across Pendle.• Delivered year 4 of UKSPF funded projects.

3 - Good Growth

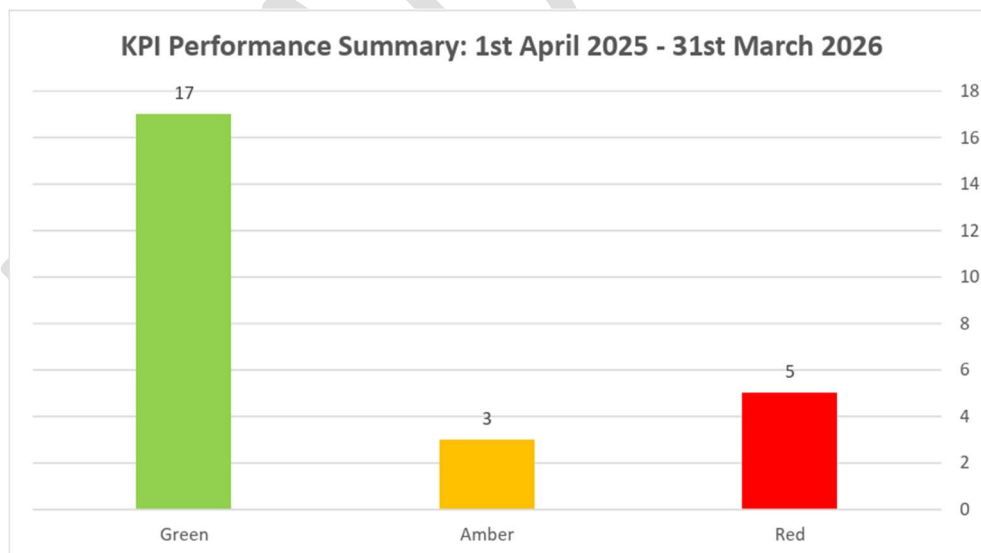
- Completed the CPO process of Pendle Rise Shopping Centre as part of our plans to revitalise Nelson through Nelson Town Deal.
- Successful examination and adoption of the Local Plan.
- Completed lease of the ACE centre to East Lancashire Learning group for them to deliver an advanced digital skills hub.
- Secured planning permission for the demolition of the rear of Trafalgar House.
- Complete renovations to Colne Market Hall.

4 – Housing and Healthy Communities

- Completed Wavelengths extension scheme.
- Delivered Marsden Pump track as part of Nelson Town Deal.
- Seven of Pendle’s parks receive Green Flag status for 2025.
- Implemented new measures to improve taxi safety across the Borough.

Key Performance indicators

The Council has adopted a basket of 25 corporate key performance indicators (KPIs) which have been devised to provide Councillors with a gauge of performance representing a range of services delivered by and on behalf of the Council. This allows the Council to optimise the delivery of our strategic objectives. A report setting out the performance for 2025/26 was reported to the Executive in May 2026 and can be viewed at (www.pendle.gov.uk). A summary follows below:



Performance on the whole is considered to be fairly good across the Key Performance Indicators despite some targets not having been met.

Overview of Strategic Risks facing the Council

We endeavour to ensure that risk is managed across all of our activities. Our Risk Management Framework, supported by our performance management system, allows us to manage business risks in a measured way. It also provides a more robust approach to business planning and better informed decision making fostering a culture where uncertainty does not slow progress or stifle innovation. This ensures that our commitment and resources produce positive outcomes for the people who live and work in Pendle.

Our strategic risk register is a key component in ensuring that significant projects and programmes are delivered and address issues such as meeting community expectations, compliance with legal obligations, resource gaps and workforce development. Our Service Impact Assessments within the Service Planning process will identify gaps linked to equality, cohesion, health and community safety, alongside costs and legal obligations. We also use our approach to risk management to identify and drive opportunities for service development.

The Strategic Risk Register is reported quarterly to the Accounts and Audit Committee and the top key strategic risks faced by the Council were identified as follows:-

Strategic Objectives	Risk (2025/2026)
All Key Objectives	Financial Sustainability
1, 2 – Proud & Connected Communities & Places, 3	Organisation's Internal Capacity to Deliver
1, 2	Effective ICT Systems and Cyber Security Arrangements
1, 2	Effective Information Governance Arrangements
1 – Providing high Quality Services & Facilities	Effective Contract Performance Management
1 – Providing high Quality Services & Facilities	Political Leadership
3 – Good Growth	Joint Venture Companies
1 – Providing high Quality Services & Facilities	Ability to deal with extreme weather and Civil Contingencies
All Key Objectives	Local Government Re-organisation (LGR)
3 – Good Growth	Delivery of Key Government Programmes and Major Capital Projects
2, 4	Safeguarding Residents
3 – Good Growth	Local Workforce Development
3 – Good Growth	Delivery of the Local Plan
2, 3	Achievement of Carbon Neutral targets by 2030
3, 4	Public Health and Wellbeing
4 – Housing & Healthy Communities	Homelessness Services

Each risk is assigned to nominated officers and the overall framework is monitored regularly by the Corporate Governance Steering Group. The Council's updated Risk Management Strategy and Policy Statement was formally approved by Council in December 2021.

During 2025/26 the Council undertook a comprehensive review of the Strategic Risk Register and key officers have participated in a Risk Management Training Workshop. The updated Strategic Risk Register is more focussed on the current climate and issues facing the Council whilst also being much easier to digest, providing an immediate understanding of the risks facing the Council and the timescales and plans for mitigating actions.

The Financial Outlook to 2026/27

Since 2010 the Council has experienced a significant reduction in funding from Central Government as the Government prioritised reducing the national deficit and implemented a range of austerity measures. Since then the Council has continuously reviewed services to look at ways of reducing costs whilst maintaining service provision. The current pressures on the Council are accurately reflected in the shortfall in funding over the medium term strategy.

Whilst in February 2026 the Government announced a three year funding settlement, there remains a degree of uncertainty around the future funding of local government and the extent to which Central Government wish to fund local services. Local Government Reorganisation (LGR) due to be implemented in April 2028 brings additional financial pressure to the Council in the lead up to vesting day for the new Unitary Authority.

The Council continues to work hard to provide much needed local services within the resources available to it.

Access to Further Information

If you would like to receive further information about the Statement of Accounts please contact the Finance Team at Number 1 Market Street, Nelson, BB9 7LJ.

K Spencer

Karen Spencer
Director of Resources (s151 Officer)

**STATEMENT OF ACCOUNTING
POLICIES**

Statement of Accounting Policies

N.B. These policies form part of the notes to the accounts.

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 Local Government Act 2003 primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Council's accounts are prepared on a 'going concern' basis i.e. that its functions and services will continue in operational existence for the foreseeable future.

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.

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 in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories (stock) on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet subject to a de-minimus level of £1,000. Where it is doubtful that debts will 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 within 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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 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 (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision (MRP) contribution, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

7. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employees take the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for 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 the year-end.

Post-Employment Benefits

Employees of the Council are members of 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 Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lancashire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by 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, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the Lancashire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price.
 - unquoted securities – professional estimate.
 - unitised securities – current bid price.
 - property – market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

- Net interest on the defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any charges in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Lancashire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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.

8. Events After the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

9. Financial Instruments

Financial Liabilities

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

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

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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 or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

Financial Assets and Liabilities Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the

asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

If the authority were to make a loan at less than market rate (soft loan), a loss would be 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 organisations, 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 and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model (Material Items)

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant 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 authority.

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

Financial assets are classified as Financial Assets at amortised cost – assets that have fixed or determinable payments but are not quoted in an active market;

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

10. 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 grant and contributions for which conditions have not been satisfied are carried in the Balance sheet as creditors (receipts in advance). 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 and Expenditure (non-ringfenced 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.

11. Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets).

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

An intangible heritage asset is an intangible asset with cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events.

The Council's Heritage Assets primarily comprise Civic Regalia and public realm assets which are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. 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. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below.

The Council's collection of heritage assets is accounted for as follows:

- Civic Regalia

The collection of civic regalia comprises the following:

- Various chains, pendants, badges of Office
- Silver Mace / Silver Crib
- Engraved ceremonial spades / trowels
- Documents relating to the granting of the Town Charter / Coat of Arms (Nelson)
- Coat of Arms (Pendle)
- Various miscellaneous items including clocks, models, silver cups/bowls

- Civic robes, hats and gloves

These items are carried on the Balance Sheet at a market valuation for insurance purposes. The collection of civic regalia is deemed to have an indeterminate life and a high residual value; hence the Council does not consider it appropriate to charge depreciation. The collection is relatively static and no further acquisitions or donations are expected.

- The Shuttle, Nelson Town Centre

The Shuttle monument formed the centrepiece of public realm improvements carried out by the Council in Nelson Town Centre during 2010/11 and 2011/12. The Shuttle is a 12m high steel sculpture of a weaving shuttle designed to celebrate the town's importance in the industrial revolution and the growth of the cotton industry. It is made from weathered steel to give it the same rusted colour as a traditional wooden shuttle. It is surrounded by granite blocks engraved with local phrases and a mill song. The Shuttle stands at the junction of Market Street and Scotland Road, and has a seated area around it and was officially unveiled in mid-August 2011. The Shuttle is reported on the Balance Sheet at cost (£36k).

- War Memorials and Other Heritage Assets

The Council is responsible for the preservation and maintenance of a number of war memorials in the following locations:

- Wellhouse Road, Barnoldswick
- Kelbrook Road, Barnoldswick
- Off Colne Road, Barrowford
- Colne Road, Brierfield
- Albert Road, Colne
- Market Square, Nelson
- Colne Road, Earby

The memorials include stone cenotaphs, stone sculptures and memorial gardens. The memorials are not recognised on the Balance Sheet as reliable cost or valuation information is not readily available. Another example of a Heritage Asset is the bust of Wallace Hartley which stands in Colne. Wallace Hartley was the bandmaster on the Titanic which sank in 1912. In 1915 a statue of Wallace was erected in Colne funded by voluntary contributions to commemorate the heroism of a native of the town. As reliable cost or valuation information is not readily available the statue is not recorded on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note 16 in this summary of significant accounting policies.

12. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being

able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council 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(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

13. Interests in Companies and other Entities

The Council has interests in other companies that have the nature of joint venture arrangements but considers these not sufficiently material to require the preparation of group accounts. This assessment is reviewed annually.

14. Leases

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time. A contract can be (or contain) a lease only if the underlying asset is 'identified'. Having the right to control the use of an identified asset means having the right to direct, and obtain all of the economic benefits from, the use of that asset. These rights must be in place for a period of time and/or a specified amount of The Council as Lessee use.

Since April 2024, the Council has applied IFRS 16 Leases as adopted by the CIPFA Code of Practice on Local Authority Accounting. The main impact of IFRS 16 is that for arrangements previously accounted for as operating leases (that is, those lease arrangements where the Council's judgement was that the arrangement did not transfer substantially all the risks and rewards of ownership of an asset and expenditure was recorded in the Comprehensive Income and Expenditure Statement each year) a right of use asset and a lease liability are recognised on the Council's Balance Sheet

The Council as Lessee

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The authority is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council as Lessor

Finance Leases

Leases of Council-owned land are, subject to materiality, not accounted for as a finance lease unless the term of the lease exceeds 150 years in which case, it is treated as an operating lease. Where the Council 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 Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

Where the amount due in relation to the leased 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. 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 in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are 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, 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.

15. Overheads and Support Services

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

16. Property, Plant and Equipment

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

Recognition: expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement: assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- all other assets – 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.

Land and buildings Assets included in the Balance Sheet at current value are revalued on a rolling five year programme.

In-line with Code guidance relevant indices are use in the intervening years to adjust the carrying value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

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

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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. An exception is made for freehold land, community assets and assets not currently in use (i.e. assets under construction).

Depreciation is calculated the following methods per category:

- | | | |
|------------------------------|------------------|-----------|
| • Buildings (Sports Centres) | Reducing Balance | 5% |
| • Buildings (Other) | Reducing Balance | 2% or 10% |
| • Community Assets | Reducing Balance | 0% or 2% |

Depreciation of Plant and Equipment is calculated using the straight-line method, over the useful life of each asset, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately. In considering whether or not there is a component the policy followed is:

- The land element will continue to be considered as a separate asset with its own valuation which, except in very unusual circumstances, will not be subject to depreciation.
- For any Property, Plant and Equipment with a value above £750,000 consideration will be given as to whether or not there is any significant part which requires a separate component. For the purposes of this exercise it is considered that an element that has a cost which is more than 20% of the total cost of the asset is significant.

Newly acquired assets are charged a full year's depreciation in the year of acquisition, although assets in the course of construction are not depreciated until they are brought into use, thereafter an annual charge to revenue is made.

Depreciation is not required on heritage assets with indefinite lives. However, where there is evidence of physical deterioration to a heritage asset or doubts arise to its authenticity the value of the asset has to be reviewed.

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

Disposals and Non-current Assets Held for Sale

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

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (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 for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital

investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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 a provision is expected to be recovered from another party (e.g. from an insurance claim), this 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 control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18. 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 Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council tax for the expenditure.

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

For further details of the Council Usable and Non-usable reserves, see Notes 21 and 22 to the Core Financial Statements.

19. 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.

20. VAT

Value Added Tax (VAT) payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21. Fair Value Measurement

The Council also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset 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's Property Services team provides a valuation of its surplus property assets in line with the highest and best use definition within the accounting standard. The highest and best use of the asset being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its surplus property assets are categorised within the fair value hierarchy as follows:

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

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

Level 3 – unobservable inputs for the asset.

The Council's surplus assets are judged to be Level 2.

22. Collection Fund

The Council is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The Statutory Collection Fund (England) Statement is included as a supplementary statement in the accounts. In its capacity as billing authority the Council acts as an agent. During 2025/26 the Council collected and distributed NNDR on behalf of itself, the Government, Lancashire County Council and Lancashire Combined Fire Authority. Council Tax was collected and distributed on behalf of the Borough Council, the major preceptors, as per NNDR, as well as the Police and Crime Commissioner for Lancashire and local town and parish Councils.

Council Tax accrued income for the year and Council Taxpayers debtors, creditors and provision for bad debts at the 31 March are shared between the major preceptors and the Council based on their percentage share of the total demands/precepts for the year. Business rates accrued income for the year as well as business ratepayers, debtors, creditors and impairment allowance for doubtful debts and appeals are shared between the Council, Government and the major preceptors.

Collection Fund Debtors are reviewed collectively at the Balance Sheet date by debt type and provision is made for impairment based on the historical evidence of default in each category. The Council's share of the Collection Fund Debtors shown in the Balance Sheet is net of this impairment.

In accordance with the current accounting code of practice the Council's Comprehensive Income and Expenditure Statement includes its share of accrued Council tax and business rates income. Where this amount is more or less than the amount to be credited to the General Fund under statute, there is an adjusting transfer in the Movement in Reserves Statement, between the General Fund Balance and the Collection Fund Adjustment Account. This account holds the Council's share of the Collection Fund Surplus or Deficit at the 31 March. The Council's Balance Sheet includes the net creditor/debtor position with the Government and major preceptors for taxes collected on their behalf and not yet paid to them or taxes paid to them but not yet collected from taxpayers.

**STATEMENT OF RESPONSIBILITIES
FOR THE STATEMENT OF ACCOUNTS**

Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:-

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In this Council that officer is the Director of Resources (as the Council's designated s151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Director of Resources responsibilities (as s151 Officer for the Council)

As the Director of Resources, I am responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts I have:-

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

I have also:-

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

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the reporting date and its expenditure and income for the year ended 31st March 2026.

K Spencer

Karen Spencer
Director of Resources (S151 Officer)
30th June 2026

CORE FINANCIAL STATEMENTS

UNAUDITED

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 31 March 2024	10,819	2,100	11,105	24,024	31,787	55,812
Movement in reserves during 2024/25						
Total Comprehensive Income and Expenditure	9,911	-	-	9,911	3,829	13,741
Adjustments between accounting basis & funding basis under regulations (Note 6)	(7,479)	(159)	4,109	(3,529)	3,529	-
Net Increase / Decrease before Transfers to Earmarked Reserves	2,432	(159)	4,109	6,382	7,358	13,741
Balance at 31 March 2025	13,251	1,941	15,214	30,406	39,145	69,552
Movement in reserves during 2025/26						
Total Comprehensive Income and Expenditure	(3,101)	-	-	(3,101)	9,720	6,619
Adjustments between accounting basis & funding basis under regulations (Note 6)	3,419	(1,942)	(5,687)	(4,210)	4,210	-
Net Increase / Decrease in Year	318	(1,942)	(5,687)	(7,311)	13,930	6,619
Balance at 31 March 2026	13,569	(1)	9,527	23,095	53,076	76,172

General Fund analysed over:

Amounts Earmarked (Note 7) 12,569

Amounts uncommitted (Bfwd/Cfwd) 1,000

Total General Fund Balance at 31/03/2026 **13,569**

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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement	2024/25			2025/26		
	Gross Expenditure	Income	Net Income/Expenditure	Gross Expenditure	Income	Net Income/Expenditure
	£000's	£000's	£000's	£000's	£000's	£000's
Directorate	528	1	527	528	25	503
Policy & Commissioning	1,072	450	622	1,845	1,058	787
Financial Services*	25,102	17,031	8,071	22,696	13,899	8,797
Legal & Democratic Services	1,702	396	1,306	1,407	286	1,121
Planning, Building Control & Regulatory Services	2,325	2,313	12	3,186	3,495	(308)
Operational Services	8,364	2,603	5,761	9,500	3,503	5,997
Property Services	4,855	1,026	3,829	5,024	1,240	3,784
Economic Growth	6,214	5,491	723	4,474	695	3,779
Housing & Environmental Health	3,484	2,902	582	4,287	3,110	1,177
Cost Of Services	53,647	32,213	21,434	52,947	27,311	25,637
Other Operating Expenditure (Note 8)	2,977	-	2,977	3,349	-	3,349
Financing and Investment Income and Expenditure (Note 9)	742	1,944	(1,202)	651	1,920	(1,269)
Taxation and Non-Specific Grant Income and Expenditure (Note 10)	3,388	36,508	(33,119)	3,266	27,883	(24,616)
(Surplus) or Deficit on Provision of Services			(9,911)			3,101
(Surplus) or deficit on revaluation of Property Plant and Equipment assets			(3,812)			(10,178)
Remeasurement of net Defined Benefit Liability			(10,554)			4,572
Effect of asset ceiling			10,537			(4,114)
Total Remeasurement of net Defined Benefit Liability (Note 34)			(18)			458
Other Comprehensive Income and Expenditure			(3,829)			(9,720)
Total Comprehensive Income and Expenditure			(13,741)			(6,619)

* Includes Human Resources, Information Technology, Property Services & Revenue Services.

Balance Sheet as at 31st March 2026

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Notes	31 March 2025 £000's	31 March 2026 £000's
Property, Plant & Equipment	12	59,924	71,511
Heritage Assets	12	768	1,225
Intangible Assets	13	253	2
Long Term Debtors	13	3,821	3,951
Long Term Assets		64,766	76,690
Short Term Investments	14	19,675	7,741
Assets Held For Sale	18	211	183
Inventories		97	45
Short Term Debtors	16	1,779	4,071
Cash and Cash Equivalents	17	14,425	14,290
Current Assets		36,188	26,330
Short Term Borrowing	14	(1,557)	(57)
Short Term Creditors	19	(8,403)	(6,961)
Current Liabilities		(9,960)	(7,018)
Long Term Creditors	14	(3)	(1)
Provisions	20	(1,002)	(456)
Long Term Borrowing	14	(16,859)	(16,859)
Pension Liability	35	(2,176)	(1,933)
*Other Long Term Liabilities		(1,402)	(580)
Long Term Liabilities		(21,443)	(19,829)
Net Assets		69,551	76,173
Usable Reserves	21	30,407	23,096
Unusable Reserves	22	39,144	53,074
Total Reserves		69,551	76,170

*Other Long Term Liabilities includes lease liabilities relating to the implementation of IFRS16.

Karen Spencer
 Director of Resources (S151)
 30th June 2026

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

		2024/25	2025/26
	Note	£000's	£000's
Net (surplus) or deficit on the provision of services		(9,911)	3,101
Adjustments to net surplus or deficit on the provision of services for non-cash movements		(489)	(446)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		16,984	4,462
Net Cash Flows from Operating Activities	23	6,584	7,117
Investing Activities	24	(3,896)	(8,497)
Financing Activities	25	(2,604)	1,515
Net (Increase) / Decrease in Cash and Cash Equivalents		84	135
Cash and cash equivalents at the beginning of the reporting period		(14,509)	(14,425)
Cash and Cash Equivalents at the end of the reporting period	17	(14,425)	(14,290)

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Notes to the Core Financial Statements

1. Accounting Standards that have been issued but have not yet been adopted

The Council is required to disclose the impact on an accounting change required by a new accounting standard that has been issued on or before 1 January but not yet adopted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The following standards have been issued/amended but are not yet adopted. These are not considered to have a material impact on the council's accounts.

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024 – requires no amendments to the Code.
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024 – this amendment will have no impact on the Council.
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024 – minor amendments to the Code, however there will be no impact for the Council.
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024 – this amendment will have no impact on the Council.

2. Critical judgements in applying accounting policies

In applying the Accounting Policies set out in the Statement of Accounting Policies on pages 20 to 36, 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:

- Under the terms of an agreement dated 29th September 2000 the Council entered into a long term agreement with Pendle Leisure Ltd (a registered industrial and provident society) for the provision of Community Arts and Leisure Services within the administrative area of Pendle. This agreement runs to 2028. In February 2005 the Council entered into a public/private partnership with Liberata, covering a 15 year period, for the provision of a range of services previously provided in-house. In May 2017 the arrangement with Liberata was extended to 2030. Neither Liberata nor Pendle Leisure Trust is considered to fall within the local authority group.

The partnership with Liberata is considered a contract for services under which no entity is established. As an exempt charity the governance of the Leisure Trust is such that the Council cannot and does not exercise sufficient influence over its activities to amount to control.

- At the reporting date the Council had established five joint venture arrangements with private sector partners trading as Pendle Enterprise and Regeneration Limited (PEARL, PEARL 2, PEARL (Brierfield Mill) Limited, PEARL Together) and PenBrook Ltd. Whilst each is considered a jointly controlled entity, they are not regarded as so financially material to the Council to require the preparation of Group Accounts. More detail on the joint venture arrangements is provided at Note 36.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 most significant items in the Authority's Balance Sheet at 31st March 2025 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment (PPE)

As at the 31st March 2026, the Council's Balance Sheet includes PPE assets of £72.7m (includes right of use assets). All assets measured at fair value are revalued as part of a rolling 5 year programme, with annual indexation applied to assets during the four intervening years. Valuations are provided by Property Services and are undertaken by qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) professional standards using recognised measurement techniques. If these values increased or decreased by 2% there would be a material change in value of £1.2m.

Debt Impairment

At 31st March 2026 the Council had a balance of debtors of £10.499m. A review of significant balances suggested that an impairment of doubtful debts of £6.428m was appropriate (equivalent to 61% of the debt outstanding). This compares to 79% as at 31 March 2025. As debt ages the certainty of being able to recover funds reduces.

Pensions

The estimation of the net liability to pay pensions depends on a number of complex judgements. The Fund Actuary makes judgements in relation to factors such as 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.

The effects on the net pension liability of changes in individual assumptions can be measured. However, changes are complex because the different assumptions interact. Under current accounting rules, a change in the pension liability does not impact upon the net cost of the General Fund. Sensitivity analysis is shown in Note35.

4. Exceptional items of income and expense

There are no exceptional items of income and expenditure in 2025/26.

5. Events after the balance sheet date

The Statement of Accounts was authorised for issue by the Director of Resources (as Chief Finance Officer) on 30th June 2026. Events taking place after this date are not reflected in the financial statements. Where events taking place before this date provided information about conditions existing at 31st March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2025/26	Usable Reserves			
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Movement in Unusable Reserves £000's
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,567	-	-	(2,567)
Revaluation losses on Property Plant and Equipment	378	-	-	(378)
Derecognition losses on Property Plant and Equipment	1,751	-	-	(1,751)
Impairment Losses on Property Plant and Equipment	1,471	-	-	(1,471)
Impairment of Long Term Debtor	-	-	-	-
Amortisation of intangible assets	-	-	-	-
Capital grants and contributions applied	(1,495)	-	-	1,495
Movement in the Donated Assets Account	-	-	-	-
Revenue expenditure funded from capital under statute	5,867	-	-	(5,867)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	100	-	-	(100)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,417)	-	-	1,417
Voluntary provision for the financing of capital investment	-	-	-	-
Capital expenditure charged against the General Fund	(244)	-	-	244
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(2,868)	-	2,868	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(8,299)	8,299
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(89)	89	-	-
Capital receipts unapplied credited to the Comprehensive Income and Expenditure Statement	(115)	115	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,175)	(256)	2,431
Contribution from the Capital Receipts Reserve towards administrative costs of noncurrent asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-
Transfer in respect of Long Term Debtor proceeds	-	29	-	(29)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(6)	-	-	6
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 35)	1,064	-	-	(1,064)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,764)	-	-	1,764
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council non-domestic rating income calculated tax and for the year in accordance with statutory requirements	(1,815)	-	-	1,815
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	33	-	-	(33)
Total Adjustments	3,419	(1,942)	(5,687)	4,210

2024/25	Usable Reserves			
	General Fund Balance £000's	Capital Receipts Reserve £000's	Capital Grants Unapplied £000's	Movement in Unusable Reserves £000's
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,226	-	-	(2,226)
Revaluation losses on Property Plant and Equipment	1,745	-	-	(1,745)
Derecognition losses on Property Plant and Equipment	1,716	-	-	(1,716)
Impairment Losses on Property Plant and Equipment	23	-	-	(23)
Impairment of Long Term Debtor	-	-	-	-
Amortisation of intangible assets	212	-	-	(212)
Capital grants and contributions applied	(4,469)	-	-	4,469
Movement in the Donated Assets Account	-	-	-	-
Revenue expenditure funded from capital under statute	4,054	-	-	(4,054)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	258	-	-	(258)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(1,469)	-	-	1,469
Voluntary provision for the financing of capital investment	-	-	-	-
Capital expenditure charged against the General Fund	(15)	-	-	15
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(12,209)	-	12,209	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(8,085)	8,085
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(279)	279	-	-
Capital receipts unapplied credited to the Comprehensive Income and Expenditure Statement	(34)	34	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(494)	(14)	509
Contribution from the Capital Receipts Reserve towards administrative costs of noncurrent asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	-	-	-	-
Transfer in respect of Long Term Debtor proceeds	-	25	-	(25)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	3	(3)	-	-
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(6)	-	-	6
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 35)	1,355	-	-	(1,355)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,700)	-	-	1,700
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council non-domestic rating income calculated tax and for the year in accordance with statutory requirements	1,101	-	-	(1,101)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	11	-	-	(11)
Total Adjustments	(7,479)	(159)	4,109	3,528

7. MOVEMENTS IN EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in other earmarked funds and reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

	2025/26			Balance at 31 March 2026 £000's
	Balance at 31 March 2025 £000's	Transfers In £000's	Transfers Out £000's	
Budget Strategy	4,186	640	(1,297)	3,529
Business Rates Volatility Reserve	2,603			2,603
Revenue Grants Received	1,901	1,744	(1,901)	1,744
Revenue Expenditure	792	277	(293)	776
External Funding Receipts	774	1,958	(1,839)	893
Inward Investment Reserve	535			535
One-off Projects Reserve	500			500
LGR Transition Fund		500		500
LGR Capacity Reserve		300		300
Taxi Licensing Reserve	-	200		200
ICT Strategy	159			159
Future High Streets Reserve	138			138
Staff Development/Apprentices	-	123		123
Business Growth Incentive	123.00		(123)	-
Local Development Framework	92			92
Performance	97			97
Growth Sites Development	85			85
Developers' Contributions	71			71
Renewals Reserve	68			68
Insurance/Risk Management	66			66
VAT Partial Exemption	50			50
Planning Appeals Reserve	-	29		29
Community Projects Reserve	12			12
	12,251	5,771	(5,453)	12,569

Further information on the reserves shown above is provided in Appendix 1 on page 111.

In addition to those Earmarked Reserves outlined above, the Council also has other Usable Reserves as reported in the Balance Sheet (page 42).

The Council's Usable Reserves at 31 March 2026 are presented below:

	£'000
Earmarked Reserves	12,569
General Fund Working Balance	1,000
Capital Receipts Reserve*	0
Capital Grants Unapplied**	9,527
Total Usable Reserves	23,096

*Brought forward and carry forward balances for these reserves are shown in the Movement in Reserves Statement (page 40) with in-year movements disclosed in Note 6 (page 47).

** Capital Grants Unapplied

	2024/25			2025/26		
	General	S106	£000's	General	S106	£000's
	Capital	Receipts		Capital	Receipts	
Brought forward	10,975	130	11,105	15,081	133	15,214
Received in year	16,661	18	16,679	4,110	253	4,363
Used in year	(12,555)	(14)	(12,569)	(9,794)	(256)	(10,050)
Total	15,081	133	15,214	9,398	129	9,527

8. OTHER OPERATING EXPENDITURE

	2024/25 £000's	2025/26 £000's
Parish Council Precepts	2,872	3,134
Levies (County Council share of retained Business Rates Levy)	82	158
(Gains)/Losses on the disposal of Non-Current Assets	(18)	13
Pensions - Fund Administration Costs	41	44
Total	2,977	3,349

9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £000's	2025/26 £000's
Interest payable and similar charges	659	576
Pensions interest cost and expected return on pensions assets	83	75
Interest Income	(1,892)	(1,550)
Other income	(52)	(370)
Total	(1,202)	(1,269)

10. TAXATION AND NON SPECIFIC GRANT INCOMES

	2024/25 £000's	2025/26 £000's
Council Tax Income (Net)	(10,422)	(11,398)
Non Domestic Rates (Net)	(4,104)	(5,139)
Non-ringfenced Government Grants:		
- Revenue Support Grant	(1,556)	(1,601)
- New Homes Bonus Grant	(87)	(135)
- Levy/Surplus Allocation	(34)	-
- Council Tax Support scheme (New Burdens)	-	-
- New Burdens	(191)	-
- Small Business Rate Relief Grant	(3,263)	(3,366)
- Funding Guarantee Grant	(720)	(453)
- Lower Tier Services	(28)	-
- Capital Grants and Contributions	(12,714)	(2,524)
Total	(33,119)	(24,617)

11. LEASES

Council as a Lessee – Assets leased in;

The Council adopted IFRS 16 from 1 April 2024. Properties and other vehicles, plant and equipment that fall under the scope of IFRS16 have now been reclassified as right of use assets on the balance sheet. The disclosures below for 2025/26 relate to low value and leases that have less than 12 months to run.

The Council leases in property, land, vehicles and printing equipment. The amount charged to the Comprehensive Income and Expenditure Statement under these arrangements and the value of future payments under operating leases is shown below.

Under these operating leases, the Council is committed to paying the following sums:

	2024/25 £000's	2025/26 £000's
Future Repayment Period		
Not later than 1 year	0	0
Later than 1 year, not later than 5 years	1	1
Later than 5 years	180	180
	181	181
Value 31 March		
Other Land and Buildings	181	181
Vehicles, Plant, Furniture & Equipment	-	-
	181	181
Recognised as an expense during the year	181	181

In 2025/26 expenditure included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the below leases was £201 (£201 in 2024/25).

Council as a Lessor – Assets leased out;

Rental income received under operating leases is credited to the relevant service in accordance with the terms specified in the lease agreement.

	2024/25	2025/26
	£000's	£000's
Not later than 1 year	(164)	(230)
Later than 1 year, not later than 5 years	(261)	(437)
Later than 5 years	-	(1,905)
	(425)	(2,572)

In 2025/26 income included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement in relation to the above leases was £652,658 (£352,397 in 2024/25).

IFRS16 – Right of Use Assets;

The Council has adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that the majority of leases where the Council acts as lessee came onto the balance sheet. Right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

The weighted average incremental borrowing rate of 5.61% has been applied to lease liabilities as at 1 April 2025.

The main impact of the new requirements is that, for arrangements previously accounted for as service concessions, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024. Leases that expire on or before 31 March 2026 are exempt from IFRS 16 disclosure requirements.

As a lessee, the Council 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 Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right of Use Assets – Lease Liabilities

	2024/25	2025/26
	£000's	£000's
Value at 1st April	2,152	1,334
Principal paid in year	-818	-813
Value at 31st March	1,334	521
Other Land and Buildings	40	0
Vehicles, Plant, Furniture & Equipment	1,294	521
Community Assets	0	
Value at 31st March	1,334	521
Analysed by:		
Current	813	512
Non-Current	521	9
	1,334	521
Finance Lease Liabilities		
Not later than 1 year	813	512
Later than 1 year, not later than 5 years	521	9
Later than 5 years	0	0
Total liabilities	1,334	521

In 2025/26 expenditure included in the Net Cost of Services in the Comprehensive Income and Expenditure Statement in relation to interest expenses on the lease liabilities for the above leases was £56.086 (97,890 in 2024/25).

12. PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for 2025/26 are as follows:-

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets under Construction	Surplus Assets	Right of Use Assets (ROUA)	Total PPE	Heritage Assets
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or Valuation								
At 1st April 2025	54,537	4,010	816	3,241	676	2,607	65,887	768
Additions	3,161	1,478	408	2,729	-	34	7,810	-
Revaluations increases/(decreases)								
- to Revaluation Reserve	9,660	29	(73)	-	10	-	9,625	457
- to Provision of Services	(13)	(2)	(318)	(44)	-	-	(378)	-
Derecognition								
- disposals	(29)	-	-	-	-	-	(29)	-
- other	(1,419)	(371)	-	-	-	-	(1,790)	-
Reclassification of Assets	(291)	-	(167)	558	(46)	-	53	-
Other movements	-	44	-	-	-	-	44	-
At 31st March 2026	65,606	5,187	664	6,483	640	2,641	81,221	1,225
Accumulated Depreciation and Impairment								
At 1st April 2025	1,703	3,223	-	142	2	892	5,962	-
Depreciation charge	-	-	-	-	-	-	-	-
Depreciation								
- to Revaluation Reserve	-	-	-	-	-	-	-	-
- to Provision of Services	1,590	88	-	-	-	889	2,567	-
Impairments								
- to Revaluation Reserve	-	-	-	-	-	-	-	-
- to Provision of Services	-	440	664	331	-	34	1,470	-
Derecognition								
- disposals	-	-	-	-	-	-	-	-
- other	(100)	(189)	-	-	-	-	(290)	-
Reclassification of Assets	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
At 31st March 2026	3,193	3,562	664	473	2	1,815	9,710	-
Net Book Value 31st March 2026	62,412	1,625	0	6,010	638	826	71,511	1,225
Net Book Value 31st March 2025	52,833	786	816	3,100	674	1,715	60,692	768

Comparative movements in property, plant and equipment for 2024/25 were as follows:-

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets under Construction	Surplus Assets	Right of Use Assets (ROUA)	Total PPE	Heritage Assets
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or Valuation								
At 1st April 2024	47,588	6,401	422	2,185	802	2,211	59,609	768
Additions	7,549	207	349	1,788	-	193	10,088	-
Revaluations increases/(decreases)								
- to Revaluation Reserve	3,748	-	73	0	(11)	-	3,812	-
- to Provision of Services	(1,713)	-	(7)	-	-	-	(1,720)	-
Derecognition								
- disposals	(246)	(49)	-	-	-	-	(295)	-
- other	(53)	(2,550)	(22)	(938)	(5)	-	(3,568)	-
Reclassification of Assets	(431)	-	(0)	205	(110)	226	(110)	-
Other movements	(254)	-	-	-	(2)	-	(256)	-
At 31st March 2025	56,188	4,010	816	3,241	674	2,631	67,559	768
Accumulated Depreciation and Impairment								
At 1st April 2024	2,460	5,353	-	83	2	-	7,898	-
Depreciation charge	-	-	-	-	-	-	-	-
Depreciation								
- to Revaluation Reserve	-	-	-	-	-	-	-	-
- to Provision of Services	1,227	109	-	-	-	887	2,224	-
Impairments								
- to Revaluation Reserve	-	-	-	-	-	-	-	-
- to Provision of Services	-	-	-	-	-	23	23	-
Derecognition								
- disposals	(15)	(40)	-	-	-	-	(56)	-
- other	-	(2,199)	-	-	-	-	(2,199)	-
Reclassification of Assets	(63)	-	-	59	-	4	-	-
Other movements	(254)	-	-	-	(2)	-	(256)	-
At 31st March 2025	3,355	3,223	-	142	-	915	7,635	-
Net Book Value 31st March 2025	52,833	786	816	3,100	674	1,715	59,924	768
Net Book Value 31st March 2024	45,128	1,047	422	2,103	800	-	50,269	768

Heritage Assets

Detailed information on the Council's Heritage Assets is provided in the Accounting Policies note 11 on page 27. There have been no disposals or acquisitions of heritage assets since 2011/12 when the Shuttle in Nelson town centre was recognised as a heritage asset and included in the Council's balance sheet.

Depreciation

Depreciation, using the methods as set out in the Council's Statement of Accounting Policies on page 32.

Capital Commitments

At 31st March 2026, the Council had contractual commitments to the value of £482K for the acquisition, construction or enhancement of Property, Plant and Equipment.

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations have been carried out by RICS qualified staff under Mr P Kirby, the Property Services Manager. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Heritage Assets	Community Assets	Assets under Construction	Surplus Assets	Right of Use Assets (ROUA)	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Carried at historical cost	101	170	36	-	-	-	-	307
Valued at fair value as at:								
31 March 2026	32,846	1,100	1,189	-	500	312	2	35,949
31 March 2025	13,285	110	-	-	4,856	-	669	18,920
31 March 2024	2,493	171	-	-	274	-	156	3,094
31 March 2023	4,307	73	-	-	350	-	-	4,730
31 March 2022	9,380	-	-	-	31	326	-	9,737
Total Cost or Valuation	62,412	1,624	1,225	-	6,011	638	827	72,737

13. 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 are software and associated licences.

The movement on Intangible Asset balances during the year is as follows:

	2024/25	2025/26
	Total	Total
	£000's	£000's
Balance at 1st April		
Gross carrying amount	2,434	937
Accumulated amortisation	(1,623)	(684)
Net carrying amount at 1st April	811	253
Other Disposals	(346)	(251)
Amortisation for the period	(212)	-
Balance at 31st March	253	2
Comprising:		
- Gross carrying amounts	937	56
- Accumulated amortisation	(684)	(53)
	253	2

There are no items of capitalised software that are individually material to the financial statements.

14. FINANCIAL INSTRUMENTS

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

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straight forward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing and investment transactions are classified as financial instruments.

The Code requires disclosures in relation to financial instruments with two objectives relating to helping users evaluate:

- the significance of financial instruments for the Council's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the Council was exposed and how the Council manages those risks.

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	2024/25		2025/26	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000's	£000's	£000's	£000's
<u>Financial Assets Measured at:</u>				
Amortised Cost				
Investments*	34,100	34,100	22,030	22,030
Total Investments	34,100	34,100	22,030	22,030
Long-Term Debtors	3,821	3,821	3,951	3,951
Short-Term Debtors	1,268	1,268	799	799
	5,089	5,089	4,750	4,750
	39,189	39,189	26,780	26,780
<u>Financial Liabilities Measured at:</u>				
Amortised Cost				
Long-Term Borrowing	16,859	16,859	16,859	16,859
Short-Term Borrowing	1,557	1,557	57	57
ROUA Lease Liability	1,334	1,334	580	580
	19,750	19,750	17,496	17,496
Long-Term Creditors	3	3	1	1
Short-Term Creditors	2,616	2,616	985	985
Total Creditors	2,619	2,619	987	987
	22,369	22,369	18,482	18,482

* Included in this balance are the short term investments, cash and cash equivalents shown on the face of the Balance Sheet.

Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2024/25					2025/26				
	Financial Liabilities : measured at amortised cost	Financial Assets : Loans and Receivables	Financial Assets : Loans and Receivables	Assets and Liabilities at Fair Value Through I&E	Total	Financial Liabilities : measured at amortised cost	Financial Assets : Loans and Receivables	Financial Assets : Loans and Receivables	Assets and Liabilities at Fair Value Through I&E	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Interest expenses	1,102				1,102	576				576
Total expense in Surplus or Deficit on the Provision of Services	1,102	-	-	-	1,102	576	-	-	-	576
Interest income	(1,892)				(1,892)	(1,550)				(1,550)
Total income in Surplus or Deficit on the Provision of Services	(1,892)	-	-	-	(1,892)	(1,550)	-	-	-	(1,550)
Net (gain)/loss for the year	(789)	-	-	-	(789)	(974)	-	-	-	(974)

Fair Values of Assets and Liabilities

Financial assets classified as loans and receivables and financial liabilities are carried in the Balance Sheet at amortised cost. The fair value of short-term instruments, including trade payables and receivables is assumed to approximate to the carrying amount.

The disclosures relating to Financial Instruments are meant to highlight differences that may exist between the value assigned to an item on the Balance Sheet and the value as ascertained by a 'fair value' calculation e.g. if the Council's portfolio of loans included a number of fixed rate loans where the interest rate paid is higher than the rates available for similar loans at the Balance Sheet date then this commitment to pay interest above market rates increases the amount we would have to pay if the lender agreed to early repayment of the loans. Accordingly the fair value would be higher than shown on the face of the balance sheet.

The Balance Sheet is required to have a minimum of four balances relating to financial instruments: long term investments, current assets (short term investments and debtors), current liabilities (short term borrowing and creditors) and long term borrowing. An analysis of each item within these categories has been carried out with the following conclusions:-

Amortised Costs £26.78m

The following assets are shown on the Balance Sheet at amortised cost. Unless otherwise stated, all balances shown are an adequate approximation of fair value in view of the amounts involved.

- Investments £22.03m
- Long Term Debtors £3.95m
- Current Debtors £0.80m

Investments £22.03m

These amounts are cash deposits held within financial institutions or on loan to Lancashire County Council. These relate to surplus cash balances held over the year end and loaned out temporarily as part of treasury management operations to financial institutions and local authorities. To mitigate against the risk of loss, the Council places investment limits (approved annually) on each financial organisation depending on its credit rating and asset base.

The Council has not suffered any counterparty defaults during the year. The deposits invested at the year-end have been assessed for impairment by looking at each institution's credit rating and general standing. It has not been considered necessary to write off or impair any of the investments held at the balance sheet date.

- Temporary Loans £20.77m
- Bank £1.26m
- LCC Call £0.00m

Long Term Debtors £3.95m

The Council has a small number of debtors being repaid over various periods longer than one year. These are shown in the Balance Sheet at principal outstanding.

- Housing Advances £0.02m
- PEARL £3.46m
- Penbrook Ltd £0.05m
- Other £0.42m

Housing advances are for previous Council Housing tenants where they are buying their house under the Governments RTB scheme for unconventional build construction.

PEARL (Pendle Enterprise and Regeneration) consists of three joint venture Limited Companies with shares held jointly between Barnfield Investment Properties Limited and Pendle Borough Council. The Council also has a fourth joint venture (PEARL Together) with Barnfield Investment Properties and Harewood Housing Society Ltd. The loans made to PEARL cover regeneration capital schemes. The loans are offered on deferred repayment terms.

Penbrook Ltd is a joint venture company, in Partnership with the Brookhouse Group Ltd. The £0.05m represents a loan advance made in the year 2023/24. Further details can be found in Note 36.

Current Debtors £0.80m

The sum of £0.80m (for contributions and reimbursements and sales, fees charges and other income) has been included as amortised cost financial assets. Council tax and business rate arrears are statutory debts and do not arise from contracts and so are not classed as financial assets, and prepayments are not included as financial assets as they are not contracts giving rise to financial assets and liabilities.

Financial Liabilities £18.48m

- Borrowing £16.92m
- Creditors £0.98m

- Leases £0.58m

Financial liabilities are shown on the Balance Sheet at amortised cost. Fair values are disclosed below for each type of financial liability where the carrying value on the Balance Sheet is not an adequate approximation.

- **Borrowings £16.92m**

All borrowings are shown at amortised cost which for these loans is the same as principal outstanding. Of the total borrowings £16.86m has been borrowed from the PWLB, with £0.057m being borrowed from other bodies.

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has immediate access to liquid investments as well as ready access to borrowings from the money markets and PWLB. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

As the Council has ready access to borrowings from the PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The main risk is that the Council will need to replace a significant proportion of its borrowings at a time of unfavourable interest rates. The main treasury management strategy to deal with this is to manage the Council's debt maturity profile so that it is as smooth as possible taking account of historic debt and available interest rates.

There is a range of possible fair values for these borrowings at the Balance Sheet date. A fair value of £10.2m is based on the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with PWLB, against what would be paid if the loans were at prevailing market rates.

- **Creditors £0.98m**

The total of £0.98m is for trade and other payables, tax and social security creditors has been included in financial liabilities. All other categories of creditor arising from statutory debts (Council tax and business rates), are governed by more specific reporting standards, or are not contracts giving rise to financial assets and liabilities.

- **Leases £0.58m**

The total of £0.58m is for future lease liabilities under IFRS16. Note 11 provides a detailed explanation for this.

Fair Values

Investments and borrowings; the Council has obtained a 'fair value' calculation carried out by our external Treasury Management consultants in respect of these items on the balance sheet which is shown in the table below:

	2024/25		2025/26	
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	£000's	£000's	£000's	£000's
PWLB borrowing*	18,359	11,998	16,859	10,242
Total financial liabilities	18,359	11,998	16,859	10,242
Loans and receivables*	33,100	33,100	20,700	20,700
Total loans and receivables	33,100	33,100	20,700	20,700

*The carrying amount for short-term Financial Instruments (i.e. less than 365 days) is considered an acceptable approximation of fair value at the Balance Sheet date by the Code. Short-term Public Works Loan Board (PWLB) borrowing with a carrying amount of £0.0m is included in the above table. All loans and receivables are short-term.

In terms of the long-term PWLB debt, the fair value is different than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. As the purpose of the fair value disclosure is primarily to provide a comparison with the carrying amount in the Balance Sheet and as this contains accrued interest then the fair value figure also includes accrued interest.

When calculating the fair value of long-term PWLB debt our Treasury Management consultants have used the borrowing rate for new PWLB loans as the discount factor for all borrowing. The fair value for the Council's PWLB loans using the new loan rate is £10.242m as shown in the table above.

15. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- Re-financing risk - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.

- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy for 2025/26 which incorporates the prudential indicators was approved by Council in March 2025. The strategy document is available on the Council website at www.pendle.gov.uk.

The key issues within the strategy were:

- Inclusion of Commercial Investment activity;
- The Authorised Limit for 2025/26 was set at £32.0m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was set at £29.0m. This is the level beyond which external debt is not normally expected to exceed.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 25% based on the Council's net debt.

The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch Ratings. The Annual Investment Strategy also imposes a maximum sum to be invested with any approved financial institution and other approved sectors (e.g. local authorities). The credit criteria in respect of financial assets held by the authority are as detailed below.

Deposits are only made with main UK clearing banks and three UK building societies (taking in to account credit ratings issued by Fitch and supplied weekly by our Treasury Management consultants). Limits are assigned for each counterparty in relation to the maximum duration and amount of investment. The maximum duration limits that have applied during 2025/26 range from 100 days to 364 days. The maximum sums invested range from £5.0m to £10.0m (£10.0m for the Council's Bankers) and £6.0m for Lancashire County Council. The Council also holds a maximum of £3.0m in Money Market Funds with CCLA in the Public Sector Deposit Fund.

Any short-term operational breaches of these limits are reported to the Council's Accounts and Audit Committee during the year. The Council does not expect any losses from non-performance by any of its counterparties. The Council has not breached its counterparty limits during 2025/26.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31st March 2026 that this was likely to crystallise.

Amounts arising from Expected Credit Losses

We have assessed the Council's short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's individual investments at 31st March 2026 is shown below, along with the potential maximum exposure to credit risk, based on duration to maturity, experience of default and un-collectability.

Cash Deposits	Principal (£)	Lowest Long Term Rating	Historic Risk of Default	Expected Credit Loss (£)
CCLAPSDF MMF	3,000,000	AAAm		
DMO	1,000,000	AA-	0.001%	0
DMO	1,000,000	AA-	0.001%	0
Blackpool Borough Council	1,500,000	AA-	0.001%	0
DMO	1,200,000	AA-	0.002%	0
DMO	1,500,000	AA-	0.002%	0
Central Bedfordshire Council	3,000,000	AA-	0.002%	0
DMO	1,500,000	AA-	0.003%	0
Surrey County Council	3,000,000	AA-	0.003%	0
DMO	1,500,000	AA-	0.007%	0
West Northamptonshire Council	2,500,000	AA-	0.010%	0
Total	20,700,000			0

*The Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions:-

	Amount	Historical experience of default	Adjustment for market conditions	Estimated maximum exposure to default	Estimated maximum exposure to default
	£000s	%	%	£000s	£000s
Cash deposits :	31-Mar-26	31-Mar-26	31-Mar-26	31-Mar-26	31-Mar-25
Banks & Building Societies	1,259	0.00%	0.00%	Nil	Nil
Other / Local Authorities / Govt	20,772	0.00%	0.00%	Nil	Nil
Sundry /Trade Debtors	742	3.00%	48.00%	379	378
Total	22,773			379	378

The trade debtor amount can be analysed by age as follows:-

	2024/25	2025/26
	£000's	£000's
Less than one month	160	183
Less than three months	73	107
Three to six months	42	48
Six months to one year	38	21
More than one year	429	383
	742	742

Trade debtors are not subject to internal credit rating and have been collectively assessed in the following groupings for the purposes of calculating expected credit losses:-

Maximum Exposure: £379k

Expected credit losses are calculated based on historical data for defaults adjusted for current and forecast economic conditions. Debt write-off is considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor.

Collateral – During the reporting period the Council held no collateral as security.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow requirements, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Central Treasury Team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period approved within the Treasury Management Strategy:

	2024/25 £000's	2025/26 £000's
Less than one Year	1,500	-
Between one and two years	-	-
Between two and five years	1,500	1,500
Between five and ten years	2,500	2,500
More than ten years	12,859	12,859
	18,359	16,859

Market risk

Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances). As an example, a 1% increase in the discount rate would reduce the fair value of the Council's borrowing liabilities shown on page 63 from £10.242m to £9.093m;
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- Investments at fixed rates – the fair value of the assets will fall for long-term investments i.e. for those in excess of 365 days (no impact on revenue balances). The Council does not hold any long-term investments.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. To limit the potential impact of changes in interest rates on variable rate borrowing a limit of 25% of total borrowing is set at the maximum that may be borrowed at variable rate. During 2025/26 the Council had no borrowings with variable interest rates.

Price risk

The Council does not invest in equity shares or marketable bonds.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

16. SHORT-TERM DEBTORS

	2024/25 Total £000's	2025/26 Total £000's
Central Government Departments	564	2,160
Other Local Authorities	260	238
NHS Bodies	1	-
Public Corporations and Trading Funds	-	-
Business Rate Payers/Council Tax Payers	3,409	4,475
Prepayment of Pension Fund Contributions		
Other Entities and Individuals	3,922	3,627
Total Debtor Balance	8,156	10,499
Provision for Bad and Doubtful Debts	(6,377)	(6,428)
Net Debtor Balance	1,779	4,071

17. CASH AND CASH EQUIVALENTS

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

	2024/25 Total £000's	2025/26 Total £000's
Cash held by the Council	1	1
Bank current accounts	820	1,259
Bank/Other Deposits - instant access	7,850	3,000
Short term deposit	5,755	10,031
	14,426	14,291

18. ASSETS HELD FOR SALE

	2024/25 £000's	2025/26 £000's
Balance at 1st April	146	211
Revaluation gains	-	96
Impairment losses	(25)	-
Assets Reclassified as held for sale:		
- Property, Plant and Equipment	108	-
Assets sold	(18)	(71)
Transfers from non current to current	-	(53)
Balance at 31st March	211	183

19. CREDITORS

	2024/25 Total £000's	2025/26 Total £000's
Central Government bodies	1,187	527
Other Local Authorities	295	293
Business Rate Payers/Council Tax Payers	4,212	4,372
Other entities and individuals	2,709	1,769
	8,403	6,961
Receipts in Advance included in the above creditors:		
Central Government bodies	144	-
Other Local Authorities	35	33
Business Rate Payers/Council Tax Payers	569	756
Other entities and individuals	83	143
	832	932

20. PROVISIONS

The provisions relate to service areas where there is a known liability but uncertainty about the exact amount or the dates on which they will arise.

Details of the main provisions are shown below:-

	2024/25 £000's	Advanced £000's	2025/26 Utilised £000's	£000's
Burnley and Pendle JTC	79	1		80
Municipal Mutual Insurance	264			264
Other	14			14
Business Rates Appeals*	645		(547)	98
	1,002	1	(547)	456

*The provision for Business Rates Appeals represents the Council's estimated share of sums repayable to businesses on successful appeal against their rateable value, as determined by the Valuation Office Agency (VOA).

21. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and Notes 6 and 7.

22. UNUSABLE RESERVES

Unusable Reserves include:

- unrealised gains and losses, particularly in relation to the revaluation of property, plant and equipment (e.g. the Revaluation Reserve)
- adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure (e.g. the Capital Adjustment Account and the Pensions Reserve).

	2024/25 £000's	2025/26 £000's
Revaluation Reserve	28,711	37,295
Capital Adjustment Account	12,607	15,924
Pensions Reserve	(2,176)	(1,934)
Financial Instruments Adjustment Account	(95)	(89)
Collection Fund Adjustment Account	269	2,083
Accumulated Absences Account	(172)	(205)
	39,144	53,074

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2024/25 £000's	2025/26 £000's	2025/26 £000's
Balance at 1st April	27,528		28,711
Upward Revaluation of assets	4,279	10,614	
Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(467)	(436)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	3,812		10,178
Difference between fair value depreciation and historical cost depreciation	(2,271)	(1,527)	
Accumulated gains on assets sold or scrapped	(357)	(67)	
Amount written off to the Capital adjustment Account	(2,628)		(1,594)
Balance at 31st March	28,711		37,295

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2024/25 £000's	2025/26 £000's
	5,689	12,606
Charges for depreciation and impairment of non current assets	(2,250)	(4,038)
Revaluation losses on Property, Plant and Equipment	(3,460)	(2,129)
Amortisation of intangible assets	(212)	-
Revenue expenditure funded from capital under statute	(4,054)	(5,867)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(258)	(100)
	(10,233)	(12,135)
Adjusting amounts written out re Long Term Debtor	(27)	(29)
Adjusting amounts written out of the Revaluation Reserve	2,628	1,594
	(7,631)	(10,569)
Use of the Capital Receipts Reserve to finance new capital expenditure	494	2,175
Use of the Major Repairs Reserve to finance new capital expenditure	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,484	1,495
Application of grants to capital financing from the Capital Grants Unapplied Account	8,085	8,555
Statutory provision for the financing of capital investment charged against General Fund balances	1,469	1,417
Amounts voluntarily set aside for repayment of debt	-	-
Capital expenditure charged against General Fund balances	15	244
	14,549	13,886
Balance at 31 March	12,606	15,923

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25 £000's	2025/26 £000's
Balance at 1st April	(2,538)	(2,176)
Remeasurements of the net defined benefit liability	10,554	(4,572)
Removal of Pension Surplus - Change due to impact of Asset Ceiling	(10,536)	4,114
Present Value of unfunded benefit obligations	-	
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,355)	(1,064)
Employer's pensions contributions and direct payments to pensioners payable in the year	1,699	1,764
	(2,176)	(1,934)

Collection Fund Adjustment Account

	2024/25 £000's	2025/26 £000's
Balance at 1st April	1,369	269
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(1,100)	1,814
	269	2,083

23. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:-

a) Adjust net surplus or deficit on the provision of services for non-cash movements

	2024/25 £000's	2025/26 £000's
Depreciation charged to Comprehensive Income & Expenditure Statement	2,225	2,567
Amortisation of Intangible Assets	212	-
Movement in contract assets, liabilities and costs (IFRS 16)	(887)	(889)
Impairment and Downward Revaluations	3,483	3,600
Increase / (Decrease) in Creditors	(3,826)	(1,416)
(Increase) / Decrease in Debtors	(670)	(2,333)
(Increase) / Decrease in Inventories	(29)	52
Pensions Liability	(344)	(700)
Carrying value on disposal of Property, Plant and Equipment, Investment Property and Intangible Assets	258	100
Other non-cash movements	67	(536)
	489	446

b) Adjust for items included in the net surplus on the provision of services that are investing or financing activities

	2024/25 £000's	2025/26 £000's
Any other items for which the cash effects are investing or financing cash flows	16,679	4,363
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	305	99
	16,984	4,462

c) Interest received and interest paid

	2024/25 £000's	2025/26 £000's
Interest received	(1,892)	(1,509)
Interest paid	1,102	576
	(790)	(933)

24. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2024/25 £000's	2025/26 £000's
Purchase of property, plant and equipment, investment property and intangible assets	10,088	7,810
Purchase of short-term investments	248,945	211,140
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(275)	(89)
Other Asset Related Proceeds (Mainly easements & sale deposits)	(30)	(10)
Proceeds from short-term investments	(245,945)	(222,940)
Other receipts from investing activities (mainly capital grants)	(16,679)	(4,408)
Net cash flows from investing activities	(3,896)	(8,497)

25. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000's	2025/26 £000's
Cash receipts of short- and long-term borrowing		
Repayments of short- and long-term borrowing	1,039	1,500
Other payments for financing activities	(3,643)	15
Net cash flows from financing activities	(2,604)	1,515

26. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents Council tax and business rates) by local authorities in comparison 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 Service Areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2024/25			2025/26		
	Net Expenditure Chargeable to the General Fund £000's	Adjustment between the Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's	Net Expenditure Chargeable to the General Fund £000's	Adjustment between the Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
Directorate	538	(11)	527	518	(15)	503
Policy & Commissioning	630	(9)	622	823	(35)	787
Financial Services*	7,045	1,026	8,071	8,334	464	8,797
Legal & Democratic Services	1,266	40	1,306	1,193	(72)	1,121
Planning, Building Control & Regulatory Services	45	(33)	12	(180)	(128)	(308)
Operational Services	4,252	1,509	5,761	4,947	1,049	5,997
Property Services	814	3,015	3,829	1,941	1,843	3,784
Economic Growth	650	73	723	471	3,308	3,779
Housing & Environmental Health	622	(40)	582	497	680	1,177
Cost Of Services	15,862	5,572	21,434	18,543	7,094	25,637
Other Income and Expenditure	(18,294)	(13,050)	(31,345)	(18,861)	(3,675)	(22,536)
(Surplus) or Deficit	(2,432)	(7,479)	(9,911)	(318)	3,419	3,101
Opening General Fund Balance			10,820			13,252
Less/Plus Surplus or (Deficit) on General Fund Balance in Year			2,432			318
Closing General Fund Balance at 31st March			13,252			13,571

*Includes Human Resources, Information Technology & Revenue Services.

27. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

*Note that the EFA includes the net movement of Externally Funded receipts (c£119K) which is not reported to Resource Management as part of the General Fund Revenue Outturn.

	2024/25					2025/26				
	As reported for resource management £000's	Adjustment to arrive at the net chargeable to General Fund £000's	Net Expenditure chargeable to General Fund £000's	Adjustments between Funding and Accounting Basis (Note 6) £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's	As reported for resource management £000's	Adjustment to arrive at the net chargeable to General Fund £000's	Net Expenditure chargeable to General Fund £000's	Adjustments between Funding and Accounting Basis (Note 6) £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
Directorate	87	452	538	(11)	527	(32)	550	518	(15)	503
Policy & Commissioning	(111)	741	630	(9)	622	134	689	823	(35)	787
Financial Services*	7,400	(356)	7,045	1,026	8,071	8,034	300	8,334	464	8,797
Legal & Democratic Services	1,358	(92)	1,266	40	1,306	1,135	58	1,193	(72)	1,121
Planning, Building Control & Regulatory Services	505	(460)	45	(33)	12	485	(665)	(180)	(128)	(308)
Operational Services	6,658	(2,406)	4,252	1,509	5,761	5,300	(353)	4,947	1,049	5,997
Property Services	952	(138)	814	3,015	3,829	1,667	274	1,941	1,843	3,784
Economic Growth	1,209	(559)	650	73	723	683	(213)	471	3,308	3,779
Housing & Environmental Health	1,214	(593)	622	(40)	582	1,136	(640)	497	680	1,177
Net Cost Of Services	19,274	(3,412)	15,862	5,572	21,434	18,543	(0)	18,543	7,094	25,637
Other Income and Expenditure	(21,706)	3,412	(18,294)	(13,050)	(31,345)	(18,861)	(0)	(18,861)	(3,675)	(22,536)
(Surplus) or Deficit	(2,432)	(0)	(2,432)	(7,479)	(9,911)	(318)	(0)	(318)	3,419	3,101
Opening General Fund Balance					10,820					13,252
Less/Plus Surplus or (Deficit) on General Fund Balance in Year					2,432					318
Closing General Fund Balance at 31st March					13,252					13,571

27. (contd) NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS ABOVE

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 (MRP) 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 for 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 line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the additions of IAS 19 *Employee Benefits* pension related expenditure and income:

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

Other Adjustments

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

- **For financing and investment income and expenditure**
 - The other adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- **The charge under Taxation and Non-Specific grant income and expenditure**
 - This represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates 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.

Adjustments between the Funding and Accounting Basis are shown below for both 2025/26 and 2024/25.

Adjustments between Funding and Accounting Basis		2025/26			
Adjustments from General Fund to arrive at the amounts shown on the Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes £000's	Net Change for the			Total Adjustments £000's
		Pensions Adjustments £000's	Other Adjustments £000's		
Directorate	-	35	5		40
Policy & Commissioning	-	65	5		70
Financial Services	434	394	(0)		828
Democratic & Legal Services	-	40	2		42
Planning, Building Control & Licensing	-	28	1		29
Operational Services	1,326	285	4		1,615
Property Services	1,832	12	11		1,854
Economic Growth	-	32	(4)		27
Housing, Health & Economic Development	8	54	9		71
Net Cost Of Services	3,600	945	33		4,578
Other Income and Expenditure from the Funding Analysis	2,316	(1,645)	(1,830)		(1,159)
Difference between the General Fund surplus or deficit and that shown on the face of the Comprehensive Income and Expenditure Statement	5,916	(700)	(1,797)		3,419

Adjustments between funding and accounting basis for 2024/25 were as follows:

Adjustments between Funding and Accounting Basis		2024/25			
Adjustments from General Fund to arrive at the amounts shown on the Comprehensive Income and Expenditure Statement	Adjustments for Capital Purposes £000's	Net Change for the			Total Adjustments £000's
		Pensions Adjustments £000's	Other Adjustments £000's		
Directorate	-	(7)	(4)		(11)
Policy & Commissioning	-	(10)	1		(9)
Financial Services	1,264	(237)	(0)		1,026
Democratic & Legal Services	55	(21)	5		40
Planning, Building Control & Licensing	-	(36)	3		(33)
Operational Services	1,579	(80)	10		1,509
Property Services	3,031	(20)	3		3,015
Economic Growth	91	(20)	3		73
Housing, Health & Economic Development	8	(38)	(9)		(40)
Net Cost Of Services	6,029	(468)	11		5,572
Other Income and Expenditure from the Funding Analysis	(14,260)	124	1,085		(13,050)
Difference between the General Fund surplus or deficit and that shown on the face of the Comprehensive Income and Expenditure Statement	(8,231)	(344)	1,097		(7,479)

28. EXPENDITURE AND INCOME ANALYSED BY NATURE

This table shows expenditure and income by category (nature) and how this relates to the surplus or deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2024/25	2025/26
	£000's	£000's
Gross Expenditure		
Employee Benefits Expense	10,071	10,780
Other Service Expenses	37,696	36,045
Depreciation Amortisation and Impairment	5,921	6,167
Interest Payments	659	576
Expenditure Associated with Council Tax/NNDR	3,388	3,266
Precepts and Levies	2,953	3,292
Gain or Loss on Disposal of Non Current Assets	65	88
Gross Expenditure	60,754	60,214
Gross Income		
Fees and Charges and Other Service Income	7,337	8,650
Income from Council Tax/NNDR	17,914	19,804
Government Grants and Contributions	43,470	26,740
Interest and Investment Income	1,944	1,920
Gross Income	70,665	57,113
Net Expenditure (Deficit on Provision of Services)	(9,911)	3,101

29. OFFICERS' REMUNERATION

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

Post Title		Salary, Fees and Allowances	Bonuses	Expenses Allowances *	Compensation Loss of Office	Benefits in Kind **	Pension Contribution	Total
		£	£	£	£	£	£	£
Chief Executive								
Fixed staff	2025/26	59,807	-	-	-	-	11,961	71,768
Agency staff	2025/26	137,344	-	-	-	-	-	137,344
Fixed staff	2024/25	116,546	-	805	-	-	22,678	140,029
Director of Place								
	2025/26	92,978	-	157	-	-	18,596	111,731
	2024/25	90,095	-	246	-	-	18,019	108,360
Director of Resources (S151)								
Fixed staff	2025/26	92,978	-	-	-	-	18,596	111,574
Fixed staff	2024/25	69,323	-	23	-	-	13,865	83,211
Agency staff	2024/25	78,242	-	-	-	-	-	78,242
Asst. Director Operational Services								
	2025/26	76,574	-	131	-	-	15,315	92,020
	2024/25	74,200	-	308	-	-	14,840	89,348
Asst. Director Planning, Building Control & Regulatory Services								
	2025/26	76,574	-	289	-	-	15,315	92,178
	2024/25	74,206	-	305	-	-	14,840	89,351
Head of Economic Growth								
	2025/26	60,001	-	-	-	-	12,000	72,001
	2024/25	57,045	-	-	-	-	11,409	68,454
Head of Housing & Environmental Health								
	2025/26	60,050	-	-	-	-	12,010	72,060
	2024/25	57,045	-	-	-	-	11,409	68,454
Head of Finance								
	2025/26	64,847	-	-	-	-	12,296	77,143
	2024/25	62,300	-	-	-	-	12,460	74,760
Head of Legal & Democratic Services								
	2025/26	68,294	-	-	-	-	13,659	81,953
	2024/25	55,118	-	171	-	-	11,024	66,313
Head of Policy & Commissioning								
	2025/26	60,932	-	21	-	-	11,456	72,409
	2024/25	66,300	-	45	-	-	14,340	80,685
Head of Property & Engineering								
	2025/26	66,490	-	230	-	-	13,298	80,018
	2024/25	9,418	-	-	-	-	1,884	11,302

* Expense Allowances are payments such as travel (including car mileage allowances) and sundries.

** Benefits in Kind are a contribution towards a leased car based on a 10% of the post holder's salary

The Chief Executive is the Council's Returning Officer for elections for which a payment of £1,621 per annum was made. This is included in the post-holder's salary shown above.

The lease car scheme is closed to new entrants.

The Council's Pay Policy is approved annually. The Pay Policy Statement for 2025 was approved by the Council in March 2025 and can be found on the Council's website at www.pendle.gov.uk

There were some changes during 2025-26 for the Chief Executive role. The interim Chief Executive was replaced with a permanent appointment in October 2025.

The table below shows the Council's employees receiving more than £50,000 remuneration for the year, excluding employer's pension contributions. The table includes all employees receiving more than £50,000, including Senior Officers.

Remuneration band	Number of employees	
	2024/25	2025/26
£50,000 - £54,999	3	3
£55,000 - £59,999	5	5
£60,000 - £64,999	1	5
£65,000 - £69,999	2	2
£70,000 - £74,999	2	
£75,000 - £79,999		2
£80,000 - £84,999		
£85,000 - £89,999		
£90,000 - £94,999	1	2
£95,000 - £99,999		
£100,000 - £104,999		
£105,000 - £109,999		
£110,000 - £114,999		
£115,000 - £119,999	1	
£120,000 - £124,999		
£125,000 - £129,999		
£130,000 - £134,999		
£135,000 - £139,999		
£140,000 - £144,999		
£145,000 - £149,999		

There were no exit packages made in 2025/26.

30. MEMBERS' ALLOWANCES

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

	2024/25 £	2025/26 £
Allowances	133,478	135,179
Expenses	1,064	1
Total	134,542	135,180

Payments are made to Members a month in arrears and the above figures represent the actual payments made in the financial year.

31. EXTERNAL AUDIT COSTS

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

	2024/25 Total £000's	2025/26 Total £000's
Fees Payable:		
- with regard to external audit services carried out by the appointed auditor for the year, payable to Grant Thornton.	142	146
- with regard to external audit services carried out by the appointed auditor for prior years, payable to Grant Thornton.	(60)	91
- to external auditors for certification of grant claims and returns, payable to KPMG.	23	26
Total	106	263

32. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

	2024/25 Total £000's	2025/26 Total £000's
Credited to Taxation and Non Specific Grant Income		
- Revenue Support Grant	1,556	1,601
- New Homes Bonus Grant	87	135
- Levy/Surplus Allocation	34	-
- New Burdens	191	-
- Small Business Rate Relief Grant	3,263	3,366
- Funding Guarantee Grant	720	453
- Lower Tier Services	28	-
- Capital Grants and Contributions	12,714	2,524
	18,594	8,080
Credited to Services		
Housing Benefits and Council Tax	15,754	12,830
Capital grants funding Revenue Expenditure Under Statute UKSPF	3,947	1,587
Household Support Fund	1,737	1,283
Misc Grants from MHCLG (mainly Housing/Homelessness)	834	581
Asylum Dispersal Scheme Grant	349	578
Holiday Activities Fund	394	544
Nelson Pride in Place	377	381
Affordable Warmth Grant	-	350
Local Plan Implementation Fund	50	124
Food Waste Collection	-	108
Ukrainian Crisis Response	-	70
Smoke Free Lancashire	205	65
Redmond Review Implementation	-	58
Local Audit Build-Back	18	36
DEFRA	-	30
Nelson Town Deal	-	25
Colne Levelling Up Fund	630	10
Cyber Security Grant	60	-
Elections Grants	15	-
Town Centre Masterplans	209	-
Plan for Neighbourhoods (was LTPFT's)	40	-
Community Cohesion and Resilience Programme	200	-
Local Authority Housing Fund	57	-
	1	-
	24,876	18,661
Total	43,470	26,741

The Council received no capital grants in year that have yet to be recognised as income due to the conditions attached which if not met will require the monies to be returned to the grantor. The Council had no such grants at the end of 2025/26 (£nil 2024/25).

33. 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. The financial statements must contain the disclosure necessary to draw attention to 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 has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 27 on the Expenditure and Funding Analysis.

Other Public Bodies

Precepts in relation to Police & Crime Commissioner for Lancashire, Lancashire Combined Fire Authority and Lancashire County Council – refer to the Collection Fund on page 95. Precepts payable to local Town and Parish Councils – refer to Note 8 on page 50 For details of payments to the Lancashire County Council Pension Fund refer to Note 35 below.

Mersey Internal Audit Agency (MIAA)

The Council has engaged Mersey Internal Audit Agency (MIAA) to carry out its Internal Audit and Assurance service.

Chief Officers and Elected Members

Members of the Council have direct control over the Council's financial and operating policies for which they are paid allowances and expenses. Members' allowances and expenses paid in 2025/26 totalling £135,180 (£134,542 in 2024/25) are shown in Note 30.

During the year some Members and Officers acted in a number of other capacities for related parties. This involved being either employed by other local authorities or serving on the Management Boards of Companies and Voluntary Organisations. Principal examples include: Lancashire County Council, Together Housing Association Ltd (formerly Housing Pendle), Pendle Leisure Ltd and the three joint venture arrangements that the Council has established in partnership with Barnfield Investment Properties (PEARL, PEARL 2 and PEARL Brierfield Mill). The Council has a fourth joint venture with Barnfield Investment Properties and Harewood Housing Society Limited (PEARL Together). The Council has a fifth joint venture company Penbrook Developments Ltd which was incorporate in June 2022 in Partnership with Brookhouse Group Ltd.

With regard to Pendle Leisure Limited, the Council pays an annual grant towards the costs incurred by the Trust in managing and developing a wide variety of leisure related facilities and activities for the people of Pendle. As well as providing multi-purpose centres for swimming, fitness, sports, exercise and entertainment, the Trust also has staff dedicated to providing specialist projects relating to Healthy Lifestyles, Sports Development and Arts Development.

In 2025/26 the Council paid a grant of £1.338m to the Trust (£1.989m in 2024/25). At the Balance Sheet date the Council owed Pendle Leisure Trust £0.13m and was owed £0.29m. During the year 3 Councillors served on the Trust's Board of Trustees as the Council's representatives.

Housing Pendle was established in 2006 to receive the transfer of the Council's housing stock. A number of arrangements between the Council and Housing Pendle stem from the transfer. Housing Pendle forms part of Together Housing. Together Housing is a large housing association which manages more than 36,000 homes across Lancashire and Yorkshire. At the Balance Sheet date the Council owed Together Housing £Nil and Together Housing owed the Council £1k. Payments totalling £35.7k were made in 2025/26 (£29.8k in 2024/25).

Three Councillors serve on the Board as Directors for the four PEARL entities (JVCs). Total payments of £2.686m were made to PEARL entities during the year (£1.837m in 2024/25), of which most of the

payments related to the contract awarded to PEARL for the development of the Colne Market Hall under the Levelling-Up Funding (LUF) programme for Colne. Additional information on PEARL entities is disclosed in Note 36. At the Balance Sheet date the Council owed PEARL entities £4.91k and PEARL entities owed the Council £Nil.

Three Councillors serve on the Board as Directors for the fifth Joint Venture Company (JVC), Brookhouse Group. Total payments of £256.19k was made during the year (£1k in 2024/25). Additional information on this entity is disclosed in Note 36. At the Balance Sheet date the Council owed Penbrook Developments Ltd £Nil and Penbrook Developments Ltd owed the Council £Nil.

Organisations where Members served, and payments were made in 2025-26 for goods and services; and/or grants paid have been tabulated below:

Organisation	Member	Role/Related Party	£'000s
Burnley & Pendle CAB	M Hanif	Nominated representative	262.50
Colne BID Limited	S Cockburn-Price A Sutcliffe	Director Director	151.05
Colne Youth Action Group	S & D Cockburn-Price	Chairperson / Treasurer	64.08
Council for Voluntary Services (CVS)	M Hanif	Nominated representative	161.77
District Councils Network	D Whipp	Nominated representative	3.94
Growth Lancashire Ltd	D Whipp	Director	110.87
In-Situ-In-Place	M Hanif	Director	156.88
Local Government Association	D Whipp	Nominated representative	12.35
Police & Crime Commissioner for Lancashire	D Whipp	Nominated representative	12.43

At the Balance Sheet date, the following organisations were owed money by the Council for goods and services – Colne BID Ltd (£21.63k), CYAG (£9.68k) and Growth Lancashire Ltd (£10.91k). In addition, £8.70k was owed to Lancashire Waste Management Group for which Councillor Z Ali is the Council's nominated representative.

Several Councillors also serve on Town and Parish Councils and during previous years the Council completed a range of asset transfers to local Councils including ad hoc parcels of land in parts of the Borough. Consideration of transactions related to these bodies are included in 'Other Public Bodies' above. At the Balance Sheet date, the Council owed Town and Parish Councils £Nilk and Town and Parish Councils owed the Council £21.73k.

The Council's Standing Orders require Members who believe they have an interest in a matter to be discussed at a Full Council, Executive Committee or other Committee meeting to declare that interest and withdraw from the meeting while the matter is being discussed.

It is considered, after examining the Register of Members Interests and making enquiries with Councillors and Senior Officers, that there are no further material transactions that need to be disclosed.

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2024/25 £000's	2025/26 £000's
Opening Capital Financing Requirement	20,961	22,722
Opening balance adjustment - IFRS16	2,152	-
Prior year adjustment to Deferred Credits	16	-
Capital Investment		
Property Plant and Equipment	10,088	7,810
Investment Properties	-	-
Intangible Assets	-	-
Expenditure on Loans	-	-
Revenue Expenditure funded from Capital under Statute	4,054	5,867
Sources of Finance		
Capital Receipts	(494)	(2,175)
Government Grants and Other Contributions	(12,569)	(10,050)
Sums set aside from Revenue:		
Direct Revenue Contributions	(15)	(244)
Minimum Revenue Provision	(1,460)	(1,407)
Amounts voluntarily set aside for debt repayment	(10)	(10)
Closing Capital Financing Requirement	22,722	22,513
Explanation of Movements in Year		
In year use of borrowing for capital expenditure (unsupported by government financial assistance).	1,761	(209)
Increase/(decrease) in Capital Financing Requirement	1,761	(209)

35. DEFINED BENEFIT PENSION SCHEMES

Participation in 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 employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, administered locally by Lancashire County Council. This is a funded defined benefit final salary pension scheme, meaning that the Council and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Lancashire County Council Pension Fund Committee. The Committee is assisted by an investment panel which advises it on investment strategy and risk management provisions.

Risks and Investment Strategy

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to scheme members). The aim of investment risk management is to balance the minimisation of the risk of an overall reduction in the value of the Fund with maximising the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk and keep credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flow.

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 eventually 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 the General Fund Balance via the Movement in Reserves Statement during the year.

Lancashire County Pension Fund - Pendle Borough Council	2024/25 £000's	2025/26 £000's
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current service costs	1,231	945
Past service costs		
Settlements and Curtailments		
Total Service Cost	1,231	945
Other Operating Expenditure		
Fund Administration Expenses	41	44
Financing and investment Income and Expenditure		
Net interest expense	82	75
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	1,354	1,064
Remeasurements of the Net Defined Benefit Liability comprising:		
Return on plan assets (excluding amounts included in net interest)	1,696	3,156
Experience (gain)/loss	(129)	1,855
Actuarial gains and losses arising from changes in demographic/experience assumptions	(11,807)	(35)
Actuarial (gains) or losses arising from changes in financial assumptions	(314)	(404)
Removal of Pension Surplus - Change due to impact of Asset Ceiling *	10,536	(4,114)
Present Value of unfunded benefit obligations**	2,175	1,934
Present Value of unfunded benefit obligations	(2,175)	(1,934)
Total remeasurements recognised in Other Comprehensive Income	(18)	458
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	1,336	1,521
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	1,355	1,064
Actual amount charged against the General Fund Balance for pensions in the year:		
Employer contributions payable to the scheme	1,699	1,764

Pensions 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 scheme is as follows:

Lancashire County Pension Fund - Pendle Borough Council	2024/25 £000's	2025/26 £000's
Fair Value of employer assets	112,017	111,704
Present value of funded benefit liabilities	(85,050)	(87,287)
Present value of unfunded benefit liabilities	(2,175)	(1,934)
Closing balance at 31st March (Per Pension Actuary Report)	24,792	22,484
Change due to impact of Asset Ceiling *	(26,967)	(24,417)
Present Value of unfunded benefit obligations**	-	
Closing Balance on Balance Sheet	(2,175)	(1,933)

*An asset ceiling is the limit above which further increases in net pension cease to be recognised for accounting purposes. The pension surplus has been adjusted by the asset ceiling as the surplus is not fully realisable by the Council in the form of either refunds or reductions in employee contributions.

**A further adjustment has been made to recognise the Council's liabilities for Pension obligations which at present are not covered by contributions made to the pension fund.

Reconciliation of the Movements in the Fair value of Scheme Assets

Lancashire County Pension Fund - Pendle Borough Council	2024/25 £000's	2025/26 £000's
Opening fair value of scheme assets	111,414	112,017
Interest income	5,384	6,395
Remeasurement gain / (loss):	(1,697)	(3,156)
Return on plan assets excluding amounts included in net		
Other	(41)	(44)
Contributions from employer	1,699	1,764
Contributions from employees into the scheme	443	479
Benefits paid	(5,185)	(5,751)
Closing fair value of scheme assets	112,017	111,704

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

Lancashire County Pension Fund - Pendle Borough Council	2024/25 £000's	2025/26 £000's
Opening balance at 1st April	98,289	87,226
Current service cost	1,231	945
Interest cost	4,700	4,906
Contributions from scheme participants	442	479
Remeasurement (gains) and losses:		
- Experience (gain)/loss	(130)	1,855
- Actuarial gains/losses arising from changes in demographic assumptions	(11,807)	(35)
- Actuarial (gains)/losses arising from changes in financial assumptions	(314)	(404)
- Other		
Past service cost		
Curtailments		
Benefits paid	(5,185)	(5,751)
Closing balance at 31st March	87,226	89,220

The pension scheme assets comprised the following:

Lancashire County Pension Fund - Pendle Borough Council	2024/25 £000's	2025/26 £000's
Asset Category:		
Cash and Cash equivalents	1,426	870
Equities*		
- Financials	112	112
- Other	235	245
	347	357
Bonds*		
Overseas corporate	112	-
	112	-
Property		
Retail	224	245
Commercial	1,120	1,307
	1,344	1,552
Other		
Private Equity - UK and Overseas	6,885	6,032
Pooled Equity Funds - UK and Overseas	55,327	50,428
Infrastructure	14,885	15,374
Credit Funds	17,995	21,075
Pooled Fixed Income	6,043	6,983
Indirect Property Funds	7,653	9,034
	108,788	108,925
Closing balance at 31st March	112,017	111,704

* denotes asset categories that have quoted prices in active markets.

Basis for estimating assets and liabilities

Within the pension scheme the Council is responsible for the pension costs, liabilities and funding risks relating to its own employees and former employees. 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 pension scheme benefits liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates being based on the latest full valuation of the Lancashire County Pension

Fund scheme as at 31st March 2023. The next valuation will use data from 31st March 2027 and become effective with effect from 1st April 2028.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme - Pendle Borough Council	2024/25	2025/26
Mortality assumptions:		
Longevity at 65 for current pensioners (years)		
Men	21.1	21
Women	23.6	23.6
Longevity at 65 for future pensioners (years)		
Men	22.3	22.1
Women	25.4	25.1
Rate of CPI inflation	2.6%	2.9%
Rate of increase in salaries	4.1%	4.4%
Rate of increase in pensions	2.7%	3.0%
Rate for discounting scheme liabilities	5.8%	6.1%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed 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 are consistent with those used in 2024/25.

Local Government Pension Scheme - Pendle Borough Council	2024/25		2025/26	
	Impact on the Defined Benefit Obligation £'000		Impact on the Defined Benefit Obligation £'000	
<i>Sensitivity Analysis - Assumptions</i>				
change in discount rate	+0.5%	(5,038)	+0.5%	(4,992)
change in inflation rate	+0.25%	2,374	+0.25%	2,606
change in pay growth	+0.25%	348	+0.25%	264
1 year increase in life expectancy		1,928		1,947

Impact on the Council's Cash Flows

The objectives of the scheme are to keep the employers' contribution rate as constant as possible.

The scheme will need to take account of the national changes to the Local Government Pension Scheme (LGPS) under the Public Pensions Services Act 2013. Under the Act, the LGPS in England and Wales may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The Council anticipates paying employer contributions of £1.698m to the scheme in 2025/26.

The Council's weighted average duration of the defined benefit obligation for scheme members is 15 years.

36. JOINT VENTURE ARRANGEMENTS

In partnership with Barnfield Investment Properties Limited (BIP), the Council has established three joint venture companies (JVC), and a fourth JVC was established with Barnfield Group Limited and Harewood Housing Society Limited (part of the Together Housing Group). Whilst they are considered to be jointly controlled entities, they are not regarded as so financially material to the Council to require the preparation of Group Accounts for 2025/26. This position is subject to an annual review in response to any changes in the scale of activity of the Council and PEARL entities.

In June 2022 the council established a fifth Joint Venture company, Penbrook Developments Limited, in Partnership with the Brookhouse Group Ltd, £50k in loan advances were made in the year 2023/24. Again, whilst they are considered to be jointly controlled entities, they are not regarded as so financially material to the Council to require the preparation of Group Accounts for 2025/26. This position is subject to an annual review in response to any changes in the scale of activity of the Council and Penbrook Developments Ltd.

Pendle Enterprise and Regeneration Ltd (Company No. 06375571)

Pendle Enterprise and Regeneration Ltd (PEARL) was incorporated in September 2007. PEARL's principal activities comprise the following:-

- Management of the Enterprise Units in the ACE Centre, Nelson.
- Management of the Shopping Precinct (Hartley Square), Colne.

PEARL has an authorised share capital of £1,000 of which BIP has 700 £1 shares and the Council has 300 £1 shares. The issued share capital is £10.00 and has been called up, and paid, in proportion to the authorised share capital. Both BIP and the Council are entitled to appoint up to five Directors each to form the Board of Directors.

In accordance with the Shareholders Agreement for the Company, both BIP and the Council agreed to make loan advances to the Company. For every £1 of loan capital advanced by the Council to the Company, BIP matches that with a loan capital of £2.33 (an investment ratio of 30:70).

The total approved loan advances agreed by the Council as at 31st March 2026 was £570k. There were no further advances made to PEARL during the year. The value of these loan notes (with accrued interest) has been reflected as a Long Term Debtor in the Council's accounts since 2008/09. The total value of the loan notes as at 31st March 2026 is £1.003K including accrued interest of £433K.

Pendle Enterprise and Regeneration (2) Ltd (Company No 06684862)

Pendle Enterprise and Regeneration (2) Ltd (PEARL 2) was incorporated in September 2008 but did not start actively trading until November 2009. The principal activity of the Company is the regeneration of the Borough of Pendle.

PEARL 2 has an authorised share capital of £100 of which BIP has 70 £1 shares and the Council has 30 £1 shares. The issued share capital is £100 and has been fully called up, and paid, in proportion to the authorised share capital. As with PEARL, both BIP and the Council are entitled to appoint up to five Directors each to form the Board of Directors.

PEARL 2 has undertaken a number of development projects. These include, for example:-

- the acquisition and refurbishment of Shackleton Hall, Colne;
- the refurbishment of properties in the Whitefield Area of Nelson;
- the redevelopment of the sites of the former Lob Lane Mill, Brierfield now known as Quaker Heights and Bunkers Hill site;

- the redevelopment of three Pavilions – Bullholme in Barrowford, Holt House in Colne and Edge End in Brierfield;
- the refurbishment of Booth Street Offices, Nelson;
- development of new market and affordable housing on Clitheroe Road, Brierfield

In support of these developments, and in accordance with the Shareholders Agreement for the Company, both BIP and the Council agreed to make loan advances to the Company. For every £1 of loan capital advanced by the Council to the Company, BIP matches that with loan capital of £2.33 (an investment ratio of 30:70).

The total approved loan advances agreed by the Council as at 31st March 2026 was £1.373m increasing from £1.192m as the result of transferring in £181k of Pendle Enterprise and Regeneration (Brierfield Mill) Ltd's loan balance.

There were no further loan advances made to PEARL 2 during the year.

As with PEARL 1, loan notes to the value of loans advanced have been issued to the Council by the Company. The value of these loan notes (with accrued interest) has been reflected as a Long Term Debtor in the Council's accounts for the year. The total value of the loan notes as at 31st March 2026 is £2.014 m (including accrued interest of £640k).

Pendle Enterprise and Regeneration (Brierfield Mill) Ltd (Company No 07951533)

Pendle Enterprise and Regeneration (Brierfield Mill) Ltd was incorporated in February 2012. The principal activity of the Company is the redevelopment of the site of Brierfield Mill, Brierfield, Lancashire.

PEARL (Brierfield Mill) Ltd is a wholly owned subsidiary of PEARL 2. It has an authorised share capital of £1,000 of which BIP has 700 £1 shares, the Council has 299 £1 shares and PEARL 2 has £1. The issued share capital is £1,000 and has been fully called up, and paid, in proportion to the authorised share capital. As with PEARL and PEARL 2, both BIP and the Council are entitled to appoint up to five Directors each to form the Board of Directors.

The Council has allocated funding as a contribution to the overall redevelopment of the Brierfield Mill site, of which £300k has been advanced by way of loans to the company at 31st March 2026. This has reduced from £481k as the result of transferring out £181k of it's loan balance to Pendle Enterprise and Regeneration (2) Ltd.

There were no further loan advances made to the company during the year.

As with PEARL and PEARL2, any loan advance made by the Council is matched by BIP in line with the investment ratio (2.33:1). Loan notes to the value of loans advanced have been issued to the Council by the Company. The value of these loan notes (with accrued interest) have been reflected as a Long Term Debtor in the Council's accounts for the year. The total value of the loan notes as at 31st March 2025 is £481K. The previously accrued loan note interest of £122k has been reversed as there will not be sufficient monies in the company to pay this interest.

PEARL Together Ltd (Company No 11229691)

PEARL Together was incorporated in February 2018. The principal activity of the Company is the construction of domestic buildings.

PEARL Together has an authorised share capital of £100 of which Harewood Housing Society Limited has 50 £1 ordinary shares, Barnfield Group Limited has 35 £1 shares and the Council has 15 £1 shares. The issued share capital is £100 and has been fully called up, and paid, in proportion to the authorised share capital. As with PEARL, both Barnfield and the Council are entitled to appoint up to five Directors each to form the Board of Directors.

In support of its activities the Council advanced loan payments totaling £122k at 31st March 2026. As with all PEARL entities loan notes to the value of loans advanced have been issued to the Council by the Company. The value of these loan notes (with accrued interest) has been reflected as a Long Term Debtor in the Council's accounts for the year. The total value of the loan notes as at 31st March 2026 is £140k, including accrued interest of £18k.

Other PEARL Joint Venture related matters

Copies of the accounts for all the above Joint Venture companies can be obtained upon request in writing from the Company Secretary, Pendle Enterprise and Regeneration Ltd, c/o Nelson Town Hall, Nelson, Lancashire, BB9 7LG.

Penbrook Developments Limited (Company No 14157107)

Penbrook Developments Limited was incorporated in June 2022. The principal activity of the company is the redevelopment of Pendle Rise Shopping Centre.

Penbrook Developments Limited has an authorised share capital of £20,000 divided into 18,000 A shares and 2,000 B shares. Brookhouse Group Limited (BGL) has 18,000 £1 A shares and the Council has 2,000 £1 B shares. The issued share capital is £20,000 and has been fully called upon but not paid, in proportion to the authorised share capital.

In accordance with the Shareholders Agreement for the Company, both BGL and the Council agreed to make loan advances to the Company. For every £1 of loan capital advanced by the Council to the Company, BGL matches that with a loan capital of £9 (an investment ratio of 90:10).

The Council has allocated funding as a contribution to the overall redevelopment of Pendle Rise Shopping Centre, of which £50k has been advanced by way of loans to the company at 31st March 2026. There were no further loan advances made to the company during the year.

Loan notes to the value of loans advanced have been issued to the Council by the Company. The value of these loan notes (with accrued interest) has been reflected as a Long Term Debtor in the Council's accounts for the year. The total value of the loan notes as at 31st March 2026 is £58k, including accrued interest of £7k.

37. CONTINGENT ASSETS

Regenerate Pennine Lancashire

During 2007/08, the Council introduced a Purchase Assistance Loan Scheme (PALs) in conjunction with Regenerate Pennine Lancashire (RPL) (now known as Growth Lancashire), one of the government's nine housing market renewal pathfinders. The purpose of the PALS Scheme was to provide loans to residents in proposed clearance areas to assist in the purchase of another property elsewhere within the District. Any loans provided are secured by way of a charge on the new property.

As at 31st March 2026, the Council had 5 loan advances outstanding of £126k, there were no loan repayments received in the year. All loan advances are fully funded by grant. However, the loans are repayable to the Council upon certain events, the timing of which cannot be determined as it is dependent on a number of factors. In view of this, the Council has not recorded the amounts due as long term debtors. As repayment is dependent on one or more uncertain future events not wholly within the Council's control, it is recorded here as a contingent asset. The classification of the loans will be subject to annual review and in the event that repayment is considered to be virtually certain, the accounting treatment will be changed accordingly.

38. CONTINGENT LIABILITIES

Details of the material contingent liabilities that are applicable to the Council are as follows:-

Large Scale Voluntary Transfer

As part of the transfer of the Council's housing stock to Together Housing (formerly Housing Pendle) on 30th October 2006, the Council gave a number of warranties and covenants to both Housing Pendle and their funders. These cover a range of potential liabilities which would require the Council to indemnify either the Housing Association or the funders in the event of these liabilities being realised. The likelihood of any of the liabilities arising diminishes as the time from transfer increases. Neither Together Housing nor its funders have indicated in any way that they intend making a claim against the Council under any of the warranties or covenants provided.

Accountable Body Status

The Council acts as the Accountable Body for various Government Programmes which does involve an element of risk. There is a responsibility on the Accountable Body to manage the grant money received and should any project default or fail to repay an incorrectly paid grant the Council would have to repay the grant itself. This potential risk is being managed and is considered small particularly when measured against the considerable economic benefit generated by these programmes since their inception.

39. TRUST FUNDS

The Council has the following funds:

	2024/25 £000's	2025/26		Balance at 2025/26 £000's
		Advanced £000's	Utilised £000's	
Mayor's War Benevolent Fund	43	-	-	43
Winewall Inghamites	-	-	-	-
Carl Pritchard	14	-	-	14
	57	-	-	57

As at the 31st March 2026 these funds are included within the Council's Balance Sheet representing monies effectively on loan to the Council and which form part of our short-term borrowing as disclosed on the Balance Sheet. This is matched by an equivalent amount within our cash balance.

COLLECTION FUND

40. Collection Fund Revenue Account for the year ended 31st March 2026

	2024/25	2025/26		Total £000's
	Total £000's	Council Tax £000's	NNDR £000's	
Income				
Council Tax	62,188	65,808		65,808
Other Income	-			-
Transitional Relief	954		290	290
Business Rates	19,384		22,141	22,141
Total Income	82,526	65,808	22,431	88,239
Expenditure				
Precepts				
Lancashire County Council	43,194	43,600	1,852	45,452
Pendle Borough Council	16,041	7,724	8,232	15,956
Lancashire Police Commissioner	6,574	6,968		6,968
Lancashire Combined Fire Authority	2,329	2,254	206	2,460
Town & Parish Councils	2,872	3,134		3,134
Central Government	10,736		10,290	10,290
Transfer of Collection Fund Surplus / (Deficit)	1,632	1,893	(920)	973
	83,378	65,573	19,660	85,233
Business Rates				
Collection Allowance	136	-	134	134
	136	-	134	134
Bad and Doubtful Debts				
Bad Debts Provision	1,064	(1,013)	8	(1,005)
Appeals Provision	757		(1,036)	(1,036)
Write-Offs	(633)	(17)	(332)	(349)
	1,188	(1,030)	(1,360)	(2,390)
Total Expenditure	84,702	64,543	18,434	82,977
Surplus / (Deficit) For The Year	(2,176)	1,265	3,997	5,262
Surplus / (Deficit) Brought Forward	4,335	2,593	(434)	2,159
Surplus / (Deficit) Carried Forward	2,159	3,858	3,563	7,421

Notes to the Collection Fund

1. 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.
2. In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in their locality. The scheme allows the Council to retain a proportion of the total business rates income received. Pendle's share for 2025/26 is 40% with the remainder paid to precepting bodies. For Pendle the precepting bodies are Central Government 50% share, Lancashire County Council 9% and the Lancashire Combined Fire Authority 1% share.
3. The total non-domestic rateable value was £68.509m as at 31st March 2026 (£58.559m as at 31st March 2025). The national non-domestic rate standard multiplier for 2025-26 was 55.5p, with a small business multiplier of 49.9p
4. The income from Business Rates shown on the face of the Collection Fund Statement is less than that derived by multiplying the NNDR rateable value by the NNDR multiplier primarily as a result of various reliefs which reduce the income yield (e.g. small business rate relief, transitional relief, charitable relief, empty property relief).
5. 2025/26 Band D Council Tax was set at £2,410.44, split £1,735.79 for Lancashire County Council, £307.52 for Pendle Borough Council, £277.40 for the Police and Crime Commissioner for Lancashire, and £89.73 for Lancashire Combined Fire Authority. Parish and Town Councils agreed additional Council Tax charges of between £16.71 and £220.34 at Band D level.

Property Band	Chargeable Dwellings	Band Multiplier	Relevant Amount
Additional Band (Disabled)	87	5/9	48
Band A	17,777	6/9	11,851
Band B	3,916	7/9	3,046
Band C	3,966	8/9	3,525
Band D	3,099	9/9	3,099
Band E	1,721	11/9	2,103
Band F	946	13/9	1,366
Band G	500	15/9	833
Band H	37	18/9	73
Total Relevant Amount			25,945
Multiplied by: Estimated Collection Rate			96.0%
Council Tax Base			24,907

6. The precepts and demands for Council Tax and Business Rates made on the Collection Fund together with analysis of the fund balance are shown in the tables below:

Council Tax

	2024/25 Total £000's	Precept/ Demand £000's	Share of Surplus £000's	2025/26 Total £000's
Pendle Borough Council	7,894	7,724	324	8,048
Lancashire County Council	43,036	43,599	1,296	44,895
Lancashire Police Commissioner	6,858	7,358	206	7,564
Lancashire Combined Fire Authority	2,207	2,384	66	2,450
	59,995	61,065	1,892	62,957

Business Rates

	2024/25 Total £000's	Precept/ Demand £000's	Share of Deficit £000's	2025/26 Total £000's
Central Government	10,519	10,290	(460)	9,830
Pendle Borough Council	8,415	8,232	(368)	7,864
Lancashire County Council	1,894	1,852	(83)	1,769
Lancashire Combined Fire Authority	211	206	(9)	197
	21,039	20,580	(920)	19,660

7. The Council has a statutory requirement to prepare an estimate each January of the surplus or deficit expected to arise at the end of the financial year. In January 2025 it was estimated that the following amounts were due to / (from) the preceptors in 2025/26

	2024/25 Total £000's	Council Tax £000's	Business Rates £000's	2025/26 Total £000's
Central Government	1,022		(460)	(460)
Pendle Borough Council	748	324	(368)	(44)
Lancashire County Council	(98)	1,296	(83)	1,213
Lancashire Combined Fire Authority	5	206	(9)	197
Lancashire Police & Crime Commissioner	(45)	66		66
	1,632	1,893	(920)	973

8. 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.

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.

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 2024/25 and 2025/26 are shown in the table below:

Lancashire Business Rates Pool - Income Allocations for 2024/25 and 2025/26	
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 levy.

Lancashire Business Rates Pool Members 2025/26	Authority Type	Tariffs and Top- Ups in Respect of 2025/26 £	Retained Levy on Growth 2025/26 £	10% Retained Levy Payable to/received by Lancashire County Council £	Net Retained Levy 2025/26 £
Burnley Borough Council	Tariff	6,980,506	-1,609,512	160,951	-1,448,561
Chorley Borough Council	Tariff	7,943,392	-1,508,108	150,811	-1,357,297
Fylde Borough Council	Tariff	8,941,446	-1,426,366	142,637	-1,283,729
Hyndburn Borough Council	Tariff	5,094,179	-1,450,421	145,042	-1,305,379
Pendle Borough Council	Tariff	4,323,587	-1,254,967	125,497	-1,129,470
Ribble Valley Borough Council	Tariff	5,321,901	-880,161	88,016	-792,145
Rossendale Borough Council	Tariff	3,488,350	-771,031	77,103	-693,928
South Ribble Borough Council	Tariff	12,931,415	-2,233,792	223,379	-2,010,413
West Lancashire Borough Council	Tariff	10,771,529	-1,804,554	180,455	-1,624,099
Wyre Borough Council	Tariff	8,411,761	-810,305	81,031	-729,274
Lancashire County Council	Top-Up	-171,275,856		-1,374,922	-1,374,922
Central Government	-	97,067,790			
Total		0	-13,749,217	0	-13,749,217

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.

Executive summary

Pendle Borough Council is committed to improving the lives of all residents and creating opportunity and prosperity for local people and businesses. This commitment is set out in the Council Plan and describes how the Council will meet the challenges ahead and make the most of opportunities.

To be successful the Council must have a solid foundation of good governance and sound financial management. Pendle's Local Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. The Local Code is supported by a Governance Framework that sets out how and what the Council will seek to obtain assurance on.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the seven principles of the Framework. A copy of the Council's Local Code and Governance Framework is available on our website at www.pendle.gov.uk

Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code have been working. This Statement gives assurances on compliance for the year ending 31 March 2026 and up to the date of approval of the Statement of Accounts.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this Statement, and to further enhance our governance arrangements to enable delivery of our Corporate/Council Plan 2025–2028.

The Leader and Chief Executive confirm they have been advised of the implications of the governance review by Senior Management and the Accounts and Audit Committee and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

During 2025/26 the Council undertook the annual review of its Governance Framework and internal control systems. This review, informed by internal and external audit findings, risk assessments, and performance evaluations, concludes that the Council maintains a generally robust governance environment. However, several areas for improvement have been identified and are being addressed.

Key Strengths and Achievements

- **Internal Control & Financial Management:** The Director of Resources (as the nominated Chief Finance Officer) confirmed that internal controls are robust and financial regulations are adhered to. Internal Audit (MIAA) issued a Substantial Assurance rating, affirming effective control systems.
- **Governance Oversight:** Regular reviews by the Corporate Governance Steering Group and the Accounts and Audit Committee ensured continuous monitoring and improvement of governance practices.
- **Risk Management:** The Risk Management Policy and Strategy is subject to continuous review, supported by training and new toolkits for risk identification and escalation.
- **Performance Management:** The Council's Performance Management Framework continues to evolve with the Performance Clinics having been changed to Performance Reviews which are now undertaken by Corporate Leadership Team meetings with Executive oversight.

- **Audit & Compliance:** Internal Audit plans were delivered in full, and no internal fraud was reported. Anti-Fraud and Corruption, Anti-Bribery, and Whistleblowing policies and Gifts and Hospitality Policy were disseminated to staff.
- **Customer Contact and Digital Strategy & IT Strategy:** Following extensive research and the outcome of the Digital Peer Review the strategies were approved by full Council in July 2025.
- **Information Governance:** A new Information Governance Officer has been recruited. The Updated Record of Processing Activity (ROPA) and Information Asset Register (IAR) were adopted and a full suite of Information Security Policies have been developed and implemented.

Governance Challenges and Areas for Improvement

The review identified several governance issues requiring targeted action:

1. **Financial Sustainability:** On-going implementation of medium-term financial plans is needed to address budget gaps without over-reliance on reserves.
2. **Complaints Monitoring:** Enhancements to reporting, coordination, and KPI tracking whilst being implemented, remain a work in progress and require further action.
3. **Full implementation of the Procurement Act 2023 which came into force February 2025:** Work is ongoing to update the Contract Procedure Rules and Contracts Register. Training will be rolled out to Extended Leadership Team in late Spring.
4. **Impact of Local Government Reorganisation:**

Next Steps

An action plan addressing these issues will be monitored by the Corporate Governance Steering Group and the Accounts and Audit Committee throughout 2026/27. The Council remains committed to continuous improvement, transparency, and accountability in all aspects of governance.

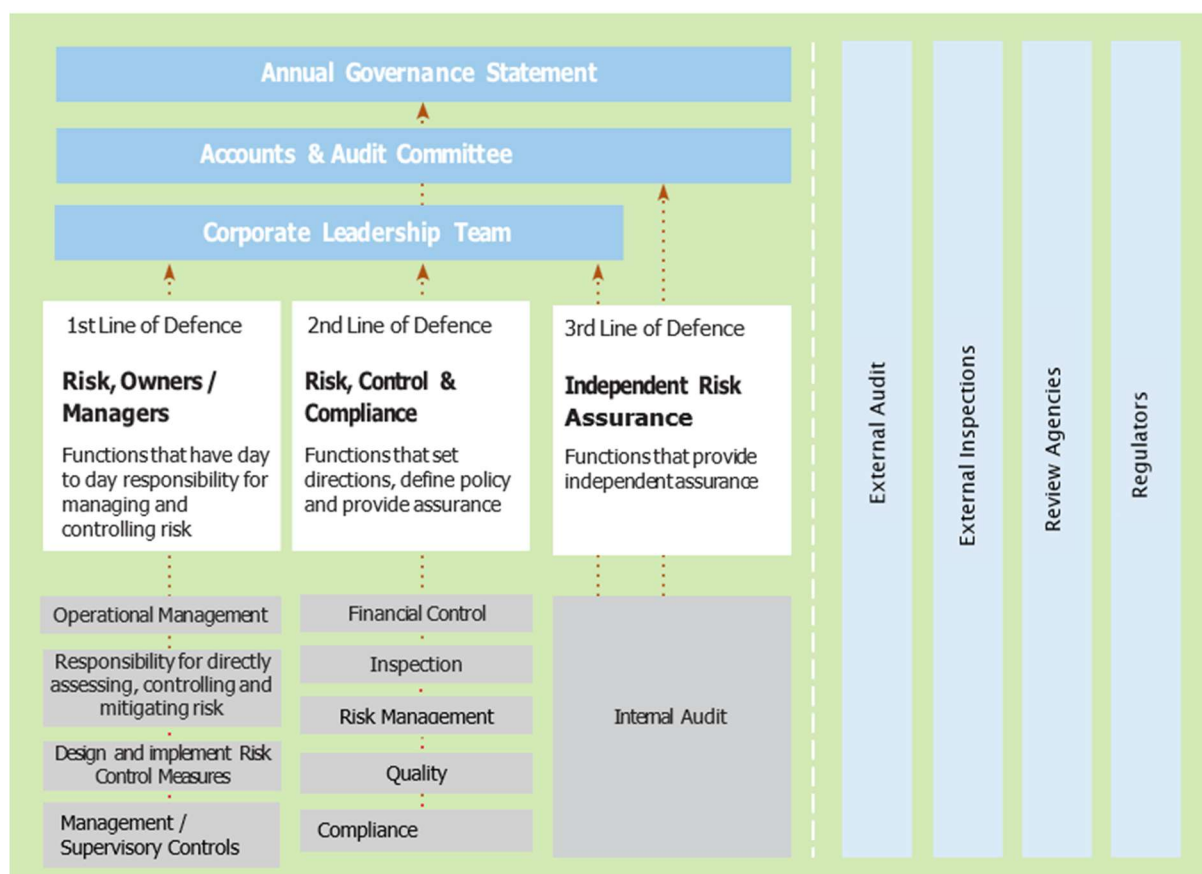
Our assessment of effectiveness

The Council has a responsibility for conducting the continuous 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 Corporate Leadership Team and the Corporate Governance Steering Group who have a responsibility for the development and maintenance of the governance environment, the Annual Report from the Head of the Internal Audit Service and reports from the External Auditor and any other review agencies and inspectorates.

The purpose of the 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.

The opinion of the Director of Resources (as the nominated Chief Finance Officer) is that the Council operates robust internal controls and good public financial management. However, further action is required to manage financial pressures and develop strategies to meet the significant financial challenges that face the Council over the lifetime of the current Medium-Term Financial Plan.

There has been no re-course for the Director of Resources to exercise their statutory powers, and the Council complies with its financial regulations and procedures together with relevant codes of practice and guidance. The Finance Function provides an effective and efficient service whilst enabling the Council to meet its priorities within a robust financial framework. Evidence to support this opinion is provided below.



The process that has been applied in maintaining and reviewing the effectiveness of the Council's Governance Framework includes the following: –

- A review of the Constitution is undertaken at least annually, updated as required and published on the Council's website.
- 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.
- The Council continues to respond where possible in a timely manner to legitimate Freedom of Information (FoI) requests and Subject Access Requests (SARs) as required.
- The Overview and Scrutiny Committee undertake reviews of key policy areas with the Task & Finish reviews providing opportunities for public involvement in specific matters of business. During 2025/26 one Task & Finish Review was undertaken which related to a review of Empty/Blighted Homes.
- The Overview and Scrutiny Committee also reviewed:
 - The Council Plan
 - The Constitution
 - Homelessness
 - Various Council policies
- Further scrutiny of Executive decisions is also provided by the Council's Call-In procedures. This is where any three members of the Council (representing at least two of the political groups) may sign and deliver to the Monitoring Officer a 'call-in notice' stating why they feel that the decisions should be considered further. Group Leaders will then be consulted to obtain each of their views, potentially resulting in referral back to Executive for re-consideration. There were 2 call-in notices taken forward during 2025/26.
- The Council has operated a Standards regime consistent with the requirements of the Localism Act 2011 during the year. There were no hearings of the Standards Hearing Committee convened during 2025/26.
- The Council continued to participate in a range of partnership arrangements during 2025/26 including a range of formal and informal partnerships.
- The Council's Performance Management Framework has operated effectively during the year.
- The Council has continued to review and evolve the Performance Clinics. During 2025/26 the clinics became Performance Reviews undertaken by the Corporate Leadership Team meetings where monitoring information on key areas of performance is provided for review and action to the wider leadership team.
- Performance Management information has also been reviewed by the Executive.
- The Liberata Performance Management Framework was reviewed for 2025/26 having regard to continuous improvement.
- The Council has embedded people management processes and procedures. In support of this, there is a Workforce Strategy in place. This has been approved by Corporate Leadership Team and shared with staff. The associated action plan is currently being delivered.
- The Council published its annual Pay Policy in line with the statutory requirements of the Localism Act 2011, following approval by Council on 2nd March 2026.
- During 2025/26, there continued to be impacts on staffing across numerous services of the Council. This follows a national trend on difficulties in recruiting in certain roles, for example Environmental

Health and Planning officers. Whilst some vacancies have been filled, albeit in some cases on an interim / temporary / consultancy basis, there are still unfilled vacancies which continue to have an impact on service delivery.

- The Council's Chief Executive resigned and left the Council in March 2025. An Interim Chief Executive was in place until October 2025 with the permanent replacement commencing employment on 6th October 2025.
- To support the Council's staffing resource with their physical and mental health wellbeing, a range of health and wellbeing advice, guidance and services continued to be made available. This was supplemented by health and safety training which was delivered via an online solution called iHASCO.
- Regular reports on the Council's Corporate Governance arrangements, as required by the Local Code of Corporate Governance, have been submitted to both the Executive and the Accounts and Audit Committee during the year as appropriate. Indeed, the Council's corporate governance arrangements have been under regular review by the Corporate Governance Steering Group which has reported regularly to the Council's Accounts and Audit Committee.
- The Council's Strategic Risk Register (SRR) and Risk Management arrangements have continued to be reviewed throughout 2025/26. There have been significant improvements made to the content, format and monitoring of the SRR to strengthen our arrangements in this area and it has been maintained under regular review during the year and updated periodically.
- A Risk Management Toolkit and Guidance for Scoring Risks have been developed, along with a template for identifying, assessing and scoring risks for consideration for escalating onto the SRR.
- Risk management matters have been considered by Corporate Leadership Team, the Corporate Governance Working Group and by the Executive. To ensure councillors are aware of the Council's key risks, details of the key risks are reported to the Accounts and Audit Committee and Executive on a quarterly basis.
- The Accounts and Audit Committee continued to meet throughout the year and received various reports on the progress by External and Internal Audit against their respective work plans.
- The Internal Audit service was outsourced to Mersey Internal Audit Agency (MIAA) in March 2020, with the contract being retendered for 1st April 2025 onwards. MIAA were once again successful in this process.

As part of this service MIAA are required to provide the overall annual opinion on adequacy of internal controls of the Council. The overall opinion expressed by MIAA for 2025/26 stated: –

“As highlighted above, the overall opinion for the period 1st April 2025 to 31st March 2026 provides Substantial Assurance, that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.

Context: This opinion is provided in the context that the Council, like other organisations across the public sector is continuing to face a number of challenging issues and wider organisational factors particularly with regards to the proposed changes to national and local bodies and the corresponding uncertainty this causes, ongoing financial challenges and increasing collaboration across organisations and systems. The Council also appointed a new Chief Executive during 2025/26.

Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit

activity and that this has been free from interference in respect of scoping, delivery and reporting.

Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council's own assessment of the effectiveness of the system of internal control. As such, it is one component that the Council takes into account in making its Annual Governance Statement (AGS)."

- During the year, the Accounts and Audit Committee agreed an Internal Audit Charter. This is a mandated requirement of the Public Sector Internal Audit Standards and is a formal document that defines internal audit activity, authority, and responsibility.
- The 2025/26 Internal Audit Plan was delivered in year with focus on provision of the Head of Internal Audit Opinion. Internal Audit's review coverage focused on the organisation's assurance framework, core and mandated reviews including follow up of previous internal audit recommendations as well as a range of individual risk-based reviews. There were 12 scheduled audits in the year. A number of core and risk-based audits were undertaken with 1 'High Assurance', 7 'Substantial Assurance', 2 'Moderate Assurance' and 2 'Limited Assurance' opinions being returned. The 2 Limited assurance reviews will be revisited during 2026/27 to ensure improvements have been made. Follow-up reviews were also undertaken during the year and Internal Audit concluded that the Council has made reasonable progress with regards to the implementation of recommendations. Internal Audit will work with Management to address the weaknesses identified in these audits and progress will be reported to the Accounts and Audit Committee.
- From April 2025 MIAA are required to comply with the Global Internal Audit Standards (UK Public Sector) (GIAS). As required by the GIAS External Quality Assessments (EQA) to confirm MIAA's compliance with standards must be conducted at least once every five years by a qualified, independent assessor. With MIAA themselves also carrying out annual self-assessments. The previous EQA was commissioned on 2020/21 therefore during 2025/26 MIAA commissioned Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake the EQA. CIPFA's conclusion was: –

"It is our conclusion that MIAA's internal audit function Generally Conforms to the requirements of the Global Internal Audit Standards in the UK Public Sector." This is the highest classification CIPFA award.
- The Accounts and Audit Committee approves updates to the Anti-Fraud, Theft and Corruption Policy, the Anti-Money Laundering Policy, the Anti Bribery Policy, and the Whistleblowing Policy as required. Details of these updated Policies are made available to all staff via a Message of the Day.
- The Council participates in the National Fraud Initiative.
- No instances of internal fraud were reported during the year.
- The Corporate Governance Steering Group (CGSG) meet bi-monthly to consider issues such as: Subject Access Requests; Data Retention Policy; review and consolidation of IT Policies; Data Privacy Impact Assessments (DPIAs); GDPR, Information and Cyber Security Staff Training; Internal Audit findings; monitoring reports from the Data Protection Officer (DPO) and Information Governance arrangements within key partner organisations. It also brings together the work of the Risk Management Working Group (RMWG), the Council's DPO / Monitoring Officer, Internal Audit and Finance providing an overview of the Council's governance arrangements.
- The Council provides staff with online Cyber / Information Security and GDPR training, ensuring regular updates on information security and governance for all staff using ICT. The training platform in use is called KnowBe4, and it also incorporates a phishing tool. Training completion

rates are regularly reported to managers and to the CGSG.

- The Council's 2024/25 Audited Statement of Accounts was published on time. Grant Thornton LLP again issued a disclaimed audit opinion, this was due to the auditors not being able to gain enough assurance on the opening balances. Plans are in place to rectify this in 2026/27. The Value for Money assessment was carried out and the auditors made several recommendations for improvement, which are detailed in the Action Plan for 2026/27 and the Council is working towards implementing.
- The Council has in place robust reporting arrangements on the financial affairs of the Council. Regular Strategic Monitoring Reports were submitted to the Executive during the year. Reports were also produced on the Council's Medium Term Financial Plan and Financial Strategy, and these were used to inform the budget and Council Tax setting process.
- The Council's Business Continuity Plans are in place and updates of these plans were conducted as required throughout 2025/26. These plans consist of:
 - Business Continuity Policy and Strategy
 - Strategic Crises Management Plan
 - Local Crisis Management Plan for each main office location and Fleet Street Depot
 - a Business Recovery Plan for critical services
- The Council's Business Continuity and Disaster Recovery arrangements were subject to a scheduled desktop test during February 2026. This test simulated a situation which included loss of access to No1 and the Town Hall.
- The Council has in place a Complaints Policy and Complaint Handling Guidelines for staff. The complaints process was historically managed and monitored via the use of individual manual systems within each service. This proved to be inefficient and was replaced by an electronic reporting system via Jadu. Following the launch of this system a formal review of the Complaints process and procedures has been undertaken, and the policy and handling guidelines have been reviewed and updated in line with the Local Government and Social Care Ombudsman Complaints Handling Code.

How have we improved our Governance Arrangements In 2025/26

It is stressed that no system of control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance that the Council's governance arrangements have operated effectively during the year.

Last year's Annual Governance Statement highlighted the following areas for improvement. Regular updates on the progress in addressing these issues have been reported to Management Team and the Executive throughout the year and the following narrative sets out the action which has been taken to address these issues:

- **Issue No 1** – *Financial Sustainability* – *Identify all the significant financial pressures that are relevant to the Council's short and medium-term plans and build these into them.*

The council has in place a robust medium term financial planning process. Budget for 2026/27 was approved which included a call on Reserve balances. The Budget Working Group (BWG), comprising a cross party group of Councillors, were involved in developing the budget and a thorough review of the budget requirement has been carried out. Work on the 2027/28 budget and MTFP is underway using the 'Grow, Charge' Save and Stop' model to identify ways in which the Council can achieve a balanced budget over the medium term.

- **Issue No 2** – Governance – Capacity – Capacity in the Financial Services Team affecting the Council's ability to produce its draft accounts before the statutory deadline

The finance team are fully recruited and the 2024/25 accounts were produced before the statutory deadline with external audit sign off being achieved before the national audit backstop, with the 2025/26 accounts being on track to do the same.

- **Issue No 3** – Governance – Barriers to Change – The new governance and decision – making processes are not fully understood by councillors. As a result, there have been instances of councillors of the Executive speaking against decisions made by the Executive at Full Council meetings

The Council has revised its Constitution to further clarify the decision-making processes. Although the proposed LGA engagement piece is not now going ahead as the Interim Chief Executive considered this unnecessary and consequently decided that seeking external support would not add value.

- **Issue No 4** – Governance – Joint Ventures (JV) – There is evidence of failures to manage the relationships between the Council and the JV companies effectively and of conflicts of interest, arising between councillors roles as directors of the companies which are significant and create risks of negative impacts on the Council's interests in the companies as a shareholder, and on the reputation of the Council as a whole

The Council obtained independent legal advice (from Anthony Collins LLP) on its relationships with and governance of its joint companies. The result of this advice was changes to the Council's governance of the joint ventures to make clear the Council's role as shareholder and how conflicts of interest are managed. The outcome of this work was reported to the Executive in August 2025. Joint Venture Councillor directors now declare their ORIs and withdraw from all relevant meeting agenda items in accordance with the advice.

- **Issue No 5** – Governance – Information Governance – Fundamental weaknesses were identified in the Council's Information Governance processes as a result of an Internal Audit Review (Limited Assurance).

The Council now has a dedicated Information Governance resource and has Up-to-date Record of Processing Activity (ROPA), Information Asset Register (IAR) and data flow maps in place with supporting policies and procedures. In addition training has been rolled out for staff.

- **Issue No 6** – Governance – Planning Process – The arrangements for determining planning applications were inconsistent

The Council obtained a focused independent legal review on the consistency, costs and efficiency of its existing planning process and the potential future impacts of continuing with the area committee structure and in particular the level of ongoing cost for supporting the arrangements. This report was consider by Council at its meeting in December 2025 where it was resolved to accept and implement the recommendations in the report.

- **Issue No 7** – Complaints – management and monitoring arrangements – A recent review of the policy and handling process identified several issues, which we are addressing. Each of these issues are identified and addressed in the Summary of Action Proposed column.

The new process is in place, however, there have been issues with the automated Jadu complaints reporting system which are currently being resolved. Therefore, part of the process is currently being picked up manually. Work is ongoing to resolve the issues. The role of coordinating the

complaints process is part of the new Information Governance officer's role.

- **Issue No 8** – *Contracts Register – Contracts Register is not fully populated.*

An Officer group has been set up to review the Contracts Register and consolidate the information sources into the central register. This is still a work in progress

- **Issue No 9** – *Programme and Projects Management arrangements – It has been identified that there is no formal corporate approach to Programme and Project Management across the organisation resulting in a lack of consistency, clarity and effective processes being in place.*

A set of templates have been agreed and the process for Programme and Project Management delivery were presented to Extended Management Team on 7th August 2025. Training for key staff took place in February 2026, wider training is still required. The templates are available on the intranet document library.

Where our governance needs to improve

In concluding this year's review of the Council's governance arrangements, some improvements have been identified to strengthen our governance framework. These are listed in the table below. An action plan to address these matters will be produced and this will be subject to regular monitoring by the Council's Accounts and Audit Committee as appropriate. The aim is to conclude these matters during the 2026/27 financial year.

Issue No	Issue Identified	Source of Evidence	Summary of Action Proposed	Responsible Officer
1	Financial Sustainability - The Council should prepare and agree short and medium-term plans to close its budget gap by generating savings and not making major reliance on reserves.	MTFP Budget planning Savings plans Financial stability / sustainability	In June 2026 the Council will begin work on the 2026/27 budget and MTFP, this will involve short and medium-term plans to close its budget gap by generating savings and efficiencies and not relying on reserves which is unsustainable. The preparation of plans will include taking decisions regarding future years before the 2026/27 budget setting Council. Also, the Council will maintain its focus on in-year budget monitoring	Director of Resources
2	Governance – External Audit re-iterated the Fundamental weaknesses identified in the Council's information governance processes highlighted in the Internal Audit review	Up-to-date Record of Processing Activity (ROPA), Information Asset Register (IAR) and data flow maps in place with supporting policies and procedures.	The Council has recruited a dedicated Information Governance Officer to lead and co-ordinate this activity across the Council. Work to update the Record of Processing Activity and Information Asset Register is complete and they have been rolled out across services to be maintained as appropriate. Further work is required on the remaining recommendations and this will form part of the Council's work programme for next 6 months.	Head of Legal & Democratic Services
3	Governance - Improvements to IT asset management.	Centralised asset register Documented disposals process	The Council will devise a standardised IT Asset Register format to facilitate all the requirements of the Council and IT Services. The Council and Liberata will formalise a process for the collection of mobile devices and mobile phones which also details where the device is being stored.	Head of Policy and Performance
4	Governance - Weaknesses of internal controls	Improved Internal Audit reports	Limited assurance Audit reports (Idox) to be revisited by Internal Audit.	Assistant Director Planning, Building Control & Regulatory Services
5	Governance - Complaints - management and monitoring	Electronic complaints	The Complaints Policy and procedures have been updated	Head of Legal & Democratic

	arrangements	system working correctly	however enhancements to the Jadu electronic monitoring system are required to fully resolve this issue. The enhancements are in train.	Services
6	Governance – Procurement Act 23 went live in February 2025 which brought into force new rules and regulations The Council needs to fully implement the Act to include updates of the contract procedures and contracts register	Updated Contract Procedure Rules Compliant Published Contracts Register	The Council is seeking to engage a dedicated procurement resource to lead on the full implementation of the Procurement Act. Additional training to all senior managers and staff will be carried out in June 2026.	Director of Resources
7	Governance – Improvement to the Council’s counter fraud activities and reporting	Updated policies Committee reports	Update the Council’s Fraud, Money Laundering and Whistleblowing policies Report counter fraud activities to the Accounts & Audit Committee.	Director of Resources
8	Sickness Absence – the Council’s level of sickness absence is above the annual target	Reduced levels of sickness absence.	Additional HR resource to support monitoring and policy compliance	Assistant Director HR and Organisational Change
9	Local Government Reorganisation – the Council’s capacity to deliver LGR	Key deliverables met.	Pendle PMO established. Core LGR team meets regularly to ensure programme is on track	Chief Executive
10	Programme Management of IT systems	Detailed IT Project Programme plan in place.	Dedicated IT Programme Manager to be identified	Chief Executive

D Langton

**Dean Langton
Chief Executive**

A Mahmood

**Cllr Asjad Mahmood
Leader of the Council**

30th June 2026

AUDIT CERTIFICATE AND OPINION

EARMARKED RESERVES 2026/27

RESERVE NAME	INTENDED USE
Budget Strategy Reserve	Provides general support to the Council's annual spending priorities.
Business Rates Volatility Reserve	To mitigate the uncertainty surrounding the level of business rate income and the fluctuations that can arise one year to the next, primarily due to the impact of business rate appeals.
Revenue Grants Reserve	Holding over of unspent revenue grants received, to allocated to appropriate spend in future years.
Revenue Expenditure Reserve	Contains miscellaneous service related balances and also covers slippage of revenue budgets from one year to another.
External Funding Reserve	Contains the balance of unapplied revenue grant monies paid to the Council for a mix of projects.
Inward Investment Reserve	to attract external organisations and encourage business location in the area.
One-off Projects Reserve	to give the Council flexibility to make changes to ways of working.
LGR Transition Fund	to fund payment into centralised Lancashire pot for costs of transition to new unitary authorities.
LGR Capacity Reserve	to fund increase capacity for departments within the council during LGR transition.
Taxi Licensing Reserve	to reserve taxi licensing funds from any profitable years to fund future capacity and resources.
ICT Strategy Reserve	to fund costs associated with upgrading IT equipment and software.
Future High Streets Reserve	to fund the Council's plans to make high streets and town centres fit for the future.
Staff Development/Apprentices	to support training and qualifications for council staff and apprentices.
Local Development Framework Reserve	to cover any resource implications of the framework.
Performance Reserve	to provide funding to meet the cost of incentive payments to Liberata arising from the performance management framework agreed as part of the contract with the Council.
Growth Sites Development Reserve	to help facilitate the identification and development of sites owned by the Council to support future growth in jobs and housing in the Borough.
Developers' Contributions Reserve	contains payments made by Developers under S106 Planning Obligations which are used to fund the Council's revenue costs primarily in maintaining new or redeveloped areas of public open space.
Renewals Reserve	is a source of funding for the Council's Asset Management Strategy.
Insurance/Risk Management Reserve	to cover potential uninsured losses and support investment in measures to reduce risk.
VAT Partial Exemption Reserve	exists to provide a balance of resources to meet the costs in any single year arising from the Council exceeding its partial exemption limit.
Planning Appeals Reserve	to cover potential appeals awarded against the council.
Community Projects Reserve	to enable local groups (including town and parish Councils), via one-off support, to deliver or sustain local projects and services.

Summary of Council Service Areas in 2025/26

Directorate

- Corporate management of the Council

Policy & Partnerships

- Policy
- Communications
- Contract Management (Liberata client)
- Performance
- Community safety

HR & Organisational Change

- Human Resources
- Learning & Development
- Organisational change
- LGR Lead
- Programme Support
- Leisure Client Management

Property & Engineering Services

- Corporate property
- Facilities management
- Office cleaning
- Estates and asset management
- Markets
- Climate change
- Engineering

Financial Services (includes services provided under a public/private partnership arrangement by Liberata)

- Financial services inc. Accounts Payable & Receivable
- Procurement
- Revenues & Benefits

Services provided by Liberata (included within Financial Services)

- Information Technology
- Council Tax – administration, billing and recovery
- Council Tax Support administration
- Housing Benefit administration
- Business Rates – administration, billing and recovery
- Customer Contact Centre

Legal & Democratic Services

- Legal Services
- Land Charges
- Democratic Services
- Caretaking
- Mayoralty
- Elections
- Governance

Planning, Building Control & Regulatory Services

- Planning policy
- Development Management
- Building Control
- Conservation
- Tree preservation
- Planning enforcement
- Licensing (Taxi and Legal)

Operational Services

- Waste Management
- Street cleansing
- Refuse collection & recycling
- Landscape Maintenance
- Bereavement Services
- Fleet Street Administration support
- Environmental Crime
- Parks, sports & green spaces
- Countryside access
- Emergency planning
- Health & Safety

Housing & Environmental Health

- Housing strategy
- Housing needs
- Environmental health (Housing)
- Environmental health (Commercial)
- Town Hall service support

Economic Growth

- Economic Development
- Regeneration
- Tourism
- Nelson Town Deal
- Nelson Pride in Place

GLOSSARY OF TERMS

Glossary of Terms

TERMS USED

DEFINITION OF TERMS

<i>Accruals</i>	The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.
<i>Accumulated Absences</i>	Absences earned but not taken by the end of the financial year i.e. holiday pay entitlement.
<i>Amortisation</i>	The writing down in value of tangible fixed assets, which is charged to service revenue accounts to reflect the cost of such assets, used in the provision of those services. This is the equivalent of depreciation for fixed assets.
<i>Assets</i>	Something of worth which is measurable in monetary terms
<i>Balance Sheet</i>	A statement of the recorded assets, liabilities and reserves at the end of an accounting period.
<i>Budgets</i>	A statement of the Council's forecast spend - i.e. net revenue expenditure for the year.
<i>Business Rates</i>	See Non-Domestic Rates.
<i>Capital Charges</i>	This represents charges made to services' revenue accounts to reflect the cost of fixed assets used in the provision of services.
<i>Capital Expenditure</i>	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
<i>Capital Receipts</i>	Proceeds or money received from the sale of land or other capital assets. Under the Local Government Act 1989, a proportion must be set aside to provide for the repayment of debt and the balance is available to finance new capital expenditure.
<i>Cash and Cash Equivalents</i>	Money held either as cash-in-hand, a deposit with a financial institution repayable without penalty on notice of no more than 24 hours or investments that mature within 3 months from the date of acquisition.
<i>CIPFA</i>	Chartered Institute of Public Finance and Accountancy
<i>Community Assets</i>	These are assets which the Council intends to hold forever, which have an indeterminable useful life and in addition may have restrictions on their disposals. Examples include parks, historic buildings, cemeteries, etc.
<i>Contingent Liability</i>	A condition which exists at the balance sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events.
<i>Creditors</i>	Amounts owned by the Council for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.
<i>Debtors</i>	Sums of money due to the Council but which are unpaid at the date of the balance sheet.
<i>DEFRA</i>	Department for Environment, Food and Rural Affairs

<i>Depreciation</i>	The measure of the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.
<i>Effective Interest Rate</i>	The rate of return that provides a level yield on a financial asset through to maturity date (or the next re-pricing date). To look at it another way, it is the rate that exactly discounts the cash flows associated with the financial instrument through to maturity (or the next re-pricing date) to the net carrying amount at initial recognition, i.e. a constant rate on the carrying amount.
<i>Expected Credit Loss</i>	The calculated amount of an expected loss on a financial asset e.g. a borrower defaults on their obligations at some point in the future.
<i>Fair Funding Review</i>	A review by Central Government on baseline funding allocations to Local Authorities through an assessment of their relative needs and resources.
<i>Fair Value</i>	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
<i>Finance Lease</i>	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.
<i>Financial Assets</i>	Cash, bonds, deposits, loan and debtors, and shares in another organisation, are all examples of financial assets.
<i>Financial instrument</i>	Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.
<i>Financial Liabilities</i>	Include borrowings, other financing and bank overdrafts, derivative instruments and accounts and notes payable.
<i>General Fund Services</i>	This comprises all services provided by the Council. The net cost of general fund services is met by Council Tax, Government grants and business rates.
<i>Historical Cost</i>	This represents the original cost of acquisition, construction or purchase of a fixed asset.
<i>IAS</i>	International Accounting Standard
<i>IFRS</i>	International Financial Reporting Standard
<i>Impairment</i>	A reduction in the value of a fixed asset below its value brought forward in the balance sheet. Examples of factors which may cause such a reduction in value include, general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.
<i>Infrastructure Assets</i>	These are inalienable assets (i.e. assets where ownership cannot be transferred) from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges, etc.
<i>Liabilities</i>	Money the Council will have to pay to people or organisations.
<i>Minimum Revenue Provision</i>	This is the minimum amount which must be charged to the Council's revenue account each year to provide for the repayment of loans used to finance capital expenditure. The

minimum amount is a percentage of the total capital financing requirement of the Council.

MHCLG	Ministry of Housing, Communities and Local Government
Net Current Replacement Cost	This represents the cost of replacing or recreating a particular asset in its existing condition and in its existing use. That is the cost of replacing an asset, adjusted to reflect the current condition of the existing asset.
Net Realisable Value	The open market value of an asset in its existing use less any expenses incurred in realising the asset.
Non-Current Assets (formerly Fixed Assets)	Include investments, accounts and notes receivable, short-term investments, including derivative instruments, and cash and cash equivalents.
Non-Domestic Rates (NNDR)	These are business rates collected locally by the Council and shared between the Council, Government, County Council and the Fire Authority.
Operating Lease	A lease other than a finance lease.
Operational Assets	These are fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a responsibility.
Precepts	The proportion of total Council Tax which is due to local parishes and various authorities in Lancashire (e.g. the Police & Crime Commissioner; the Fire Authority and the County Council) and which is collected on their behalf by the Council.
Public Works Loan Board	A government agency which provides long-term loans to local authorities at interest rates lower than prevailing market rates. The Council is able to borrow a proportion of its capital financing requirements from this source.
Recharges	The transfer of costs within the Council from one account to another to reflect work undertaken on behalf of another service.
Reserves	These are amounts set aside from balances to meet specific items of future expenditure. There are revenue and capital reserves.
Revenue Contributions	A method of financing capital expenditure through the revenue account.
Revenue Expenditure	This represents day to day running costs incurred in the provision of Council services. Such costs principally include employees' costs, supplies & services costs, etc.
Revenue Support Grant (RSG)	A grant paid to the Council by the Government to finance the Council's general expenditure 'needs' and not specific services, after taking into account the level of Council Tax and NNDR income.
SeRCOP	Service Reporting Code of Practice. This Code of Practice provides guidance to Local Authorities on how to classify costs for comparative purposes between Authorities. The Code of Practice is the accounting guidance developed by CIPFA in support of the Government's Best Value Legislation.
SOLACE	Society of Local Authority Chief Executives.

Unusable Reserves

Reserves that the Council is not able to use to provide services as they reflect unrealised gains and losses and associated accounting adjustments.

Usable Reserves

Reserves that the Council may use to provide services subject to maintaining a prudent level and any statutory limitations.

Working Balances

This represents the accumulated surplus (excess of income over expenditure) on the Council's revenue accounts i.e. General Fund.